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THE ECONOMIST

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

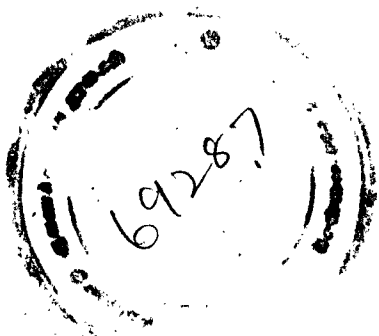
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(Owing to the Easter Holiday "THE ECONOMIST" will be published next week on Thursday, April 9th,
instead of Friday, April 10th.)

(With this issue appears the Index to Volume CXXII of "THE ECONOMIST")

A DOOR TO PEACE

THE German reply which Herr von Ribbentrop brought back with him to London on Tuesday pushes open once again a door which promises to give us entry into an era of assured peace. The document reads on the whole like the offer of a man who is bent, not upon leading his people along the path of military adventure and aggression and domination, but upon doing his part, with the other statesmen of Europe, to bring about the kind of settlement that Europe needs and that the overwhelming majority of Europeans desire.

The reply begins, wisely, with the least agreeable and least promising thing that Herr Hitler has to say. He will not (as indeed we knew that he would not) accept the other Locarno Powers' communication of March 20th as a basis for treating with us. This refusal, however, is couched in language which shows a lively concern to make sure that the German Government's negative answer on this point shall not become the occasion for a breach; and on the other hand, Herr Hitler does make some important counter-proposals for a German contribution towards the tidying over of the interim period. He gives an assurance that (subject to reciprocity on the French and Belgian side) he will not reinforce his troops in the Rhineland during this period, and also will not move them closer to the French and Belgian frontiers. He proposes that these mutual assurances shall be guaranteed by a neutral commission—composed of representatives of Great Britain, Italy and some neutral Power—which will exercise supervision on the spot (naturally, on both sides of the line) during the interim period. He does not offer to refrain from fortifying his western frontier during this period; but it has been unofficially pointed out, on the German side, that, as the interim period is expected to be only four months long, the amount of fortifying that could be done in the time is negligible (the construction of the French frontier fortifications took five years).

This offer for the interim period goes some way towards meeting the Franco-Belgian demands; and if the French are

tempted to reply that the satisfaction is only partial, we would point out that France is now assured of a prompt beginning of the Anglo-Franco-Belgian military conversations which are to cover the interim period, and this is a direct reply to Germany's treaty-breaking which Herr Hitler must accept. The Germans are as sensitive about Anglo-French military conversations as the French are about the presence of German troops in the former demilitarised zone. The German note declares that the German Government "would regard it as seriously prejudicial if such arrangements between [foreign] general staffs were arrived at before the conclusion of the new security pacts." The Germans make it plain that they dislike these conversations extremely. It is the more noteworthy that they refrain from any suggestion or hint that, if the Anglo-French Staff conversations do take place, the negotiations between Germany and her neighbours cannot go ahead. We beg the French to mark this point—which is one of the plainest evidences of German sincerity—and we also beg them to respond by accepting Herr Hitler's offer for the interim period as a sufficient concession to warrant us all in going ahead with the general negotiations.

The German note proposes to divide the negotiations into three stages. During the first, which is to be limited to four months, the various non-aggression pacts are to be concluded as a matter of urgency—in order to provide the covering of security and confidence which will be needed for a more leisurely negotiation of the positive and constructive parts of the settlement. During the second period, the rest of the European settlement is to be completed. The third period is assigned to "desirable supplements to the work of peace in Europe (questions of disarmament, economics, etc.) which cannot and should not be exactly determined or limited as to contents or scope from the very beginning."

The non-aggression pacts envisaged are the same as before: on the West, a pact with Great Britain, France, Belgium and also Holland (if she cares to join in); on the

East and South, a series of pacts with all Germany's neighbours in these quarters. The Western security pact is to be distinguished from the others in four ways. It is to be multilateral instead of bilateral; Germany is willing to see Great Britain and Italy resume their rôle of guarantors; Germany is willing, in this pact, herself to assume obligations for mutual military assistance; and fourthly there is to be a West-European air pact.

Does this mean that Germany is not prepared to enter into arrangements for collective security except in the Locarno area, and that elsewhere she declines to go beyond the negotiation of bilateral non-aggression pacts with her immediate neighbours? If she did mean to draw this futile and anti-social distinction (so often drawn by British Governments!) between Western and Eastern Europe, our hopes of a European settlement, either in the East or in the West, would almost certainly suffer shipwreck over the indignant refusal of the East European States to be placed beyond the pale and left exposed to all the perils of international anarchy, while the Western Powers selfishly sought to provide for their own local security within a private Locarno paddock. Happily, this does not seem to be Herr Hitler's intention; for he once more offers to rejoin the League. He will rejoin it either at once or after the conclusion of the agreements, and, as before, he makes his offer unconditionally. He is content to express his expectation that, when Germany has become a League member again, then, "within a reasonable time and by means of friendly negotiations, the question of colonial equality of rights, and that of the separation of the Covenant from its Versailles setting, will be cleared up." For all the countries east of Germany, this German offer to rejoin the League is of capital importance, because it is an offer to enter into a common system of collective security with them as well as with Germany's neighbours on the West. Moreover, Germany proposes that all the agreements concluded shall be placed under the ægis of a specially constituted international court of arbitration.

The third chapter of the negotiations is to be concerned with economic problems and also with concrete problems of disarmament. Under this second head Herr Hitler offers a notable agenda: the prohibition of the dropping of gas, poisonous or incendiary bombs (*caveant Italici!*); the prohibition of dropping bombs of any kind whatsoever on open localities outside the range of the medium heavy artillery of the fighting fronts; the prohibition of the bombardment with long-range guns of towns distant more than 20 kilometres from the battle-zone; the abolition and prohibition of the construction of tanks of the heaviest type; the abolition and prohibition of artillery of the heaviest calibre.

Few people in England, France, Czechoslovakia or Russia will have the hardihood to deny that these proposals, if made and executed *bona fide*, do offer a basis for a lasting peace in Europe. We have to take a risk if we take Herr Hitler at his word. But without taking this risk—whatever it may amount to—there is no possible way of testing whether Herr Hitler is sincere or not.

As a matter of fact, the present German document carries a good deal of internal evidence of its sincerity; and we may take note of these points for our own comfort and encouragement. For example, Germany proposes the abolition of the heaviest weapons, though, from the technical military point of view, it might be in her interest to preserve these weapons in an armaments competition with countries like France or Russia, which are less well equipped industrially than Germany is. Again, Herr Hitler offers to rejoin the League and to accept the verdict of an arbitration court, in respect of the proposed new agreements, though he does not like either collectivism or the subordination of national sovereignty to international law. In the third place, he makes the highly significant offer to bind himself to non-aggression on his eastern and southern borders, and thereby to renounce the Rosenbergian dream of a great German dominion over Eastern Europe.

The door is open, our feet are on the threshold; and any European statesman or publicist who tried to drag us backwards and slam the door in our faces would be committing an unpardonable crime against his own people, as well as against the whole of European society.

THE NATIONAL BALANCE-SHEET

THE financial year 1935-36 has closed with a surplus of national revenue over expenditure. Exactly how large the surplus is reckoned, depends upon the definitions which are attached to the words "revenue" and "expenditure." The official figure is £2,941,000, but this calculation depends upon certain peculiar financial conventions. In the first place, in the Budget of 1935 no provision was made for any payments out of revenue to Sinking Fund. The provision for interest and management of the National Debt, however, proved to be £12,466,224 in excess of requirements, and this sum was applied to the New Sinking Fund in accordance with the Finance Act of 1928. But, in so far as this provision for debt redemption was an unexpectedly favourable result, it should be added to the surplus, thus making a figure of £15,407,224. On the other hand, however, the Budget estimate of "Miscellaneous Receipts" contained two receipts from the Road Fund. One of these, amounting to £2,530,000, was the repayment of a loan previously made to the Road Fund. This loan did not appear as expenditure when it was made, and it is clearly improper, on a strict analysis, to count it as current revenue when it is repaid. The other item of £4,470,000 represented a pure "raid" on the Road Fund, in the form of an appropriation of the Fund's free surplus. The case for excluding this item from revenue is not, perhaps, quite so strong, but it is clearly not ordinary current income. If capital items such as Sinking Fund are to be excluded from expenditure, it would be no more than logical to exclude them from revenue also. Accordingly, if these two payments were actually received (which is not entirely certain, in view of the fact that Miscellaneous Receipts produced £4,262,000 less than the estimate), the "true surplus" is reduced to £8,407,224. Even in this figure no account has been taken of accrued interest on National Savings Certificates, which amounted in 1934-35 to £8.8 millions.

Whatever its precise amount, however, to have produced any surplus at all in the past year is something of an achievement for the British taxpayer, since expenditure on the Supply Services was £21,500,000 more than was anticipated when the Budget was introduced. The buoyancy of the revenue which enabled this heavy increase in expenditure to be more than met is shown in the following table:—

REVENUE, 1935-36 (000's omitted)			
	Actual Receipts	Larger (+) or Smaller (-) than Budget Estimate	Larger (+) or Smaller (-) than 1934-35 Receipts
Income Tax	238,074	+ 5,574	+ 9,197
Sur-tax	51,020	- 480	- 145
Estate, etc., Duties	87,920	+ 7,920	+ 6,564
Stamps	25,800	+ 800	+ 1,690
Other Inland Revenue	2,085	- 415	- 985
Total Inland Revenue.....	404,899	+ 13,399	+ 16,321
Customs.....	196,642	+ 8,072	+ 11,546
Excise	106,700	+ 350	+ 2,100
Total Customs and Excise ...	303,342	+ 8,422	+ 13,646
Motor Vehicle Duties (Exchequer share)	4,977	- 23	- 123
Total Tax Revenue	713,218	+ 21,798	+ 29,844
Post Office (net receipt)	11,670	- 180	- 580
Crown Lands	1,360	+ 30	+ 40
Sundry Loans	4,934	+ 1,034	+ 562
Miscellaneous Receipts	21,738	- 4,232	+ 6,613
Total Ordinary Revenue ...	752,920	+ 18,450	+ 36,479

Total tax revenue, it will be noticed, was £26,718,000 in excess of the Budget estimate and £29,844,000 in excess of last year's yield. This excellent result was achieved in spite of tax remissions which were estimated to cost, in 1935-36, some £6,650,000. The largest increases, in comparison with the estimates, are shown by the income tax, the death duties and the Customs duties. The income tax yield, at just over £238 millions, is particularly encouraging, as it is an almost direct reflection of the expansion in the National Income. The rate of collection appears to have been speeded up very slightly in the last few days of

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the quarter, but there does not seem to have been any unusual pressure on taxpayers. The surtax yield, by contrast, is disappointing, and falls short of the estimate by nearly £500,000. Since this tax is collected on the incomes of two years previously, it would have seemed reasonable to expect some increase this year. The actual yield, however, is £145,000 less than in 1934-35. The estate duties, for the fourth year in succession, have yielded more than the estimate. The excess this year is the handsome figure of nearly £8 millions, and the total yield of these duties, at £87.9 millions, is the highest ever recorded. This result is presumably due, in part, to the continued high level of security prices. The volume of trading on the Stock Exchange has also been well maintained, as has the value of the securities dealt in. The yield of Stamps thus shows a small surplus over the estimate and an increase of £1,690,000 in comparison with the previous year's yield.

The customs duties have done extremely well, and have yielded over £8 millions more than the estimate, which itself was put at £3½ millions higher than the previous year's total. The excise duties have not made quite so favourable a showing, although they have realised the estimate with a small margin in hand. Lower net receipts from motor vehicle duties reflect the fact that 1935-36 was the first year in which the reduced rate of duties was in force for a full twelve months. The reduction in the net receipt from the Post Office is also to be ascribed to causes other than a falling off in activity. The total revenue of the Post Office has, in fact, increased by £3,750,000, but the recent vigorous "development" policy has necessitated heavier expenditure. The reward will doubtless appear in future years. The only unexplained items in the revenue table are the surplus of £1,034,000 on sundry loans, and the short-fall of £4,262,000 on miscellaneous receipts.

The next table gives similar data concerning expenditure and the self-balancing items:—

EXPENDITURE, 1935-36 (000's omitted)				
	Actual Issues	Budget Estimates	Final Estimates	Actual Issues
	1935-36	1935-36	1934-35	1934-35
Interest and Management of National Debt	211,534	- 12,466	- 12,466	- 123
Payments to N. Ireland ...	7,205	+ 455	+ 455	+ 387
Other Consolidated Fund ...	5,648	+ 1,948	+ 1,948	+ 2,038
Post Office Fund	1,127	- 3	- 3	- 1,164
Total Consolidated Fund	225,513	- 10,067	- 10,067	+ 1,137
Army, Navy and Air Votes	136,949	+ 12,649	- 451	+ 23,079
Civil and Revenue Votes (exc. Post Office)	375,051	+ 8,851	- 7,849	+ 16,761
Total Supply Services	512,000	+ 21,500	- 8,269	+ 39,840
Total Ordinary Expenditure	737,513	+ 11,433	- 18,336	+ 40,977
New Sinking Fund	12,466	+ 12,466	+ 12,466	+ 123
Total Expenditure	749,979	+ 23,899	- 5,870	+ 41,100

SELF-BALANCING REVENUE AND EXPENDITURE, 1935-36
(000's omitted)

	Actual Revenue or Expenditure	Budget Estimate, 1935-36	Larger (+) or Smaller (-) than Actual Figures, 1934-35
Post Office ...	66,080	+ 5,617	+ 4,330
Road Fund ...	25,775	+ 1,520	- 663
Total ...	91,855	+ 7,137	+ 3,667

Interest and management of the National Debt have cost a fraction less than the very low figure of the previous year, with the result that nearly £12½ millions has been spent in the redemption of debt. The Chancellor took powers in the Finance Act to borrow for the statutory sinking funds, but as these only amount to some £9 millions, it has not been necessary to make use of these powers. There has been a large increase in the expenditure for "Other Consolidated Fund Services," the reason for which is not apparent on the face of the returns.

The expenditure on the Supply Services shows a large increase in comparison with the Budget Estimates, and a still larger increase in comparison with the actual expenditure of the previous year. The largest increases were for the Defence forces, which have spent £12.6 millions more than was anticipated twelve months ago. This increase has been due in part to the special measures in the Mediterranean, and in part to the general acceleration of re-armament.

The final figures for the year 1935-36 do not greatly change the outlook for 1936-37, which was discussed at length in the *Economist* of March 14th (page 573). We already know that expenditure on the Supply Services will be £25 millions more than the actual expenditure in the year just closed. Moreover, there is the certainty of Supplementary Estimates both for the White Paper scheme of re-armament and also for the civil services (including such items as the continuation of the cattle subsidy after June, and payments to local authorities in compensation for the continued postponement of the second "appointed day" under the Unemployment Assistance Act of 1934). For these purposes at least £25 millions, and probably more, should be allowed. Expenditure on the Supply Services can, therefore, be expected to show an increase of at least £50 millions. Against this, the provision for the service of the National Debt might perhaps be reduced by £10 millions, making a net increase of £40 millions. To meet these demands further increases in the tax revenue can be expected. The increase in 1935-36, compared with 1934-35, was almost £30 millions. Is there any reason to expect a larger increase this year? Furthermore, the Chancellor will lose the capital sums taken from the Road Fund, which are non-recurring, and the cost of last year's tax remissions will now have to be met in a full year, at a loss to the revenue of £6 millions more than last year.

It is clear from these figures that Mr Chamberlain's task will not be easy. To balance this year's accounts he may need to draw upon any nest eggs that are available. And next year, when the full burden of re-armament will have to be borne, his task will be formidable indeed.

CANNED FOOD

IMPORTANT changes have occurred in recent years in the dieting of the British people. Foodstuffs formerly procurable only in their "natural" state, during a comparatively short season each year, may now be had by the consumer whenever he will. Since the disappearance of the widespread prejudice against preserved foods of all kinds, the industry producing them has shown a rapid expansion. The oldest and most important branch is concerned with the production of jams and marmalade; but it is the canning industry which has recently made most headway. Progress has been particularly rapid during the last seven or eight years and the range of foodstuffs covered has been considerably extended. Since it is impossible to can anything but produce of the highest quality, the growth of this new industry must be counted a sound point for modern science. A complete survey of the industry is rendered difficult by the inadequacy of available statistics, but certain broad facts emerge.

We may conveniently begin with the most important branch of the industry, the canning of fruit and vegetables. Originally fruit canning developed out of jam making, one of the pioneers in this section being Messrs Chivers and Sons. The movement was encouraged by the Ministry of Agriculture in the interests of the fruit grower. The season for each fruit is, of course, limited; but, where the whole range of soft fruits and orchard fruits is covered by one concern, the period during which canning may take place is extended to cover several months of the year. With the object of keeping their factories more fully employed, and thus reducing costs, a number of fruit canners took up the canning of vegetables as well. To-day there is hardly a single home-grown fruit or vegetable which cannot be purchased in tinned form. In the vegetable pack by far the largest single item is peas, of which two classes may be obtained. In one case the peas are canned fresh, just before they are ripe; in the other they are allowed to dry in the sun and are soaked in water before canning is undertaken. The latter method enables a larger weight of peas to be obtained from a given area of land, while the peas are said to possess a higher food value. At any rate, these tinned "processed" peas have almost ousted the once-popular packeted peas from the market.

The fruit and vegetable branch of the industry grew rapidly from about 1928 to 1933 and supplies appear in some cases to have outrun demand. The size of the pack showed little change in 1934, but fell sharply last year in consequence of unfavourable weather conditions; stocks were accordingly reduced to more manageable proportions. According to official figures which have recently become available,* the output of canned and bottled fruit in the United Kingdom rose from 315,000 cwts. (valued at £859,000) in 1930 to 550,000 cwts. (valued at £1,354,000) in 1933. In the latter year 499,000 cwts. of peas and 434,000 cwts. of other vegetables (valued at £895,000 and £775,000 respectively) were canned in the United Kingdom. From a publication of the National Food Canning Council it appears that there are over sixty fruit-canning firms, of varying size, in the country, of which about half are also engaged in the canning of vegetables; there are, in addition, a few firms canning vegetables but not fruit. Home supplies are still much smaller than imports of canned and bottled fruit, upon which varying duties are levied. Imports totalled 2,430,000 cwts. in 1930 and 3,691,000 cwts. in 1935. The bulk of these do not, however, come directly with British-grown varieties. Some 1,057,000 cwts. of canned vegetables were imported last year, of which the bulk (955,000 cwts.) consisted of tomatoes.

Overlapping the fruit and vegetable section is that concerned with fish and meat. There are about a dozen firms at present engaged in fish canning, about half of which (e.g. the Co-operative Wholesale Society and Messrs Crosse and Blackwell) are also interested in fruit or vegetables, or both. Herrings, which are canned in a variety of forms, accounted for 104,000 cwts. (valued at £220,000) out of a total of 124,000 cwts. (£275,000) for all fish canned

in the United Kingdom in 1933. Imports of canned fish consist mainly of sardines, salmon, crabs and lobsters, which are not canned in this country. Similarly, imports of canned meat mainly comprise corned beef, canned in areas where cattle can be produced cheaply on a large scale; the home canning industry is concerned with chicken, ham and other varieties of meat which can profitably be produced within our shores. According to the source already quoted, 138,000 cwts. of "preserved meat in tins, glasses, etc." (valued at £988,000), were produced in 1933; meat extracts and essences accounted for a further 105,000 cwts., with the much higher value of £3,019,000. In addition, the value of the 110,000 cwts. of meat and fish pastes produced in the same year was put at £1,128,000. There is a small export trade in canned meat and fish.

A branch of the canning industry not covered by the Import Duties Act Inquiry, and one for which no recent output figures are therefore available, is that producing tinned milk. A large proportion of the demand for this product is still satisfied from sources overseas, but home production of tinned skimmed milk was stimulated as an indirect consequence of recent changes in milk marketing. Under the Milk Marketing Scheme it is possible to buy milk for manufacturing purposes very cheaply. Milk purchased in this way and used for butter-making yields a residue of "skimmed" milk, which is now being tinned in increasing quantities and retailed at low prices in the poorer districts. Although such milk is lacking in fat content and therefore deficient in vitamin A, its food value is still considerable and it is much cheaper than fresh milk.

A more recent product of the canning industry, the sale of which is making rapid headway, is soup. In this case the manufacturers have almost created a new demand, for the value of soup was not appreciated here until recent years. The expansion in demand has, however, been extremely rapid. A considerable proportion of the demand is satisfied by a Canadian firm—Campbell's Soups, Ltd.—whose activities in the United Kingdom are confined to the marketing of this one product. Soup is also manufactured here by a number of firms, such as Crosse and Blackwell and H. J. Heinz and Company, who are interested in other branches of canning. The value of the soups produced in the United Kingdom in 1933 (including bottled soups, soup squares and powders) was estimated at £717,000, against only £412,000 three years earlier. There is little doubt that the 1935 census figures will disclose a further substantial advance in this section. A still more recent departure is the production of canned beer, which is being retailed in limited quantities—generally in half-pint cans. The process is still in the experimental stage, and it is not probable that a certain amount of public prejudice will have to be overcome before complete commercial success is achieved. Nevertheless, canned beer is being extensively produced in Germany and the United States, mainly for export, and a number of the older British brewery concerns are now experimenting with it.

The British canning industry, which probably accounts for over 10 per cent. of the home consumption of tinsplate, seems destined to play an even more important rôle in the national economy in future years. The demand for tinned foods is certainly on the increase, and there is no doubt that the industry can satisfy the demand; in many cases, indeed, it may itself create a new demand. The industry has already attained a high level of technical efficiency, and its products consequently make an increasing appeal to the human palate. Moreover, it is now possible to obtain complete meals in tinned form. The can-opener must surely be regarded as a sign of the times.

FIRE INSURANCE LAW

(BY A CORRESPONDENT)

In theory we all know the law. In fact, most of us are ignorant of it. Even the practising lawyer frequently knows no more than the whereabouts of a statement of the legal position. In this country the legal rules which regulate our daily lives are ascertainable from two sources: by reference to Acts of Parliament and by research among recorded judgments. Rules of law are to be gathered from legislation and the results of litigation.

Sir Frederick Pollock, many years ago, put his finger on one of the main defects of what is known as case law. In Britain, he declared, "the casual exigencies of litigation determine what parts of the law shall be filled up and what left incomplete. . . . All kinds of curious little questions receive elaborate answers, while great ones remain in a provoking state of uncertainty." The process of judicial decision, in the hands of capable and experienced judges, is an admirable means of introducing improvements gradually. It is, equally, an erratic and unsystematic method of establishing legal rules. Litigation frequently does not happen to raise the points which need to be decided, and the rules, even when they have been enunciated, must be collected by students from many scattered judgments. It is desirable, therefore, that when a number of principles have been worked out by the judges, the latter's pronouncements should, in turn, be superseded by the supreme authority of the Legislature—that the law, in short, should be codified.

The principal rules of our commercial law were created in the eighteenth century by the genius of a great Lord Chief Justice—Lord Mansfield. They have since been developed by later judges, and, more recently, the leading principles applicable to particular subjects have been translated into statutory form. Thus, the law of bills of exchange, partnership, sale of goods and marine insurance has been codified by successive Acts of Parliament—with laudable results. In each of these instances, however, the first step towards codification was due to personal initiative. Authorities like Sir Frederick Pollock and Sir Mackenzie Chalmers, recognising that codification was the scientific method of formulating the law, embodied the principles of these special "branches" in draft codes in their textbooks, and on those drafts were based Parliamentary Bills which eventually passed into law.

The earliest of these codifying statutes was passed over half a century ago. It is now thirty years since the latest of them—the Marine Insurance Act—reached the Statute Book—if we except the Companies Act of 1929, which was rather a consolidating than a codifying measure, in the strict sense of the word. In a recently published work on the law of fire insurance*, by Mr Sanford Cole, the leading provisions of the law were set out in a draft code. The text of that code has now been reproduced in a Bill to codify the law of fire insurance, which has been introduced in the House of Commons by Mr Dingle Foot, with the support of a small group of other members. Its introduction raises the question of the expediency of an extension of the process of codification to include fire insurance.

Such a development would be the natural sequel to the enactment of its predecessor thirty years ago. The principles governing fire insurance are closely akin to those which regulate the business of marine insurance. Historically, fire business developed upon the lines of the principles worked out by Lord Mansfield in his marine insurance judgments. Those principles still stand, though differences of subject matter have necessitated material variations in the actual rules of the law governing fire insurance. During the course of years a substantial body of case law applicable to fire business has come into being. The present Bill is drafted on lines similar to those followed in the preparation of earlier codifying measures. It proposes an improvement in the form of the law without altering its substance—except on one or two doubtful points which any draftsman must decide for himself one way or the other. This method has two advantages. It makes the substance of the Bill non-controversial, and it leaves open the door for the insertion, at a later stage, of any amendments deemed desirable.

Objection used sometimes to be taken to codifying projects on the ground that they stereotyped the law and hindered its further development. That argument, however, will scarcely bear close examination. In the introduction to his work on Bills of Exchange, Sir Mackenzie Chalmers pointed out that, however much we may codify the law into a series of seemingly self-sufficient propositions, these will be but a phase in a continuous growth. A codifying statute, if it is found to need amendment, can be amended like any other

statute. The Marine Insurance Act of 1906 was, in fact, supplemented three years later by a short amending Act. Codification, on the other hand, should certainly not be attempted at too early a stage. The object of a judge who follows in the footsteps of Lord Mansfield is to find out and declare a general principle, not only for the decision of a particular case, but as a guide for the future. A sufficiency of such principles is necessary as the foundation for a code. In the case of fire insurance, the judges have for many years been defining the variations from marine insurance principles which are characteristic of fire cases. There are some points which authority has not yet covered, but they are definitely of a lesser order. The broad principles have been settled, and only await formal enactment in orderly sequence.

At the very least the present Bill provides the first draft of a codifying measure. The next step should be its examination by those familiar with the insurers' point of view, by Chambers of Commerce and by other business organisations representing policy holders. If a satisfactory code can be hammered out, it will promote the general convenience by providing a statement of the law within the compass of a single statute. It might also lead, like some of its predecessors, to uniformity of a wide kind, since it might very conceivably be re-enacted in various British Dominions and elsewhere.

"FULL" EMPLOYMENT

IN concentrating attention on full employment as the proper aim of monetary and economic policy, Mr Keynes has done a valuable service. The most conspicuous defect of the contemporary economic system has not been its failure to accumulate capital or increase the output of goods, but its failure fully to employ the available agents of production. And few would now deny that the volume of employment is closely connected with the course of monetary policy in the broadest sense of that term. For, after the experience of the last fifteen years, it cannot be maintained that reductions in money wages alone are capable of curing unemployment. The expedient of mere reductions in wages was tried in Germany and the United States in 1929-32, and in the Gold bloc in 1933-35, and brought no relief. In Australia, on the other hand, the wage reductions of 1930 were accompanied by devaluation and cheap money, and led to recovery; while in the other sterling countries cheap money, without significant wage reductions, was enough to set recovery going. The experience of recent years consequently suggests that efforts to stimulate effective demand are more likely to succeed than efforts to reduce costs.

It is only, of course, "cyclical" unemployment that can be rapidly cured in this way. To criticise Mr Keynes' contention on the ground that British unemployment to-day depends mainly on special maladjustments, is to misconceive the problem. The different types of unemployment must be clearly distinguished. First, there is what may be called "normal minimum" or "frictional" unemployment, i.e. the unemployment which would exist in prosperous (though not inflationary) periods, owing to seasonal changes, the movement of labour from one job to another, and the existence of unemployables. The study of pre-war percentages, compared with those prevailing in the prosperous areas of Great Britain in 1927-29, suggests that this unemployment would probably amount to rather over 5 per cent. in a modern industrial community. Secondly, there is "special" unemployment due to peculiar causes such as a collapse in the demand for a particular group of commodities, so sudden that the labour cannot be transferred to other trades in a reasonably short period. Thirdly, there remains "cyclical" or "monetary" unemployment proper. It is clear that a very high proportion of British unemployment to-day, including nearly all that in the distressed areas, is "special." For this unemployment is due to the sudden loss of our export markets. The 1,000,000 unemployed; however, who have been re-employed since 1932 were evidently "cyclical" in the full sense. So, probably, is the bulk of the unemployment—still almost at its peak level—in America to-day, though some "special"

* "Report on the Import Duties Act Inquiry, Part I, 1935." His Majesty's Stationery Office. Price, 5s net.

* "The Law of Fire Insurance." By Sanford D. Cole. Pitman.

unemployment may exist among cotton producers and in certain capital goods industries.

"Full employment," therefore, in so far as it can be attained in a few years, must mean the absence of cyclical unemployment. The adoption of this criterion of policy would imply that monetary expansion should continue up to, but not beyond, the point of full employment thus defined. Only if prices continued to rise after this point had been reached could "inflation" be truly said to occur. In the world to-day this perhaps can be said to be happening in Japan alone. Such a criterion of policy is certainly far better than the mere maintenance of fixed gold parities, or exchange rates or even stable price levels. How far, however, should it be the absolute or only criterion? How far should one seek to create employment at all costs? There are clearly some conditions in which we should not. In Germany during the last three years, for instance, the volume of cyclical unemployment has been greatly reduced. But this has been achieved by expedients which nobody would regard as the ideal of monetary or economic policy. Credit has been created by the monetary authorities, and paid out to workers to manufacture roads and armaments, etc., but the total supply of consumers' goods has been kept stable by restrictions both on imports and on the expansion of plant in the domestic consumers' industries. There has consequently been no real increase in the community's income (apart from the "security" which may be alleged to accrue from the armaments), but merely a transfer, due to rising prices, from those formerly employed to those formerly unemployed.

Now this is certainly not the result contemplated by those who have advocated full employment as the proper criterion of policy. For they have tacitly assumed that full employment meant not merely the fullest possible utilisation of available productive resources, but also the fullest possible increase in consumption. Or, to put it another way, they have assumed that the spending of the new incomes given to those engaged on public works would be allowed to have its natural effect in increasing the output and import of consumers' goods. If this is deliberately prevented, the benefit of the increase in employment is almost entirely lost; and there is only a gain in so far as the advantage of one man having a job outweighs the disadvantage of another man having less to consume. The argument for full employment, therefore, is clearly being abused, if expenditure on, say, armaments is advocated as a method of curing unemployment, but at the same time that very expenditure necessitates the purchase of so many non-consumable imports that supplies of consumers' goods must actually be reduced as a result.

Full employment is accordingly only valid, as a criterion, if the supply of consumers' goods, domestic and foreign,

is allowed to expand. Indeed, the whole case for monetary expansion rests on this hypothesis. For the old-fashioned prejudice against monetary expansion of any kind in any circumstances was based on the belief that a mere increase in the quantity of money could not increase the production and consumption of goods. To this it has been quite rightly replied that, if labour and capital are unemployed on a large scale, then an increase in the volume of spending will lead to an increase in the actual consumption of goods. For this reason, as Mr Keynes points out, a monetary expansion operated by merely giving people money to dig holes in the ground may lead to a real increase in wealth. But if the monetary expansion is to be accompanied by a restriction of the supply of consumers' goods, the case for it entirely collapses.

Moreover, provided that a country's currency is not overvalued, there is no reason why an expansion of employment due to increased investment should not be safely accompanied by rising imports of consumers' goods. Indeed, this has happened in the great majority of the sterling countries during the last four years. Low interest rates have led to increased employment, and increased employment has been accompanied by an increase in imports and consumption. In particular, in Sweden and South Africa, where unemployment in 1932 was almost entirely "cyclical," full employment has been achieved without any restriction of the supply of consumers' goods. In Sweden, unemployment has been reduced from 160,000 at the end of 1932 to 58,000 at the end of 1935; and imports have increased from 1,148 million kroner in 1932 to 1,468 millions in 1935. In South Africa unemployment has virtually disappeared; and imports have risen from £31,272,000 in 1932 to £75,300,000 in 1935.

Great Britain has followed the same policy of low interest rates, tempered with comparatively moderate restrictions on imports. But she has her special problem of distressed areas and distressed industries which monetary policy cannot quickly cure. Full employment in this case can only be quickly attained by special measures designed to employ the labour left derelict in these industries, combined with measures of transfer; though the transfer will naturally be assisted by an expansionist monetary policy, which promotes prosperity outside the distressed area.

In general, therefore, the criterion of full employment may be accepted as a guide, so long as "cyclical" and "special" unemployment are carefully distinguished, and measures are not adopted which necessitate a restriction of consumption. For, as long as these conditions are fulfilled, the "creation" of employment is not an end in itself, but a means, and a necessary means, to a rise in the standard of living.

NOTES OF THE WEEK

in 1935, £434,000. £775,000, 1, dom. From Council it ap. firms, of varyin are also engaged in addition, a few day night when the Government was unex- Home supplies are ted in the House of Commons. The vote carried and bottled government lost was concerned with an levied. Imports total, though not a first-class question of policy. 3,691,000 cwts. in 1935, the Civil Estimates, Miss Ellen Wilkinson ever, compete directly with the Speaker out of the chair on going 1,057,000 cwts. of cannot went that certain classes of women in the year, of which the bulk have equal pay with men. The real tomatoes. was clearly with Miss Wilkinson, and Overlapping the fruit, s speech for the Government was un- concerned with fish and a result, a handful of Government firms at present engaged, the amendment, and it was carried by Miss Wilkinson's amendment was then which (e.g. the Co-operati motion; but the Whips had got to work, Crosse and Blackwell) are by 149 votes to 134. This put the tables, or both, Herrings, Captain Margesson proposed that the of forms, accounted for 100 ve the chair, and Mr Attlee: that the out of a total of 124,000 cw the Mr Baldwin at first refused to Report on the Import D ment on the ground that the business His Majesty's Stationery Office, carried on. But after an interval in principles were invoked and a 1923 pre-

cedent quoted, he changed his mind, and the House duly adjourned. The original vote was obviously not one which would be regarded as a question of confidence, and the Government will presumably see that it is revoked at an early date, and that back-bench "discipline" is duly strengthened. Nevertheless, the first Parliamentary defeat of the National Government will tend to raise the question whether Mr Baldwin's influence over his supporters is quite what it was.

Cabinet Tremors.—Lord Eustace Percy's resignation this week, close on the heels of rumoured Cabinet divisions on foreign policy, has also set people wondering what is wrong with Mr Baldwin's team. Actually Lord Eustace Percy's resignation had nothing to do with foreign policy. It was rather, as his letter to Mr Baldwin made clear, his own personal position with which he had become dissatisfied. Last summer, when the Cabinet was reshuffled and Mr Baldwin replaced Mr MacDonald as Prime Minister, Lord Eustace Percy was given the post of Minister without portfolio, and it was hinted that he would have special

charge of schemes for relieving the distressed areas. These schemes did not materialise, however, and it was later understood that Lord Eustace Percy was occupied with defence problems. It was natural, therefore, that he came to be regarded as a possible candidate for the new Ministerial task of co-ordinating the defence services; and his resignation, following the appointment of Sir Thomas Inskip, is not very difficult to understand. Although the motives influencing Lord Eustace Percy, however, may have been personal rather than political, the feeling will certainly spread that Mr Baldwin is losing the capacity he once had for holding his supporters together. Much has been heard lately of a group of Conservative malcontents, headed by Sir Austen Chamberlain and Sir Robert Horne, whose main bond of unity is said to be distrust of Mr Baldwin's leadership. The Hoare-Laval affair, the unexpected appointment of Sir Thomas Inskip, and now Lord Eustace Percy's resignation, have all created an impression of tension in high Conservative circles. Whence has this tension arisen? It is nothing short of remarkable that Mr Baldwin, who for five years and more withstood the united onslaught of the Right Wing Tories, and particularly Mr Churchill's attack on the India Bill, and who, in the week after last November's General Election, stood, by common consent, in a position of almost unique authority, should by now appear to have less influence over his supporters than at any time since his leadership began. Is it that all political combinations tend to disintegrate with age? Or did the apparently successful reshuffle of last summer leave behind personal resentments which have rankled? Or is it that at least a section of the Conservative Party was at heart in favour of the Hoare-Laval plan, and, in secret anger at its defeat by public opinion, turned on Mr Baldwin as a scapegoat? Or has the general belief spread abroad that Mr Baldwin dislikes vigorous action and vigorous colleagues, and consequently appoints neutral persons to makeshift offices merely to propitiate public criticism? If this last explanation gains credence, the demand for renewed vigour in the Government will not long be denied.

Italian Barbarism.—Recent events in Abyssinia suggest that the Italian commander-in-chief has received orders to shrink from no risks, and spare no frightfulness, in a supreme effort to bring the Emperor of Ethiopia to his knees before the campaign is suspended by the rains. Public opinion in Great Britain has been appalled by the latest news of Italian bombing of undefended Abyssinian towns and the alleged gassing of the population. The *pièce de résistance* has been the bombing of Harrar from the air last Sunday morning, March 29th, when, according to an official report from H.M. Consul, some 18 aircraft, flying at about 6,000 feet, dropped approximately 300 bombs on the town and its precincts. Three bombs fell in the Swedish mission compound, 50 in that of the Egyptian Red Cross, 14 on the Catholic mission, four on the French hospital and agency, and four on the Harrar Red Cross. Ten fires were started, but the population had, fortunately, received early warning and the town had been evacuated. This barbarous exploit was carried out despite the fact that, last December, the Abyssinian Government conveyed to the Italian Government a notification that the city had been demilitarised and was being used solely as a hospital base. The bombing is presumably a prelude to an attack upon the Harrar province by General Graziani's army; and already some heavy fighting has been reported in the neighbourhood of Sasa Beneh. On the northern front, Marshal Badoglio is pressing on southwards and south-westwards all along the line, from the brow of the eastern escarpment of the plateau, on his left wing, to the jungle-covered lowlands along the Sudan frontier on his right. By the time this issue of the *Economist* is published, an Italian flying column may be in Gondar, the chief city in the basin of Lake Tana. On the road from Amba Alaji to Dessie Marshal Badoglio claims to have met and defeated, after heavy fighting, the Imperial Bodyguard commanded by the Emperor in person. It would seem that the Italians have now set themselves to conquer the whole of the Ethiopian Empire, and are anxious to accomplish this immensely

Next Week's Issue of
THE ECONOMIST
will include a
SPECIAL SURVEY
dealing with
BUILDING SOCIETIES

This Survey will contain extensive tabular analyses, and articles on such subjects as:

History of the Movement	Trend of Interest Charges
Post-War Growth	Building Society Policy
Geographical Distribution	The National Association
Total Assets	Future of the Movement
New Mortgage Business	

The Survey will contain, *inter alia*, a special analysis of the returns of 110 of the largest societies

ambitious war aim at a single stroke, before the rains descend upon them. The most daring of Marshal Badoglio's recent moves is the advance of an independent column from Assab into the heart of the Sultanate of Aussa, in the neighbourhood of the lower course of the River Hawash. This Italian force, isolated and unsupported, is setting itself to march across the broadest part of the terrible Danakil desert. One wonders if Signor Mussolini has realised that, even if he were to compel the Emperor to sue for peace, and were to occupy the whole of his dominions, he would have to keep at least a quarter of a million troops permanently on the spot to hold down a hostile population.

And Its European Implications.—Meanwhile the nations of Europe are watching one of their number prosecuting a criminal war of aggression by methods of barbarism which will recoil upon Europe as a whole if the conscience of Europe does not rouse itself. We are looking on while our fellow-Europeans are bombing open towns and killing or crippling a defenceless civil population, far away from the scene of military operations, by dropping bombs—including, it is alleged, poison gas bombs—upon it from the air. The bombardment of open towns is a breach of the long-accepted usages of European warfare; the use of poison gas would be a breach of an international convention which the Italian Government signed in 1925 and ratified—without exceptions or reservations—in 1928. We cannot dispose of the question by throwing justice and humanity to the winds and proclaiming that Signor Mussolini may do what he pleases in Africa because we need his support in Europe. A policy does not become *Realpolitik* merely by being immoral. The present Italian attempt to impose European rule on Africa by the prostitution of European science in the service of frightfulness could only be justified—even on sheer Machiavellian grounds—if Europe were so indissolubly united that there was no danger of Europeans turning these devilish weapons against each other. One thing can be prophesied with assurance: if Europe does destroy itself in another war at home, the Africans will rise up as one man to shake off a European domination which has subjected them to atrocities which they could never have invented for themselves. These grave questions were raised by Lord Cecil and by the Archbishop of Canterbury last Monday night in a notable debate in the House of Lords. And it was significant that Lord Mottistone—hitherto a disinterested advocate of the Italian case—made it clear that he must thrice up his brief if the reports of the Italian use of gas were to be true.

Railway Wages.—A new railway wage agreement now seems to be within reach. After five months' negotiations, the terms of a proposed settlement were announced this week by the four main line companies, the National Union of Railwaymen, the Associated Society of Locomotive Engineers and Firemen, and the Railway Clerks' Association. In substance it is proposed that the 2½ per cent. reduction in wages, surviving from the original 5 per cent. cut in 1931, is to be replaced by a 1½ per cent. cut. So far, therefore, the employees will gain a further quarter of what they originally lost. There is to be no change, however, in overtime, Sunday or night rates, all of which were curtailed in 1931. Altogether the employees will gain another £1,100,000, and thus receive their second share in the increase of the national income resulting from general recovery. Actually, it will be a share which will leave them, relatively to the stockholders, better off than before the depression. For the railways' net revenues last year were still £4,800,000 below the 1930 level. If the men, as is generally expected, accept the proposals, the unions will have done well for them. The truth is that the railway unions are in an exceptionally strong bargaining position. For, on the one hand, the loss to the companies from a strike would be immediate and irrevocable, and, on the

THE REVENUE

I.—An Account of the TOTAL REVENUE of the UNITED KINGDOM, in the undermentioned periods of the Year ending March 31, 1936, as compared with the corresponding periods of the preceding year.

	Quarter from January 1 to March 31, 1936, compared with the corresponding Quarter of the preceding Year				Year ending March 31, 1936, compared with the preceding Year			
	Quarter ending March 31, 1935	Quarter ending March 31, 1936	Increase	Decrease	Year ending Mar. 31, 1935	Year ending Mar. 31, 1936	Increase	Decrease
Ordinary Revenue								
Inland Revenue	£ 153,468,000	£ 158,198,000	£ 4,730,000	£	£ 228,877,000	£ 238,074,000	£ 9,197,000	£
Income Tax	39,430,000	41,760,000	2,330,000	...	51,165,000	51,020,000	145,000	...
Sur-Tax	21,871,000	22,850,000	979,000	...	81,356,000	87,920,000	6,564,000	...
Estate, etc., duties	9,170,000	10,210,000	1,040,000	...	24,110,000	25,800,000	1,690,000	...
Stamp	2,300,000	1,300,000	1,000,000	...	2,300,000	1,300,000	1,000,000	...
Excess Profits Duty and Corporation	590,000	625,000	35,000	...	770,000	785,000	15,000	...
Profits Tax	2,300,000	1,300,000	1,000,000	...	2,300,000	1,300,000	1,000,000	...
Land Tax and Mineral Rights Duty	2,300,000	1,300,000	1,000,000	...	2,300,000	1,300,000	1,000,000	...
Total Inland Revenue	226,829,000	234,943,000	8,114,000	1,000,000	388,578,000	404,899,000	17,466,000	1,145,000
Customs and Excise	44,687,000	48,314,000	3,627,000	...	185,096,000	198,642,000	11,546,000	...
Excise	23,400,000	23,900,000	500,000	...	104,600,000	106,700,000	2,100,000	...
Total Customs and Excise	68,087,000	72,214,000	4,127,000	...	289,696,000	303,342,000	13,646,000	...
Motor Vehicle Duties (Exchequer share)	3,150,000	3,473,000	323,000	...	5,100,000	4,977,000	123,000	...
Post Office (Net receipt)	1,000,000	30,000	1,030,000	...	12,250,000	11,670,000	580,000	...
Crown Lands	290,000	310,000	20,000	...	1,320,000	1,360,000	40,000	...
Receipts from Sundry Loans	1,062,080	1,292,495	230,415	...	4,372,209	4,933,936	561,727	...
Miscellaneous Receipts	2,70,358	4,833,282	2,162,924	...	15,124,841	21,738,208	6,613,367	...
Total Ordinary Revenue	303,128,438	316,995,777	15,867,339	2,030,000	716,441,050	752,920,144	36,479,094	1,848,000
Self-Balancing Revenue								
Post Office	17,900,000	18,580,000	680,000	...	61,750,000	66,080,000	4,330,000	...
Motor Vehicle Duties apportioned to Road Fund	15,931,000	16,732,000	801,000	...	26,438,000	25,775,000	663,000	...
Total Self-Balancing Revenue	33,731,000	35,312,000	1,581,000	...	88,188,000	91,855,000	3,667,000	...
Total	336,859,438	352,307,777	17,478,339	2,030,000	804,629,050	844,775,144	40,146,094	2,511,000
Net Increase								
£15,867,339 Net Increase								
£40,146,094 Net Increase								

II.—An Account showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the Year ending March 31, 1936, as compared with the preceding Year.

RECEIPTS	Year ending		ISSUES	Year ending	
	Mar. 31, 1935	Mar. 31, 1936		Mar. 31, 1935	Mar. 31, 1936
Ordinary Revenue, as shown in Account I	716,441,050	752,920,144	Interest and Management of National Debt	211,553,776	211,553,776
Self-Balancing Revenue as shown in Account I	88,188,000	91,855,000	Payments to Northern Ireland Exchequer	6,817,754	7,204,550
			Other Consolidated Fund Services	3,610,299	5,648,075
			Post Office Fund	2,291,118	1,126,817
			Total	224,376,403	225,513,218
			Supply Services—		
			Army, Navy and Air Votes	113,870,000	136,949,000
			Civil and Revenue Votes (excluding Post Office)	358,290,000	375,051,000
			Total, Supply Services (excluding Post Office)	472,160,000	512,000,000
			Total Ordinary Expenditure	696,536,403	737,513,218
			New Sinking Fund (1928) (Finance Acts, 1928 and 1935)	12,342,768†	12,466,224†
			Total (excluding Self-Balancing Expenditure)	708,879,171	749,979,442
			Post Office	61,750,000	66,080,000
			Road Fund	26,438,000	25,775,000
			Total Self-Balancing Expenditure	88,188,000	91,855,000
			Total Expenditure	797,067,171	841,834,442
			Temporary Advances—		
			Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	3,172,224	3,172,224
			Road Fund, under Section 27 of the Finance Act, 1928	2,254,007	2,254,007
			Issues under Section 4(1) of the Newfoundland Act, 1933	21,616	21,616
			Under the Cattle Industry (Emergency Provisions) Acts, 1934 and 1935	2,000,000	1,050,000
			Issues to meet Capital Expenditure—		
			Under the Post Office and Telegraph (Money) Acts, 1931 and 1935	7,450,000	10,500,000
			Unemployment Insurance Acts, 1920 to 1931—		
			Repayment of Amounts Borrowed	910,000	...
			Redemption of Debt—		
			Treasury Bills paid off	3,794,560,000	3,946,440,000
			Principal of National Savings Certificates paid off	27,950,000	28,900,000
			Principal of National Savings Bonds paid off	61,974	64,327
			Principal of Treasury Bonds paid off	116,000,000	160,113,000
			Other Debt under the War Loan Acts, 1914 to 1919	1,753,050	...
			Ways and Means Advances Repaid	1,286,735,000	1,257,190,000
			Issues under Section 1 (1) of the North Atlantic Shipping Act, 1934	2,043,000	1,536,228
			Issues under Section 4 (3) of the British Shipping (Assistance) Act, 1935	...	535,881
			Issues to National Debt Commissioners to Reduce Debt—		
			Suez Canal Drawn Shares Repayments	46,590	33,326
			Old Sinking Fund, 1933-34	31,147,880	...
			Old Sinking Fund, 1934-35	...	7,561,890
			Balances in Exchequer—	6,071,017,485	6,258,963,084
			Bank of England	2,100,996	2,119,161
			Bank of Ireland	438,965	611,217
			Total	2,539,961	2,730,378
			Total Receipts	6,073,557,446	6,261,693,462

Treasury, March 31, 1936.

Memo.

Floating Debt, outstanding March 31, 1935

833,380,000

1935

Mar. 31st

1936

Mar. 31st

Ways and Means Advances outstanding—

Advances by Bank of England

Public Departments

Treasury Bills outstanding

Total Floating Debt outstanding

833,380,000

782,170,000

Net Decrease

£51,210,000

of which were not applied to the Exchequer within the period of the account.

† Met from within the fixed debt charge of £224,000,000.

other, the two largest railways, which alone are earning nothing at present on their ordinary capital, have already forfeited the trustee status of their senior stocks and have less incentive than before to maintain preference dividends. The unions, meanwhile, have used their bargaining strength with the moderation that brings success.

Coal Mining Results.—The coal mining industry experienced an appreciable improvement towards the end of last year. The Statistical Summary (Cmd. 5138), issued by the Mines Department, shows that the profit per ton of commercially disposable coal in the last quarter of 1935 was higher than in any quarter since January-March, 1924:—

Period	Tonnage Disposable (Mill.)	Costs per Ton		Proceeds per Ton	Profit per Ton	Output per Man-shift	Earnings per Man-shift †
		Wages	Total net				
1932		s. d.	s. d.	s. d.	s. d.	Cwts.	s. d.
1st quarter...	49.6	9 1	13 6½	14 0½	0 6½	21.58	9 2
2nd " "	46.1	9 1½	13 10	13 8	0 2	21.78	9 2
3rd " "	40.9	9 3½	14 2½	13 7½	0 7½	21.50	9 2
4th " "	48.9	8 9½	13 2½	13 1½	0 9	22.62	9 2½
1933							
1st quarter...	49.9	8 9	13 1½	13 1½	0 9½	22.67	9 1½
2nd " "	42.8	8 1½	13 9½	13 4½	0 4½	22.07	9 1½
3rd " "	42.1	9 1½	13 8½	13 3½	0 5	22.05	9 1½
4th " "	50.2	8 6½	12 9½	13 6½	0 9	23.00	9 1½
1934							
1st quarter...	53.1	8 5½	12 7½	13 7½	1 0½	23.32	9 1½
2nd " "	46.9	8 8½	13 1½	13 2½	0 0½	22.59	9 1
3rd " "	46.3	8 8½	13 3½	13 1½	0 1½	22.55	9 1½
4th " "	52.0	8 6½	12 11	13 6	0 7½	23.23	9 2½
1935							
1st quarter...	51.3	8 6	12 9½	13 6½	0 8½	23.40	9 2½
2nd " "	47.6	8 7½	13 2½	13 2½	0 0½	23.10	9 2½
3rd " "	46.6	8 8½	13 2	13 2	0 1½	22.93	9 3½
4th " "	54.1	8 4½	12 7½	13 1½	1 4	23.89	9 4

† Excluding allowances in kind.

Apart from seasonal influences, the expansion of production was due to increased industrial consumption of coal and to the re-stocking movement generated by the fear of a strike. Exports of coal, coke and manufactured fuel and shipments for the use of steamers actually declined from 14.2 million tons in October-December, 1934, to 13.7 million tons during the last quarter of 1935. The improvement in profits per ton may be largely ascribed to the coincidence of a fall in costs with a rise in the proceeds per ton. Mechanisation has made further headway, reflected in the increase in the output per man-shift, from 23.23 cwts. in the last quarter of 1934 to 23.89 cwts. in the corresponding quarter of 1935. It is noteworthy that all the districts separately enumerated in the Statistical Summary worked at a profit during the December quarter, the profit per ton varying between 1.07d. in Durham and 2s. 7.0rd. in South Derbyshire, Leicestershire, Cannock Chase and Warwickshire. Since production in the first quarter of 1936 was higher than a year ago, and as the recent increase in wages is largely borne by the consumer, the results for the past three months may show an improvement on the corresponding quarter last year.

The Electric "Grid."—The electrification of Britain, which proceeded somewhat slowly before the depression, has since made rapid headway. Thus, between 1929 and 1935, electricity generated by public supply stations in Great Britain rose by no less than 70 per cent., compared with an increase of 20 per cent. in world output. The expansion in the use of electricity was considerably accelerated in recent years by the general economic recovery and the phenomenal increase in building activity. It was, therefore, fortunate that the national scheme for co-ordinating the supply of electricity in Great Britain was conceived and put into operation just before the great expansion in demand. The eighth annual report of the Central Electricity Board shows that the co-ordination of the supply of electricity has already been justified by results. One of the principal advantages of the inter-connection of generating stations by a grid is that it is possible to operate safely with a smaller margin of

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spare plant. The first effect of the construction of the "grid," therefore, was to release for revenue-earning purposes a large proportion of the generating plant which it had previously been necessary to hold in reserve. In the past year the saving in capital expenditure by the inter-connection of stations is estimated by the Central Electricity Board at £2.4 millions, while total savings since the inauguration of the "grid" amounted to £11.4 millions. Moreover, the "grid" made it possible to concentrate production in the most economical generating stations. As a result, the saving in fuel consumption between 1932 and 1935 amounted to 11 per cent., a reduction of £920,000 in the operating costs of the past year. The financial results, revealed in the C.E.B.'s annual report, are scarcely less satisfactory than the technical progress. The working profit of the Board rose from £6,570 in 1933 to £95,903 in 1934 and £1,087,287 in the past year. The profits of the Board—which in 1935 equalled 3½ per cent. on the two-thirds of its total capital (bearing a nominal rate of 4½ per cent.) on which interest must ultimately be paid from earnings—were somewhat above expectations. In this connection, it may be recalled that the original tariffs were planned to cover interest charges over a ten-year period, and that the Board was permitted to charge interest on the two-thirds of its capital invested in the "grid" to capital account in its early years of operation. It was not expected that the Board would, so soon, be covering so substantial a portion of its interest charge by earnings. Since the demand for electricity is likely to expand further with the general improvement in business activity, the earnings of the Board are also likely to continue their upward trend. Moreover, if the opportunities of the industry are fully realised during the next two years by further improvements in efficiency, and a reduction in costs, the Board will be able to face possible future depressions in a spirit of equanimity.

The Economist: Quarterly Volumes.—Beginning with this week's issue, volumes of the *Economist* will be numbered quarterly. The inexorable growth in the size of each weekly issue, and the increase in the number of special Supplements during recent years, have made our hitherto half-yearly volumes almost unmanageable in bulk. This is the first change in the volumes since the paper's foundation, ninety-three years ago. If any readers care to review the growth in the scope and contents of the *Economist* during its ninety-three years of existence, they will find that in 1843 a half-yearly volume measured 1 in. in width; in 1850 it had risen to 1½ in.; in 1875 to 2 in.; in 1900 to 3½ in.; in 1913 to 4 in.; and in 1935 to just on 5 in. To be "growing like a tree in bulk" is not necessarily a measure of merit. But in these days events crowd thicker and faster upon us than a mere generation ago. The *Economist* has had to expand in "an expanding universe."

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

FLOODS AND BUSINESS ACTIVITY

THE floods, which began about two weeks ago, appear to have passed their height. Two areas were principally affected—the Connecticut River Valley and the Allegheny Mountains. The Connecticut River was swollen beyond any records since the settlement of the country, and much of the business section of the city of Hartford (Conn.) was submerged. The largest area of damage was the Allegheny Watershed, which on the west empties into the upper confluents of the Ohio, and on the east into the Potomac and the Susquehanna. The greatest damage occurred on the western slope, near Pittsburgh. The dead number about 150; some two or three hundred persons are said to have lost their homes temporarily or permanently; and the property damage is roughly computed at \$500 millions. In the affected areas, business activity was greatly disturbed, and manufacturing operations were for a few days almost completely suspended in the Pittsburgh region. Simultaneously with these accounts of floods in one section, there were reports of dust storms in the west. This fact recalls the diversity of conditions, including weather, in the American Continent. On the whole, however, there is still reason to expect crops above the average of recent years, so far as weather is concerned.

Consideration of the tax Bill was interrupted by the long-expected supplementary relief Budget message asking for \$1,500 millions. This sum, added to something over \$1,000 millions in the January emergency Budget and certain unexpended funds from previous years, bring the total relief Budget for the fiscal year 1937 to the record figure of about \$3,500 millions, none of which, of course, is to be covered by taxation. Unlike other years, the relief message contained no suggestion of changes of programme. It is not easy for an individual to appraise the public attitude toward the Works Progress Administration. The one fact which baffles him is the contrast between the visible recovery in business, which in certain lines is booming, and in many lines prosperous, and the undiminished number on the relief rolls and the undiminished demands for appropriations for relief.

The slow progress of the tax Bill is quite understandable. The President's proposal contemplated a complete change in our scheme of corporate taxation. The three existing corporate taxes—the corporate income tax, the capital stock tax and the excess profits tax—were to be entirely eliminated and replaced by (a) the subjection of dividends to the normal 4 per cent. tax on individual incomes and (b) an unspecified tax of about 30 per cent. upon undistributed corporate earnings. So sweeping a change merits deliberation; the general impression is that other important changes will be introduced into our tax scheme at the present session, but the precise form is no clearer than it was a month ago.

GHOST OF THE BLUE EAGLE

The ghost of the Blue Eagle has been seen again in Washington. Major George Berry, who is the successor of General Hugh Johnson and Mr Donald Richberg in the defunct N.R.A., has submitted a formal report recommending what is virtually the re-enactment of the National Recovery Act. This recommendation appeared almost simultaneously with the President's relief message, in which the latter more than hinted his desire for some such plan in case employment did not, as the phrase goes, keep step with production. Neither reference to N.R.A. has as yet found an echo either in the Press or in Congress.

So much of the expectancy for 1936 has rested on the building industry that every item relating to it is watched with acute interest. The F. W. Dodge Corporation reports that in the seven States east of the Rocky Mountains

construction contracts awarded were double those of the first two months of 1935. Non-residential building surpassed residential building, the increase being 110 per cent., compared with 76 per cent.; but residential building is believed to have been retarded by the weather. The non-residential figure mostly represents public works, but awards for industrial plants were also up 100 per cent., although the absolute figure is still small. Great as these increases are, they still leave the first two months below the level of the period of 1931.

The February merchandise trade figures showed a substantial increase in both imports and exports compared with February, 1935, the increase in imports being especially great, and sufficient to give a small import surplus:—

IMPORTS AND EXPORTS (\$000,000)				
Merchandise				
	Imports	Exports	Export Surplus (+) Import Surplus (—)	
February, 1935	152	163	+ 11	
February, 1936	192	183	— 9	
	+ 40	+ 20		
Gold				
February, 1935	123	...	— 123	
February, 1936	7	24	+ 17	
	— 116	+ 24		
Silver				
February, 1935	16	2	— 14	
February, 1936	18	...	— 18	
	+ 2	— 2		

The net result of two months' merchandise trade is exports of \$380 millions and imports of \$380.3 millions. But the change in the gold movement is even more extraordinary. In the first two months of 1935 net gold imports amounted to about \$272 millions, and that rate was pretty well maintained through the year. The gold imports in 1936 for two months have amounted to \$29 millions, and February showed a net export—a very rare phenomenon in recent years. Silver imports dropped abruptly, from \$58 millions in January to \$18 millions in February, but even at that they slightly exceeded the imports of February, 1935.

NEW YORK, March 24.

FRANCE

"NO DEVALUATION OF THE FRANC"

THE authorisation to increase the limit of the Treasury Bill issue by another 6,000 million francs, the appearance of the last weekly Bank of France return, which showed a new increase in the bill portfolio of 1,000 million francs to nearly 11,000 millions—a total never reached since November, 1935, and which cannot be explained by an expansion of commercial needs—the information that the English credit of £40 millions had been entirely transferred—all these factors accelerated last week a flight from the franc which had already begun as a result of the electoral prospects and the German coup. The gold point against the gold bloc currencies, as well as against the dollar and the pound, was soon reached.

The sudden jump in the forward rate which took place on Saturday last decided the Bank to raise its rediscount rate by 1½ per cent. to 5 per cent. The decision surprised the market, since the last Bank return had shown no drain of gold, and a moderate raising of the rate was not expected before the next Thursday. It seems that the first aim of this swift action by the Bank was to reassure

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GERMANY

NINETY-NINE PER CENT.

THE Reichstag election brought a greater success for the Government than optimists, and even pessimists, predicted. A mere 95 per cent. victory would have sufficiently advertised Herr Hitler's increase in popularity since the last election, and would have had the advantage of leaving a margin for a still greater success in the next election. Ninety-nine per cent., indeed, threatens the embarrassing choice in the future of either adding a few more per cent. and invoking the elastic New Arithmetic, or descending to 98 per cent. and admitting a decline in support. Even without that dilemma, cavillers see disadvantages in a 99 per cent. vote. Adherence to a political system, they remark, ceases to have meaning when it ceases to imply any distinction or differentiation; and it is no more noteworthy that 99 per cent. of Germans hold Nazi tenets than that 99 per cent. of them possess noses. That is the disappointing result of coercion. Citizens are brought to the voting stations against their wills, or by the warning that if they do not turn up an official will call to ask the reason why. For their own candidates they may not vote, and their votes against the Party's candidates are formally annulled as "invalid."

The election return gives no notion of the proportion of Germans who support or oppose Herr Hitler. In German politics, indeed, the words "support" and "oppose" are meaningless. The Nazi system seems to have declined in popularity since the events of June 30, 1934, and since the economic pressure became severe. The German National element is more hostile than two years ago, and there is no reason to think that the Social-Democrats and Communists are less hostile. There is also the new factor of the resentment of nearly all Catholics. Outside the vast class of officially employed or uniformed Nazis, the one certainly strong, Hitlerite element is the group of lawyers, notaries, doctors, dentists, and some other *Mittelstand* persons who have gained financially from the exclusion of Jewish and non-Jewish competition. The farmers are doubtful, certainly discontented, and perhaps hostile. It is therefore hard to say where the 99 per cent. came from; but it is probable that many persons who allowed themselves to be forced to the polling stations voted "yes" under the same kind of compulsion.

The Nazi Government does not care about the moral constitution of its vote if only the magnitude is imposing. A citizen is indeed sometimes a Hitlerite because he believes in Herr Hitler, but sometimes only because he is so labelled. If he wears the Nazi label, he need not trouble any further. The labelling of citizens is the great work of the Ministry of Propaganda and of other Party organs. The labelling always succeeds—outwardly; because it is hard to exist and almost impossible to pursue any organised social activity without displaying a label. If young men found a rowing club, they must from the first consent to be labelled as Nazi sportsmen; for they are officially compelled to adopt standard club regulations which prescribe that their "bodily exercises" shall be conducted in the Nazi spirit; and when a charwoman's son reaches the age of ten years he is compelled to provide himself with a uniform and an "honorary dagger." The club regulations and the honorary dagger are labels, but they imply nothing more.

domestic opinion against various rumours of an embargo on gold or the establishment of a control over purchases of foreign stocks.

The Bank's decision, however, was opportunely supported by a strong statement from M. Marcel Régnier, the Minister of Finance, denouncing "speculation" and giving an emphatic denial to the rumours of an approaching devaluation. He also laid stress on the existing signs of business revival. The recent votes "humanising" the *leccre-laws*, M. Régnier added, would cost the Budget more than 200 millions.

The next few days will prove the effects of this official counter-attack. Its principal aim is to stop speculation, and it will not affect the great mass of small holders of francs. Indeed, the public fears a suspension of payments by the State far more than devaluation; and M. Régnier did not omit, therefore, to state that the Treasury is in a position to meet all demands that may be made since it has been authorised to issue 6,000 millions more Treasury bills.

The entering of these bills in the portfolio of the Bank will naturally enlarge the volume of francs on the market, while the raising of the rediscount rate of the Bank aims at contracting it. But the maintenance of the *sang-froid* of the country is at the moment most important; and the action of the Bank and the Government must be considered as chiefly designed to produce a psychological effect. Moreover, the opportunities of speculation are always limited by numerous factors, such as the collaboration of the London, New York and Paris authorities and the feeling that every possible measure will be taken to maintain the present gold parity during the electoral period.

Moreover, an embargo on gold exports would necessitate an Act of Parliament, an inopportune gesture in the midst of an electoral campaign, even if it were defended as a necessity for safeguarding the War Treasury represented by the gold stock of the Bank. The Bank has also repeatedly stated that it would be opposed to such an embargo unless its gold reserves fell to near the legal minimum of 30 per cent. At present it stands at 70 per cent.

AFTER THE ELECTIONS

But after the elections? Will the new Chamber devalue? To give any answer would be premature. But it may be remarked that the new Chamber will encounter on this subject the same perplexities as the old—which maintained regularly under various Governments the same "orthodox" persons at the Finance Ministry. The new Chamber will have to consider the financial problem at once. It will note that advances by the Bank of France to the State, which were suppressed by M. Poincaré, have reached nearly 14,000 millions; i.e. 5,000 millions under the Flandin law, 3,000 millions by the British loan, and 6,000 millions by the latest Parliamentary authorisation. A devaluation of only 25 per cent. would hardly be sufficient to reimburse these advances, and therefore would not put new financial resources at the disposal of the State. Such resources, however, would be necessary for launching a new recovery programme (public works, etc.). But it seems that, since the recent recovery of prices, the economic situation calls for no more than a devaluation of that extent.

The alternative would be to reimburse the whole or a part of these advances by the launching of a great consolidation loan; a policy which must be preceded, however, by a recovery of the rentes and the State's credit. Would that be an impossibility in a country where 40,000 million francs might be disordered? And is a policy of new economies and Budgetary improvement more inconceivable than in the past, now that economic recovery seems to be reaching France and fiscal receipts are increasing with the inflation of prices? The turnover tax yield, for instance, shows a progressive rise. The excess over the same months of 1935 was 4.2 per cent. in February and 6.7 per cent. in March.

The answer is not an affair of sentiment for or against the "dear old franc," but will more and more result from a solution of a mathematical problem. It will also manifestly depend, however, upon the evolution of the coming international negotiations.

PARIS, April 2.

In the same way the citizen is required to flag his windows, and this perfunctory Party enthusiasm supplies him with another label.

In consequence it is impossible to distinguish between genuine party zeal and indifference, or even hostility. The only persons who escape being labelled are, curiously enough, the Jews, who, as they are forbidden to vote or to display flags, are not obliged to falsify their feelings; and, indeed, good Aryans, labelled against their wills, have been heard to express regret that they could not be promoted to the rank of Jew.

The Institute for Trade Research, in its quarterly report, comments on the slackness of consumption as compared with the great activity in investment goods industries. The shortage of dwellings, it adds, will constitute an opportunity for future investment when State work-creation measures slacken. Despite considerable building, the deficit of dwellings has increased since 1933.

The German-Belgian coal agreement, which expired on March 31st, has been prolonged for another six months, Germany's monthly delivery ration being 180,000 tons. A new agreement for exchange of coal has been concluded with Czechoslovakia. The Harpener Coal Company is to resume dividend payments, and its shares have advanced sharply on the Bourse. Harpener will acquire an unstated quantity of shares of the Essener Steinkohlenbergwerke A.G., which the Steel Trust is selling in order to obtain cash for the repurchase of its shares from the Reich. The shareholders' meeting of the trust was informed that present ingot steel output is 25 per cent. above the level of the same period of last year. An increase this month in International Steel Cartel export prices has been taken for granted since the introduction of export licences by Belgium, whereby "dumping" will be checked.

INCREASE IN MOTOR EXPORTS

Internal trade in finished textiles has somewhat recovered. Exports of leather have sharply increased and are nearly twice as high as a year ago. Exports of motor cars are also rapidly increasing, and were in the first two months of this year more than 100 per cent. above those of 1935. Very large increases took place in these exports to some South American countries, and British South Africa multiplied its purchases tenfold. It seems that foreign currency conditions do not always affect German exports as might theoretically be expected; for whereas manufactured exports in 1935 to countries officially classed as having "stable money" (full gold value) declined from Rm. 953 millions to Rm. 823 millions, this kind of exports to countries with depreciated currencies rose from Rm. 2,303 millions to Rm. 2,595 millions. This may be due to the trade stagnation in the gold bloc countries and to the subsidising of German exports to the depreciated currency group; indeed, the official report refers to "the greatness of the inevitable price sacrifices" involved in exporting.

The food situation has much improved. Pork, butter and eggs are at present obtainable without limit, at least in Berlin. The New Plan has caused a radical displacement in the grain import trade, and the proportion of imported hard wheat, which in 1934 was 80 per cent. of all wheat imports, has fallen enormously. By the beginning of this year 605,416 farms had been registered as "hereditary farms" under a law passed 2½ years ago which restricted the alienation and mortgaging of agricultural land. About 700,000 farms is the maximum expected.

The Reich Budget for 1936-37 was sanctioned by the Cabinet on March 31st, subject to the later determination of certain unstated items. The Budget is apparently to remain secret, like that of 1935-36. A supplementary Reich Budget for 1935-36 was simultaneously approved. On March 30th a law was passed amending the financial relations between the Reich and the States, in view of the Reich's advance burdens for work-creation. A new Reich loan from the insurance companies is also announced, in the form of bonds and Treasury bills, both at 4½ per cent. The sum borrowed will be the same as that brought in by the loan of 1935, apparently Rm. 350 million. The Winter Help in the three years 1933-36 has brought in 1,055 millions, partly from voluntary contributions, but in great part by means of a compulsory contribution levied on the Rocky

more detailed official report on public finance has appeared, in which no reference is made to the expenditure on rearmament.

Money has been in heavy demand, and the day loan rate rose yesterday to 3½-3¾ per cent. The Commerz-und Privat Bank has declared a 4 per cent. dividend. The bank's foreign currency debts declined in 1935 by Rm. 36 millions to Rm. 131 millions.

BERLIN, April 1.

SWITZERLAND

SIGNS OF RECOVERY

THERE was a small improvement in Swiss economic conditions during the second half of February. The number of unemployed dropped by about 4,000, out of a total of 100,000. But international complications resulting from the denunciation by Germany of the Locarno Treaty at once checked the slight progress recorded. In February imports were Frs. 87,088,088 and exports Frs. 64,010,765, a rise of 3½ millions over January, but a decrease of 3 millions over February, 1935.

The accounts of the Swiss Confederation for 1935 are far better than had been expected. Revenue totalled Frs. 485,300,000 and expenditure Frs. 503,800,000, thus leaving a deficit of Frs. 18,500,000. This was Frs. 23 millions less than the Budget estimate of the deficit. This is all the more gratifying as, during 1935, extraordinary expenditure—which was not included in the Budget—reached Frs. 55 millions. The Consolidated Debt, which stood at Frs. 1,763,840,000 at the end of 1934, was brought down to Frs. 1,752,855,000 at the end of 1935, a drop of Frs. 447,650,000 over 1924, when the Debt reached its highest figure. Moreover, since 1933, the Swiss Confederation has wiped out all its external debts. In 1935 the service of the Consolidated Debt involved an expenditure of Frs. 119,255,000, while that sum will be reduced to Frs. 71,479,875 in 1936.

The Federal Government issued on March 11th a loan of Frs. 100 millions at 4 per cent. for the conversion of an electrification loan of the Federal Railways repayable on August 1, 1936. The issue was over-subscribed; and in order to meet the demands of the subscribers its amount will be raised to Frs. 135 millions. The improvement in the finances of the Confederation resulted in a rise of Swiss Government securities, some of which are now well above par, while they were at 95 and 96 per cent. in January.

The watchmaking industry is continuing its slow but steady progress, and its exports—during the first two months—showed a rise of nearly Frs. 2,000,000 over 1935. Recently the Federal Government refused to give their assent to a contract for supplying Soviet Russia with machinery for manufacturing certain types of watches, on the ground that, although the contract might, at the beginning, give employment to several hundred Swiss workers, it would in the end create dangerous competition from abroad. A small improvement was also recorded in the engineering industry, the exports of which showed an increase of about Frs. 1,000,000 during the first two months.

DECLINE OF THE EMBROIDERY INDUSTRY

On the other hand, the embroidery industry, which was for twenty years one of the most flourishing in Switzerland, is now on the verge of ruin. In 1910 that industry—which is concentrated in Eastern Switzerland, in the Cantons Saint Gallen, Thurgau and Appenzell—employed 72,000 workers, and its annual exports reached Frs. 215 millions. In the record years 1919 and 1920 exports ascended to respectively Frs. 426 and Frs. 412 millions, but since then the drop has been uninterrupted, and, last year, embroidery exports hardly totalled Frs. 9,000,000, while only 6,000 persons were employed. During the same period the number of looms fell from 15,671 to 2,012. This drop is due, on the one hand, to high production costs and foreign competition and, on the other hand, to the fact that fashion is nowadays disinclined to the use of embroidery. The Confederation tried to help the industry, in the first place, by raising Customs duties on foreign embroideries, which resulted in

a rise in foreign duties on Swiss embroidery; in the second place, it helped the industry by means of State subsidies, which, from 1922 to 1935, aggregated Frs. 9,000,000, the major part of which was used for eliminating unnecessary looms. A further Frs. 1,500,000 was paid in the unemployment insurance fund, making Frs. 10,500,000, which did not suffice to save the industry. The Government is now asking for an authorisation for another Frs. 1,000,000, which would make it possible to eliminate a further 600 looms and help the embroidery workers to be trained for employment in another industry.

GENEVA, March 25.

INDIA

EDUCATION DEFICIENCIES

THE annual report of the Educational Commissioner of the Government of India for 1933-34 has just been issued. The Commissioner warns the reader that justice cannot be done to the educational situation merely by considering it from year to year; a wider view is desirable, say over the past twenty years. On that basis, Provinces long regarded as backward have in many ways come up to the level of the more advanced. Communities, which had no pupils beyond the primary stage, now have considerable representation in the Universities. Education has made progress among the depressed classes as well as among women. Trained teachers have become more numerous and the necessity of training more appreciated.

But, of course, this does not mean that there is not something seriously wrong with the educational system in India. In the words of the Educational Commissioner, "Universities are over-crowded; secondary education is too stereotyped; primary education is still too little related to the surrounding conditions of life; and unemployment presents a grave problem." Though it is generally agreed that far too many people are entering the universities who are unable to profit from the courses, the flood still goes on. In 1933-34 alone, 4,000 more students joined the Calcutta University, while there were 1,000 more entering the Punjab and the Bombay Universities. It is unfortunate that education in the Universities in India intensifies the belief in the indignity of manual or technical labour.

One of the troubles of primary education in India is that the child as a rule does not proceed through the course. In the whole of British India, out of every 100 boys entering Class One only twenty-one are to be found in Class Four, and only thirteen in Class Five; the percentage varies considerably among the individual Provinces. There has been no improvement in the all-India figure during the past thirteen years. The Commissioner explains that there cannot be a rapid percentage improvement when the total enrolment figures have so largely increased, particularly in the lowest classes.

The Bombay Government's finances have been improved by the separation of Sind, but there are so many demands on Government funds that this improvement cannot be used for tax reduction. The Budget for 1936-37 allows for Rs. 68 lakhs improvement in revenue from the separation of Sind to be available, but this is already earmarked to meet the deficit for 1935-36 and some additional charges in 1936-37. The cuts in educational grants imposed a few years ago are being slowly revoked. There was a partial restoration in 1933-34 of Rs. 6½ lakhs, and the same amount is to be restored this year for primary and secondary schooling. The grave feature of the Bombay Budget, as of other Budgets, is the increasing cost of pensions.

The report recently issued by the Labour Office of the Bombay Government on retail trade throws interesting light on the subject. It had been assumed that there were about 20,000 shops in Bombay City, but it is now evident that there may be as many as 40,000, including the little stall in the market in which the whole stock is within arm's reach of the proprietor. The number of shop assistants in Bombay City may be anything between 75,000 and 100,000; and contrary to general expectation there appears to be very little employment of children.

BOMBAY, March 16.

BULGARIA

MILITARY LEAGUE DISSOLVED

THE recent dissolution of the Military League, the organiser of the *coup d'état* of May, 1934, was received with evident relief by public opinion. Most Army officers are well satisfied with this action of the Cabinet. They are disillusioned at the dissensions in the Army and the unfortunate effects of its interference in politics. It is generally believed that the Army is withdrawing from the political field and that the King has once again become master of the situation. A new Government, formed by the two big political groups in the country, may be expected, under the presidency of a neutral person, to whom will be entrusted the task of carrying out the elections. This, it is hoped, will give the country the tranquillity it desires.

The new State Budget is as follows:—

	1935	1936
	(million leva)	
Revenue	5,695	6,164
Expenditure	5,695	6,164

The increase in revenue, as well as in expenditure, is due to the inclusion on both sides of the various State funds up to a total of 377 million leva and to the discounted increase in the State revenue. These estimates, however, are greater than the actual revenue in 1935, which was only 5,155 millions. Indeed, the estimated increase of about 700 millions, if we leave out of account the various State funds, will hardly be realised; for the new Excise duties and the new income taxes will not produce an increase of over 200 millions. The estimates, therefore, allow for fictitious revenue of about 500 million leva.

The increase in expenditure is explained by the inclusion of about 370 million leva, and the estimate of 200 million leva, for the partial repayment of the floating debt. Allowing for the remaining increases in expenditure, one may forecast that the new Budget will close with a deficit of about 650 million leva at the best.

The Budget for the past year, although not definitely closed, already shows a deficit of some 600 million leva, as against 400 million leva for 1934. The separate Budget of the State railway administration has been reduced from 1,545 millions for 1935 to 1,393 millions for 1936. The last Railway Budget closed with a deficit of about 100 million leva, but it is expected that this year's results will be better.

SOFIA, March 20.

LETTER TO THE EDITOR

FOOD AND INCOMES

TO THE EDITOR OF THE ECONOMIST.

SIR,—I have only just read your fine article on "Food and Incomes," based on Sir John Orr's Report.

You conclude by upholding the suggested expenditure out of the Budget of £5,000,000 a year—particularly on milk—as the beginning of a national food policy.

It occurs to me that this £5,000,000 could be better provided by the earmarking for this special purpose of an extra direct tax on super-tax payers. The tax would then be borne by that section of the community best able to bear it, and at present spending 14s. per week per head on food; whereas a mere appropriation of £5,000,000 out of the Budget would mean that the whole body of income-tax payers would be providing this sum, and this might well involve, indirectly, the payment of tax by even the comparatively under-nourished section of the community.

That something should be done, and done quickly, is evident from Sir John Orr's astounding statement that exactly half of our population is suffering from an insufficiency of food, caused by poverty.

Yours faithfully,

KATHLEEN N. BURFIELD.

28 Bassaleg Road,
Newport, Mon.
March 31, 1936.

BOOKS AND PUBLICATIONS

THE CASE FOR COMPETITION

THERE are few writers on economics as penetrating, fertile and original as Professor F. H. Knight. He has a quite remarkable power of getting to grips with a difficult intellectual problem and not leaving it alone till it is solved. He is already well-known as the author of the standard theoretical work "Risk, Uncertainty and Profit," but his subsequent writings have been mainly scattered in the pages of various learned or quasi-learned journals. This book* contains a collection of eleven essays, not selected by Professor Knight personally, practically all of which are reprints. About half of these will be of interest mainly to professional economists, including those on "The Limitations of Scientific Method in Economics," "Marginal Utility Economics," "Statics and Dynamics," "Cost of Production and Price over Long and Short Periods," and "Fallacies in the Interpretation of Social Cost." The rest, however, including the last, hitherto unpublished, essay of nearly 100 pages on "Economic Theory and Nationalism," are extremely readable and rich in pointed and arresting judgments.

Throughout the book Professor Knight constantly returns to the question what justification there is, if any, for a free competitive price system. He is most careful, however, to keep distinct the questions how such a system works, and whether it is better than any other system. We cannot prove the system desirable or undesirable, he thinks, by demonstrating how it works, but only by the ethical judgment that the freedom or equality, or lack of them, that it produces are in themselves good or bad. "There is no intellectual solution of conflicts of interest." In general Professor Knight believes that apologists for the system have been mainly right in their orthodox analysis of how it works, but wrong in their inference that it has thus been shown to be somehow ideal; while its critics have made the mistake of attacking the orthodox analysis instead of the moral and political judgments based upon it.

In short, Professor Knight does not believe economic reasoning able to show that free competition produces an output "ideal" in any sense other than that it is the ideal output under free competition (when competition is free). In two extremely enlightening essays on "Ethics and the Economic Interpretation" and "Economic Psychology and the Value Problem," he shows that the conception of units of "utility" as a basis of the motives of economic conduct is ludicrously inadequate. There is no calculus which demonstrates that a free price system must produce the "maximum of utility" for society as a whole. Having made this point, however, Professor Knight does not fly to the opposite extreme of denying the possibility of comparing different people's needs, or making general judgments about poverty and wealth. "An explanation which stops short at facts of consciousness is idle and useless." Instead, he concludes, in the chapter on "The Ethics of Competition," from which the book takes its title, that the justification of competition depends, not on its effectiveness in satisfying money demand, but on the worth or worthlessness of the social results achieved:—

The money value of a product is a matter of the "demand," which in turn reflects the tastes and purchasing power of the buying public. . . . All these factors are largely created and controlled by the workings of the economic system itself, as already pointed out. Hence their results can have in themselves no ethical significance as standards for judging the system. On the contrary, the system must be judged by the conformity to ethical standards of these facts of demand rather than by the conformity to demand of the actual production and distribution of goods. And the final results diverge notoriously from the ethical standards actually held.

That is not to say that Professor Knight regards the competitive system as worse than the possible alternatives. On the whole he thinks it likely to prove rather better. Critics of competition, as he justifiably observes, "generally underestimate egregiously the danger of doing vastly

* "The Ethics of Competition, and Other Essays." By Frank Hyneman Knight. Allen and Unwin. 359 pages. 12s. 6d.

worse." Nevertheless, he considers that an enormous amount might be done, particularly by heavy redistributive taxation, to alter the inequitable legal framework within which the competitive system works. "The ownership of personal or material productive capacity is based upon a complex mixture of inheritance, luck and effort, probably in that order of relative importance."

Professor Knight's final conclusion, however, is gloomy. He thinks that the power accruing to the propertied minority as the result of the inequality of wealth will be used to prevent any real redistribution, and that at the same time the appeal to "freedom" as a justification of the system will fail in face of the continuation of gross and blatant inequality. Bearing this in mind, as well as the tendency towards monopoly and the enormous obstacles to a rational and disinterested operation of the monetary system, Professor Knight finds himself left with the fear that the Western world will relapse into the chaos of "Fascist-nationalism," which he tells us he is "second to none in hating."

SHORTER NOTICE

"Rand Riches and South Africa." By Sir Harry Graumann. Simpkin Marshall. 235 pages. 10s. 6d. net.

This volume of personal recollections, freely interspersed with anecdote and *obiter dicta*, is a notebook of the author's active life on the Rand in mining and politics, rather than the incisive analysis of Rand personalities undertaken in Mr Paul Emden's recent book. For that reason, its value to the student of South African economics and politics is the more limited, and even the general reader will be apt to tire at the author's occasionally discursive style.

Two chapters towards the end of the book—on new party alignments and the eternal problem of agriculture *v.* the mining industry—touch on movements of great current importance. The author's early experience in working in co-operation with Dutch representatives in local government affairs leads him to support Coalition, with emphasis on the dangers of extreme Nationalist and Dominion ideas. This seems wise; but whether his agricultural policy would be so welcome is open to some question. Sir Harry leaves no doubt, however, about his views on the need for lower mining taxation and Government encouragement of the industry.



BOOKS RECEIVED

Seasonal Variations in Employment. By C. T. Saunders. (London) Longmans, Green and Company. 311 pages. 15s. net.

Planning Under Socialism and Other Addresses. By Sir William Beveridge. (London) Longmans, Green and Company. 142 pages. 3s. 6d. net. A series of broadcast and other addresses.

Economic History of Europe. By Herbert Heaton. (London) Harper and Bros. 775 pages. 12s. 6d. net.

In Defence of Sugar Beet. By J. Stewart Cook and Lord Cranworth. (Ipswich) W. E. Harrison and Sons. 32 pages. No price stated.

Protect the Nation's Mothers. (London) Labour Publications Department, Transport House, Smith Square, S.W.1. 27 pages. 2d. post free.

The Present Phase of Economic and Social Development in the U.S.S.R. By L. L. Lorwin and A. Abramson. (Geneva) International Labour Office. 38 pages. 6d. net.

Statistical Abstract of the United States, 1935. (Washington) Government Printing Office. 815 pages. \$1.50.

OFFICIAL PUBLICATIONS

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

Statement of the First Lord of the Admiralty Explanatory of the Navy Estimates, 1936. Cmd. 5105. 4d. net.

Army Estimates, 1936. 5s. net.

Memorandum of the Secretary of State for War relating to the Army Estimates, 1936. Cmd. 5109. 2d. net.

Army (Royal Ordnance Factories): Estimate of Charge for the Year 1936. 3d. net.

Navy Appropriation Account, 1934. 1s. 6d. net.

Air Services Appropriation Account, 1934. 1s. 3d. net.

Air Estimates, 1936. 3s. 6d. net.

MONEY AND BANKING

THE FRANC AND ITS BACKGROUND

TOWARDS the end of last week a new run on the franc developed. Though sudden, it could hardly be called unexpected, for all the circumstances of the moment favoured a fresh flight of funds from France. The German re-entry into the Rhine had aroused considerable nervousness in the east of France, which found reflection in extensive local withdrawals of funds from the banks, while the French Government had gone to the Chamber for power to issue an additional six milliard francs of Treasury bills. Though it was carefully explained that this money was needed for new defence measures and to tide the Treasury over the elections, critical observers were prone to relate the new borrowing to the empty state of the Treasury cupboard and to conclude that the new bills would, in fact, be taken up by the Banque de France. To these uncertainties was added the approach of the elections.

The immediate consequences were painfully obvious. The Banque de France reported only Frs. 240 millions of gold losses during the fortnight ended March 20th, but the note circulation rose by Frs. 1,700 millions, private deposits fell by Frs. 250 millions and rediscounts increased by Frs. 1,700 millions. All these are familiar symptoms of hoarding or the exportation of capital. It was also believed that while France was gaining gold from Italy, she was losing it to the United States, to the British Exchange Equalisation Account, and, most unusually and significantly, to Belgium, Holland and Switzerland. Last week-end, the French authorities applied the orthodox "remedy" by raising Bank rate from 3½ to 5 per cent. This step was quickly followed by a declaration by the Finance Minister that the Government were not contemplating devaluation and would continue their resolute defence of the franc. For the time being, the outflow of gold has been checked and pressure has been somewhat relaxed, but the ultimate fortunes of the franc are still a matter of debate.

To understand the background to France's financial troubles, it is first necessary to consider the relation of the franc to the pound and the dollar, together with French internal prices and the course of French internal and external trade. These facts are illustrated by the following table, which shows the course of British, American and French prices, and the trend of French internal and external trade, during the past fifteen months, so far as the necessary data are available. The index numbers of prices and production are shown on the base August, 1935 = 100, for reasons which will be subsequently explained:—

Average for Month	Wholesale Prices			French Imports	French Exports	French Production Index
	U.K.	U.S.A.	France			
1935 January.....	98.2	96.4	102.2	Frs. mill.	Frs. mill.	100.0
February.....	98.2	97.9	103.2	...	...	100.0
March.....	97.5	97.2	101.6	1,717	1,280	100.0
April.....	98.3	97.6	102.5	1,697	1,342	100.0
May.....	100.3	98.3	103.3	1,820	1,321	99.0
June.....	100.7	97.9	103.1	1,677	1,236	100.0
July.....	100.1	98.0	100.5	1,742	1,159	100.0
August.....	100.0	100.0	100.0	1,698	1,174	100.0
September.....	102.2	101.6	102.2	1,508	1,180	100.9
October.....	105.3	101.8	103.4	1,723	1,353	102.2
November.....	105.2	101.1	104.3	1,736	1,421	102.2
December.....	105.2	100.6	105.6	1,933	1,284	103.2
1936 January.....	105.6	100.2	106.8	2,026	1,205	104.2
February.....	105.0	99.7	110.0	2,049	1,241	...
March.....	104.8	98.4	112.5	...	...	...

* The returns up to February 18th include the Saar, and are therefore omitted.

Last August, French wholesale prices stood at their lowest level of the year—indeed, at the lowest point since the war. It was not entirely a coincidence that in August last the over-valuation of the franc, against the pound and the dollar, was least in evidence since the British suspension of the gold standard ushered in the present period of disequilibrium. In succeeding months, however, French wholesale prices have risen by 12.5 per cent., while British wholesale prices have risen by only 4.8 per cent. and American prices have actually fallen.

As a first consequence of these divergent movements, the over-valuation of the franc has again been intensified. Whereas by last August equilibrium of purchasing power had been nearly restored, to-day the lack of balance is again in evidence. It is true that this recent sharp rise in French internal prices has been accompanied by—or has stimulated—a moderate expansion in French production, but the latter tendency has probably been fully paralleled in Great Britain. On the other hand, the effect of renewed disequilibrium on French external trade is very noticeable. Since last August, imports have risen by Frs. 351 millions—i.e. by 20 per cent.—while exports have increased only by Frs. 67 millions—or by 5.7 per cent. As compared with a year ago, imports are higher by about 20 per cent., while exports are unchanged.

These facts point to an increased over-valuation of the franc, coupled with a very limited internal recovery. We may proceed more fully to investigate the causes of these changes. In this connection, the financial data given in the following table are relevant:—

End of Month	Banque de France				Commercial Bank Deposits	Savings Bank Deposits	Price of 3% Rentes
	Gold	Discounts	Note Circulation	Private Deposits			
1935 January.....	Frs. mill. 81,879	Frs. mill. 4,226	Frs. mill. 83,344	Frs. mill. 14,564	Frs. mill. 30,846	Frs. mill. 61,284	Frs. 83.80
February.....	82,195	4,219	83,745	14,346	30,611	62,155	82.60
March.....	82,635	4,380	83,044	15,375	31,670	62,481	75.15
April.....	80,933	4,501	82,351	14,922	30,207	62,341	77.45
May.....	71,779	7,380	82,776	12,106	30,157	62,047	78.25
June.....	71,017	7,251	82,199	10,042	29,521	61,408	79.40
July.....	71,630	6,870	82,214	9,667	28,804	61,357	71.75
August.....	71,742	7,796	82,240	10,480	28,589	61,565	79.40
September.....	71,852	8,277	83,337	9,915	28,684	61,564	77.50
October.....	71,990	8,590	83,306	10,470	28,799	61,407	76.60
November.....	66,191	9,786	82,447	9,185	28,110	61,196	72.90
December.....	66,296	9,918	81,150	8,497	27,553	60,605	71.85
1936 January.....	65,223	9,413	81,503	7,907	...	61,538	70.70
February.....	65,789	9,950	81,239	8,541	...	...	69.30
March 20th.....	65,700	11,114	82,681	7,843	...	...	67.65

This table shows how the Banque de France has lost gold and has had to rediscount additional bills, which can only represent fresh Government borrowing. The commercial banks in their turn have lost deposits, while their cash reserves, represented by private deposits at the Banque de France, have also been depleted. Finally, rentes have fallen in price by nearly 20 per cent.

All these indications point to a flight of funds from the banks, combined with inflationary borrowing by the Government. As matters stand, therefore, the French Government has been spending more than it has been able to collect, and indirectly much of the deficit has been financed by the central bank. The development has already had serious consequences. It has frustrated the Government's previous efforts to restore equilibrium by means of deflation, and it has abruptly reversed the trend of prices and trade. To that extent France has gained relief, but at a significant cost. The over-balance of the franc has been intensified, the external trade balance is being upset, and the faith of the people in the Government's credit has been diminished. The effect of successive exchange "crises" must be largely cumulative. Gold once lost has so far not been regained, and the time may come when a French Government may ask whether the gold reserves have not fallen to the lowest point compatible with national security.

Present indications, however, are that no decisive step will be taken until after the elections. Whether, ultimately, France will devalue in a night, like Belgium, or impose exchange restrictions like Germany, or merely prohibit gold withdrawals from the Banque de France and let the exchange ride free—all this is to-day a matter of guess-work. One thing, however, appears certain. If and when France leaves gold, other gold bloc countries will be likely to follow, and Germany may well reconsider her position. Such a series of decisions would clearly open a new and decisive chapter in the world's currency annals.

FINANCIAL NOTES

Sir Ernest Harvey's Retirement.—The changes in the Bank of England, referred to by us a week ago, have now received the formal approval of the Court. Mr Montagu Norman enters upon his seventeenth year of office, and the three new directors have been duly elected. In the City, however, this week will be remembered for the retirement of the old Deputy-Governor, Sir Ernest Harvey, and the election of Mr B. G. Catterns in his place. It is no reflection upon Mr Catterns to say that Sir Ernest Harvey's departure will be regretted. After many years' service as an official of the Bank, during which he held the important posts of auditor, chief cashier and comptroller, Sir Ernest was the first Deputy-Governor to be appointed from the staff of the Bank. During his seven years of office he did much, both at home and abroad, to establish the basic principles of central banking in the modern sense of the term. Both in Australia and before the Macmillan Commission he laid down in simple language the functions of a central bank, and he helped to carry them into practice during a period of unprecedented strain and disturbance. During all this time there were many in the City who regarded him as a friend and adviser, and all will regret that he is no longer at his post. No one, however, will grudge him his well-earned rest, and all will have their sense of loss tempered by the knowledge that in his successor they will find just as helpful and courteous a friend.

The Bank Return.—Wide changes are recorded in this week's Bank return, but they are all seasonal in character, and similar movements occurred last year and the year before. The note circulation has risen by £6.5 millions as a result of currency withdrawals for the end of the month, for quarter day and in anticipation of Easter. The Bank's gold holdings are slightly higher, and the reserve has fallen by £6.3 millions.

BANK OF ENGLAND

	Apr. 3, 1935	Mar. 11, 1936	Mar. 18, 1936	Mar. 25, 1936	Apr. 1, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.6	200.6	200.6	200.6	200.8
Note circulation	387.0	404.5	404.4	406.5	413.0
Banking Department:—					
Reserve	66.2	56.8	57.0	54.9	48.6
Public deposits	10.5	14.2	16.9	18.0	9.7
Bankers' deposits	109.7	91.6	90.8	83.6	102.6
Other deposits	40.5	36.1	37.2	37.0	38.5
Government securities ..	96.1	78.6	80.2	80.3	80.3
Discounts and advances ..	5.8	9.9	8.6	5.1	5.1
Other securities	11.0	14.8	17.5	16.5	15.9
Proportion	41.1%	40.0%	39.3%	39.3%	40.1%

The banking department bears evidence of heavy Government disbursements, financed in part by borrowing on Ways and Means. Public deposits have gained £19.0 million, while in spite of the current reduced by £8.3 millions; payments on April 1st accounted for £15.6 millions; there were also heavy Treasury conversions. Loan dividend day. The explanation of the movement is that three months ago, applications for maturities on the same date to be paid for on Treasury bills were largely refused, that is, immediately

The Money Market.

easy all the week. There was a little heavier than usual shortage of funds on Monday and Tuesday, when Government disbursements for Treasury bills were plentiful. The following day made no clearing bank calling,

	Mar. 12, 1936	Mar. 19, 1936	Mar. 26, 1936	Apr. 2, 1936
	%	%	%	%
Bank rate	2	2	2	2
Clearing banks' deposit rate ..	1	1	1	1
Short loan rate:—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	1	1	1	1
Discount rates:—				
Treasury bills	1	1	1	1
Three months' bank bills	1-1	1-1	1-1	1-1

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

On March 27th, £40.0 millions of Treasury bills were allotted, and as the week's issue included bills maturing at the end of the half-year, competition was very keen. The average tender rate was only 10s. 0.23d. per cent., or practically ½ per cent. This week the banks have been keen buyers of Treasury bills of all dates up to the middle of June at their minimum rate of ½ per cent.

The Foreign Exchanges.—The London market was very active over the week-end. There were heavy offerings of French francs, and the British Control intervened first at Frs. 75½, and later at Frs. 75½. Three months' franc were also thrown on the market and at one time the discount rose above Frs. 4. The increase in the French Bank rate from 3½ to 5 per cent., followed by the French Government's declaration that devaluation was not imminent, has for the moment steadied the market. Offerings of spot francs diminished, and the Control was able to intervene less frequently. The discount on three months' francs also narrowed at one time to Frs. 2½, but has since widened to Frs. 2½-3. The Paris-New York cross-rate was at one time at the gold point, but it has since come back to Frs. 15-15½. Spot dollars were quoted Thursday afternoon at \$95½. A fair number of dollars were offered against francs by New York during the week, and some London operators suspected that the American Control was at work. There was a fair demand for Swiss francs, and the spot rate in Paris has been up to the gold point, at which gold can be sent to Switzerland. The general impression left by the week's dealings is that the 5 per cent. French Bank rate frightened some of the weaker bears of French francs and caused them to cover. This created a certain amount of buying of francs, but last Thursday no one expected it to last for more than a few days.

The Eastern Exchange.

C. T. Saunders. (London) 311 pages. 1 net. The Eastern Exchange, which links up the Indian and Far East with the outside world, is a big exchange. The Eastern Bank, which has now held their meetings. On the whole, the Eastern Bank chairmen take an optimistic view, but they agree that trade restrictions, the keen competition for the small amount of exchange business available, and the low level of interest rates in India have made it very difficult for bankers to earn an adequate profit. In fact, they all pay a high tribute to their local managers for the skilful way in which they have enabled profits to be reasonably well maintained. Lord Catto, at the Mercantile Bank meeting, roundly stated that the present level of Indian import duties was much too high, and imposed an intolerably heavy burden upon the agricultural classes. Mr Langford James, deputising for Sir Charles McLeod, at the National Bank of India meeting, said that the monsoon had been fair. After an allusion to the difficulties in the jute industry, he said that the Bombay cotton mills were suffering from new competition from mills which were being erected in close proximity to the cotton-growing areas. At the Eastern Bank meeting, Mr J. S. Haskell described the marked improvement in India's financial position, which had permitted the conversion of both rupee and sterling loans to practically a 3 per cent. basis. Sir William Foot Mitchell, speaking on behalf of Mr Willis, explained to the shareholders of the Chartered Bank of India, Australia and China how the sterling value of the bank's resources had been affected by the fall in silver. He was not too happy about China's recent abandonment of the silver standard for a managed currency, his misgivings arising from the unbalanced state of the Chinese budget, the contraction in customs duties and other revenue, and the political unsettlement in North China.

THE STOCK EXCHANGE

RAND MINING TAXATION

judge by market movements during the past ten days, investors generally have received Mr Havenga's revised scheme for taxing the gold mines of the Rand with approval, if not with enthusiasm. A similar attitude was seen last Monday at the annual meeting of the Transvaal Chamber of Mines by Mr W. A. Mackenzie, the retiring president. This first official expression of the industry's approval was based on the increased simplicity of the new taxation scheme. This factor is of no small importance, there are certain points in the Excess Profits Duty scheme introduced last year which have not been cleared by the industry itself to this day.

Mr Mackenzie, however, had definite criticisms to make of the new taxation scheme, not the least of which was that, so far from reducing the burdens of the industry, it would probably add to them. Under the new dispensation, we explained in last week's *Economist*, the mines will be liable to a normal income tax of 15 per cent., and a special tax equivalent to 35 per cent. of their gross revenue, minus 40 per cent. of their operating costs. On this basis the total sum payable by the industry, other things being equal, would be approximately the same as that paid last year. Before calculating the profits for the purpose of the normal tax, however, each company is permitted to make an allowance for the amortisation of its capital expenditure over the life of the mine, as estimated in conjunction with the Government mining engineer. These estimates have hitherto been based on a price of 85s. per ounce for gold. The industry is in entire agreement that this assumption is now obsolete and that the price of gold should be taken as, say, £7 per ounce. As a result, however, the official estimates of the lives of the mines will be increased and the annual allowance for amortisation will be correspondingly reduced. As this allowance is not only deducted from profits before charging the normal tax, but may also be added to costs in calculating the formula tax, its reduction must result in an increase in the total liability of the industry for taxation. It is possible, however, that Mr Havenga may yet make some adjustment which will compensate for this extra impost.

The significance of the abandonment of the idea of 85s. as the price of gold is not confined to the official estimates of the lives of the mines. Since the end of 1932, taxation of the Rand gold mines has been based on the assumption that 85s. per ounce is the "natural" price for gold, and that the premium over this price at which the metal is quoted in the market represents a "gift" conferred on the industry by the South African Government, by its abandonment of the old gold parity of the currency. Mr Havenga has, consequently, justified the imposition of increased burdens on the industry, at a time when taxation in other forms of South African enterprise was reduced, by the plea that he was only taking away, with one hand, half of the excess profits which the Government had presented to the industry with the other. This obviously untenable thesis has been abandoned. Mr Havenga, like many a Finance Minister before him, can now justify the enormous differential taxation of the gold mines only on the grounds of expediency.

Heavy taxation of the gold mines is no longer, even in theory, a temporary expedient to meet a special situation. The new scheme has all the appearance of permanence. The industry can at least find some consolation for this act in its improved ability to plan for the future. Since the Budget speech was delivered successive commentators have discovered various mathematical methods of expressing the new taxation scheme. The official Government version of the formula is:—

$$\text{Taxation percentage} = 15 + 40 - \frac{500}{x}$$

where x is the ratio of profits to recovery. Other publicists, in a love of simplicity exceeding that of the South

African Finance Ministry, have reduced this formula to the simpler statement that the new tax will take 50 per cent. of profits less 5 per cent. of costs, with a minimum rate of 15 per cent. Under this scheme the initial 50 per cent. of profits is regarded as a fixed quantity, and it is suggested that in future the proportion of costs which may be deducted will be varied in order to arrive at the required revenue. It is hoped, in fact, that this deduction may be increased in the not very distant future. During the next few years some fifteen new mines will reach the production stage, and when they begin to contribute to taxation, the total received by the Government should increase materially. It may sincerely be hoped that, when this stage is reached, the Government will see its way to reduce the rate of tax.

In this connection, the time element is important. Under the present system, the new mines will be liable to pay taxes as soon as they begin to earn profits; and in the case of the Rand Leases property, at least, this stage should be reached in a matter of months, if not of weeks. Hitherto, approved capital expenditure has been allowed as a set-off against excess profits duty, which has been waived until the liability under this head exceeded the sum expended for capital purposes. The industry has agreed to the abandonment of this privilege as far as the producing mines are concerned. Those properties, such as City Deep, Durban Deep, Luipaards Vlei, New Kleinfontein and Nigel Gold, which will be chiefly affected, should quickly find compensation in the results of their capital expenditure. New mines, however, have been looking forward to several years of exemption from taxation, after their production started, by virtue of the privilege of setting off their expenditure on initial development against liability for taxation. Under the present scheme, they will be allowed only the amortisation of this expenditure over the whole life of the mine as a set-off to taxation. This will obviously tend to bear hardly on those who have sunk money in these undertakings, and the industry is hoping that they will receive some compensation from Mr Havenga. If this hope is fulfilled, the expansion in the Government's total revenue will inevitably be less rapid. It may even be entirely offset in the next few years by the demise of the few mines which are nearing exhaustion, and by the falling off in the profits of those which have passed their zenith. In the more distant future, there is the possibility of some rise in costs, which will reduce the profitability, and therefore the taxable capacity, of the mines. Investors, therefore, might be ill-advised to budget for a reduction in the rate of taxation in future years.

Faced with so comparatively simple a formula, statisticians have not been slow to calculate the effect which the changed taxation scheme will have on the liability of the various mines. In general, the low-grade properties stand to gain by the change. The chief beneficiaries, apparently, may be arranged somewhat in the following order:—Witwatersrand Gold (Knights), Nourse, Modderfontein Deep, East Rand Proprietary, New State Areas, Geldenhuis, Modderfontein East, Rose Deep and Witwatersrand Deep.

Such simple calculations, however, omit the all-important factor of adjustments which may now be made in the grade of ore milled. The last taxation scheme was designed to encourage the milling of low-grade ore. It succeeded so well in its purpose that in certain anomalous cases it forced mines to mill almost barren rock in order to increase their tonnage and not to allow their profit per ton to place them in too high a category for excess profits duty. Under the new scheme, if the grade of ore milled is raised, the Government will take only half the increased profit, and the other half will be retained by the shareholders. Actually, it would pay a mine to raise its grade, even if this involved an equal rise in costs and no increase in the margin of profit. Under such a condition, the proportion of costs which could

be deducted from profits to arrive at the taxable income would amount to a higher figure, and the company would be better off. In practice, however, there are probably few cases where this policy would be regarded as sound from the mining point of view. The main effect of the new taxation policy will be to leave each mine free to mill ore of the grade most profitable economically.

The calculation of ore reserves is, generally speaking, based on this assumption. It may thus be anticipated that, other things being equal, the mines will in future mill ore of a grade approximating that of their reserves. Where they are at present mining poorer ore, owing to taxation anomalies, an early change in policy may be expected. In the majority of such cases no great technical difficulty should be involved in the change of grade, which it should be possible to effect fairly rapidly. In the following table the scope for a raising of the grade is shown for certain properties where this factor is of special relevance:—

	Ore Reserves Dec., 1935 (Dwt.)	Grade Milled Feb., 1936 (Dwt.)	Potential Increase (Dwt.)	%
City Deep	6.4	3.7	2.7	73.0
West Springs	4.8	2.9	1.9	65.5
Geldenhuis Deep	3.8	2.8	1.0	35.7
Witwatersrand Deep	5.2	3.9	1.3	33.3
New Kleinfontein	4.8	3.7	1.1	29.7
Brakpan	6.3	5.0	1.3	26.0
Durban Roodepoort Deep	5.1	4.2	0.9	21.4
East Rand Proprietary	5.3	4.4	0.9	20.5
New Modderfontein	5.3*	4.4	0.9	20.5
Randfontein	4.2	3.5	0.7	20.0
Consolidated Main Reef	4.8*	4.0	0.8	20.0
Modderfontein "B"	4.0	3.4	0.6	17.4
Luipaards Vlei	4.8	4.2	0.6	14.3
Rose Deep	4.1	3.6	0.5	13.9
West Rand Consolidated	4.4	3.9	0.5	12.8
Langlaagte	3.6	3.2	0.4	12.5
Modderfontein East	4.7*	4.2	0.5	11.9
Daggafontein	6.6	5.9	0.7	11.9
Crown Mines	5.3	4.8	0.5	10.4

* As at June 30, 1935.

In certain of these cases, such as City Deep, Durban Roodepoort Deep and New Kleinfontein, technical considerations may militate against a raising of the grade which would appear feasible on paper. As usual, those in the best position to judge the possibilities are the controlling finance houses, which will doubtless take advantage of their specialised knowledge in framing their investment policy. The outside investor may well consider that the shares of these companies offer the best medium for participation in the benefits which the changed taxation scheme may confer on individual mines.

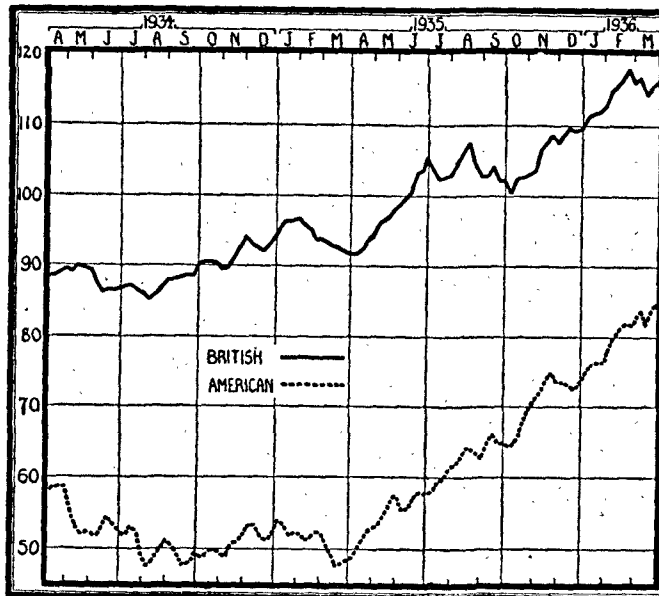
INVESTMENT AND COMPANY NOTES

Course of Share Values.—Last month, after equity share values had had an uninterrupted run for five months, and, in the course of it, had put on something like 18 per cent., Herr Hitler played the part of *diabolus ex Machina*. March, consequently, was a month of regression, with only a slight recovery in values before its close. As is shown by the chart given on this page, the setback in prices as a whole has not yet attained as much as half the dimensions of the August-September reaction on the "League sanctions crisis." Even in America, European events caused a slight tremor in a market which had been progressively rising for a full year. The vitality of prices, and of industry generally, in a Presidential election year is, indeed, most significant, but it is arguable whether the time may not be ripe for a breath-taking pause similar to that, e.g. of last December, though possibly of greater extent. In London, meanwhile, it is obvious that last month's decline was chiefly psychological and "technical." Armament shares fell with the rest, and the open position generally has been much reduced. Though Hitler's reply, this week, was well received in the markets, the prospect of an uncomfortable interim period, to be followed, possibly, by protracted international negotiations, is not in itself appe-

tising. The Budget is another fence which must be cleared in the near future, though the full extent of the taxpayer's eventual bill will not be known for some months to come. On a strict analogy with last autumn, the recession in market prices has still to run part of its course, and restricted, quiet, dull and non-committal dealings may be indicated for the immediate future. The market's tune, however, is still being played on a pedal-point of rising industrial activity. If the outbreak of actual hostilities, therefore, can be ruled out in any area north of Abyssinia and west of Mongolia, the time for a major reversal of the trend of

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

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



equity values may be not yet. The course of gilt-edged prices, on the other hand, in conjunction with the fact that the queue of new corporation borrowers has been stationary for the last three weeks, suggests that the outlook for fixed interest securities is somewhat uncertain. According to the Actuaries' index, the "pure long-term interest rate"—i.e. the yield on 2½ per cent. Consols—is now 2.95 per cent., against 2.89 per cent. at the beginning of the year. During the same period the average value of the 178 ordinary shares in the Actuaries' Index (December 31, 1928 = 100) moved from 81.7 to 82.8, and the average yield figure from 3.59 per cent. to 3.66 per cent. Recent changes in component groups are shown below:—

Group (No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Beginning of 1936 (Jan. 7*)	Month Ago (Feb. 25)	This Week (Mar. 31)	Beginning of 1936 (Jan. 7*)	Month Ago (Feb. 25)	This Week (Mar. 31)
Fixed-Interest						
2½% Consols	154.5	151.4	151.0	2.89	2.93	2.95
Misc. Industrial Deb. (17)	124.8	125.5	125.5	3.92	3.92	3.93
Misc. Industrial Pref. (44)	120.6	121.3	120.4	4.26	4.24	4.29
Ordinary						
Investment Trusts (13)	59.9	63.5	60.6	3.70	3.52	3.69
Coal (7)	93.0	104.0	98.8	4.30	4.03	4.11
Iron and Steel (12)	69.3	73.1	71.4	2.81	2.72	3.14
Motors (5)	54.7	58.5	57.5	4.36	4.05	4.06
Electric Supplies (10)	127.8	133.9	131.9	3.63	3.44	3.79
Home Rails (4)	63.2	64.4	70.4	1.58	1.64	1.58
Miscellaneous (56)	76.1	78.1	75.5	3.86	3.79	3.99

* December 31, 1935, for fixed-interest groups.

Broadly, the conclusion is that, even after last month's events, gilt-edged stocks remain below, and equity shares above, the levels of three months ago.

Rubber Manufacturers' Shares.—The past decade has seen the consolidation of two leading groups in the British rubber manufacturing industry, which now overshadow the rest. Dunlop, much the larger of the two, has overhauled its own internal arrangements and consolidated its

widespread activities, while greatly improving its finances. The British Tyre and Rubber Co., the second and smaller group, has continued the process of acquiring existing rubber businesses, and by an arrangement which secures a still greater independence from its American founder concern, the Goodrich Co., it has acquired the character of an independent British concern. The internal organisation of the industry is thus fairly good for these reasons. Externally, the Dunlop Co. is particularly strongly placed as a result of international agreements, although the other concerns with American connections are well covered also. Nevertheless, competition has continued with considerable intensity. During the earlier stages of recovery, its effects were somewhat obscured by the rapid improvement in sales of finished products, combined with the continued cheapness of raw materials. The accompanying table reveals that the principal concerns were able to improve profits vigorously. This phase continued into 1934, for although a sharp advance in rubber prices occurred during that year,

(Profits in £'000)							
	1929	1930	1931	1932	1933	1934	1935
Avon (Oct. 1):							
Earned for ord.	Still a private Co.			44.8	35.4	Dr 20.9	Dr 3.3
Earned %				28.4	13.3	Nil	Nil
Div. %				6	8*	Nil	Nil
British Tyre & R. (Sept. 30):							
Earned for ord.	56.5	56.6	58.2	46.9	76.7	92.3	90.6
Earned %	10.9	11.2	11.9	9.6	15.7	16.0	14.6
Div. %	4	5	5	5	6½	8	9½
Dunlop (Dec. 31):							
Earned for ord.	1055.5	150.8	Dr 176.2	285.9	806.0	823.4	...
Earned %	17.1	2.5	Nil	4.9	13.2	13.5	...
Div. %	15	6	Nil	4	8	8	...
Goodyear Tyre & R. (Dec. 31):							
Earned for div.	124.3	126.1	70.9	76.3	124.5	146.5	...
Earned %	15.5	15.8	8.9	9.5	15.6	18.3	...
Div. %	Nil	10	20	5	10	15	...
Leyland & B'ham (June 30):							
Earned for ord.	106.4	39.6	Dr 22.7	Dr 2.2	29.4	44.3	60.2
Earned %	19.0	6.6	Nil	Nil	5.5	7.8	10.8
Div. %	12½	7½	Nil	Nil	3	6	7½
N. British Rubber (Dec. 31):							
Earned for Pref.	37.4	Dr 16.84	Dr 47.7	Dr 72.8	20.4	Dr 14.8	...
Redfern's Rubber (Dec. 31):							
Earned for ord.	13.4	21.2	3.0	Dr 1.6	Dr 0.7	9.5	14.7
Earned %	19.1	31.4	3.8	Nil	Nil	13.2	20.1
Div. %	7½	10	7½	3½	2½	7½	12½
G. Spencer, Moulton (Dec. 31):							
Earned for ord.	39.3	21.6	Dr 22.9	Dr 16.7	0.5	18.3	...
Earned %	19.1	10.8	Nil	Nil	Nil	9.1	...
Div. %	5	5	Nil	Nil	Nil	Nil	...

* And 40 per cent. capital bonus from reserve.

existing stocks and forward contracts allowed manufacturers to maintain low raw material costs. By 1935, however, the higher costs had to be met, involving an increase of approximately 100 per cent. in the price of raw rubber. At this point, competition emerged most strongly, since about the beginning of last year a number of manufacturers happened to introduce improved tyres, such as the Dunlop "go" and the Goodyear "G3." These claimed a higher price as *de luxe* products, but their introduction involved difficulties in advancing the price of standard products to the full extent of the increased costs of rubber and other raw materials. That this influence was already beginning to check profits during 1935 is shown in the accompanying table, while the interim announcement of Dunlop last September suggested its intensification. For non-tyre rubber manufacturers the same problems have not arisen, and recovery has been more consistent. The troubles of the tyre makers, however, are essentially transient in nature, and may be expected, sooner or later, to give way to the undoubted long-term expansion of the industry. The industry, largely under the lead of Dunlop, is increasing the range and utility of its products, and is already linked with industries which themselves offer a steadily expanding demand—motors and transport, electricity and engineering. Rubber manufacturing shares, therefore, may be considered useful long-term investments, but the liability of profits to fluctuate with movements in the raw commodity has been demonstrated both on the fall and on the rise, and must always be borne in mind.

AN INVESTMENT, FREE FROM PERSONAL LIABILITY, IN
FORTY BRITISH BANKS AND DISCOUNT COMPANIES

TRUST of BANK SHARES

TRUSTEES: EQUITY AND LAW LIFE ASSURANCE SOCIETY
BANKERS: BARCLAYS BANK LIMITED
MANAGERS: TRUST OF INSURANCE SHARES LIMITED
30 CORNHILL, LONDON, E.C.3 MANSION HOUSE 5467

McN 1128/1

I.C.I. Profits.—The Court of Appeal on Wednesday delivered the reasons for its judgment, announced on March 12th, dismissing the appeal of a group of deferred shareholders in Imperial Chemical Industries against the unfavourable decision of Mr Justice Eve on their petition against the scheme for the reduction of the company's capital (see the *Economist* of December 28, 1935, page 1320). The Court of Appeal's judgment declared that the Court was satisfied that the company had taken power in its articles to reduce its capital; that the meetings held in connection therewith were in order; and that, broadly, on the question whether it was worth while for respective classes of shareholders to accept modification of their rights, the Court believed that shareholders acting honestly were much better judges of what was to their commercial advantage than the Court could be. Meanwhile, the preliminary statement by the company of its results for the year to December 31st last has served to point the moral of the directors' statement of policy and prospects at the time of the scheme's formulation. The company's gross income has risen by £387,392 to a new "high record," but the dividend on the ordinary capital remains at 8 per cent. Some £1,000,000 is allocated to Central Obsolescence and Depreciation Fund, for the fifth year in succession, and general reserve receives £1,000,000 for the third consecutive year. The results of the last three years are summarised below:—

	1933	1934	1935*
Total gross income	7,663,945	7,965,038	8,352,430
Income tax	662,340	615,931	645,891
Central obsolescence and depreciation	1,000,000	1,000,000	1,000,000
Pension fund	Nil	Nil	150,000
Preference dividend	1,588,803	1,588,897	1,590,738
Earned for ordinary and deferred ...	4,412,802	4,760,210	4,965,801
Ordinary { Earned	3,962,857	4,194,462	4,965,801
Paid	3,281,751	3,503,531	3,718,146
Paid %	7½	8	8
Deferred { Earned	449,945	565,748	...
Paid	108,682	214,367	...
Paid %	1	2	...
To general reserve	1,000,000	1,000,000	1,000,000
To contingent dividend reserve ...	...	...	217,366
Total carried forward	566,139	608,451	638,740

* Preliminary figures.

† For ordinary, after consolidation of deferred shares.

Some of the proposed dividend arrangements are contingent on legal possibilities. A final dividend of 5½ per cent. is to be paid on the £43,759,759 original ordinary stock, and a dividend of 4 per cent. on the further £5,434,141 of ordinary stock resulting from the conversion and consolidation of the 21,736,564 deferred shares of 10s. each. These payments are "firm." The directors also recommend a further dividend of 4 per cent. on the converted stock, contingently on the time for the lodging of an appeal to the House of Lords by the dissatisfied shareholders, or the refusal of leave to appeal. An allocation of £217,366 has been made, which will be sufficient to pay this last-mentioned dividend on a date to be fixed by a later resolution of the board. In the latter event, the total payments to "original" ordinary shareholders will have been unchanged at 8 per cent., while the erstwhile deferred share-

holders will have received a total dividend of 8 per cent. on their new capital, equivalent to 4 per cent. (against 2 per cent. for 1934 and 1 per cent. for 1933) on the nominal value of their old capital. The market now values I.C.I. stocks in terms of a "gilt-edged equity," whose dividends are well covered but devoid of elasticity. At their present price of 39s. 3d. the £1 ordinary units yield £4 1s. 6d. per cent.

Morris Motors Prosperity.—The specialist industrial investor must often regret that the ordinary shares of this prosperous concern, like those of Vauxhall, are outside the market's ken. The past year found Morris profits restored to the high levels which prevailed from 1927 to 1930. The average total income after depreciation for those years is, in fact, a few thousand pounds lower than the latest results. Gross profits have jumped from £1,044,595 to £1,650,636—58 per cent. in one stride. After somewhat lower provision for repairs and increased sundry income, the total net income is 104 per cent. higher at £1,315,533. The following table analyses the spectacular recovery in earnings during the past three years:—

	Years to December 31,		
	1933	1934	1935
Gross profit, including net earnings from subsidiaries	731,446	1,044,595	1,650,636
Repairs	221,142	336,929	271,833
Depreciation of property and plant	160,733	156,698	176,154
Staff funds	6,537	6,996	8,280
Net profit	343,034	543,972	1,194,369
Investment and other income	119,514	99,785	121,164
Total income	462,548	643,757	1,315,533
Preference dividend	225,000	225,000	225,000
Income tax	102,546	90,898	147,798†
Ordinary shares (tax free):—			
Earned	135,002	327,859	942,735
Paid	100,000	200,000	340,350
Earned %	6.8	16.4	41.5
Paid %	5	10	15
Reserve fund	150,000	600,000	600,000
Carried forward	258,287	236,145	238,531

† Includes £70,000 transferred to reserve for income tax.

There is no sign that higher steel prices, of which the chairman has complained on earlier occasions, have affected the company's earnings. The balance sheet is as strong as could be desired. Of the total of £9.9 millions, cash amounts to £1.6 millions and gilt-edged and corporation stocks to £3.1 millions. The corporation stocks, indeed, have increased by as much as £600,000 during the year. The fixed-interest holdings, however, have required £42,962 for depreciation during the year. The results complete the record for a year which was already known to have provided the organisation with business well above the average for the industry. The horse-power tax reduction may have ensured the success of ten and twelve horse-power models introduced last May, and 1935 undoubtedly benefited from the factory reorganisation effected in the previous year. The 7½ per cent. cumulative preference shares are quoted at 32s. 6d. to yield £4 12s. 6d. per cent. They are adequately secured on present earnings levels, although the market—for all its sighing for the ordinary shares—has not forgotten 1933.

Lever Brothers' Results.—Though the report of Lever Brothers is never an expansive document, this year it contains several significant items. Profits, which include the full share of the subsidiaries' undistributed profits and deduction for losses, have made a remarkable jump from £6,302,875 to £6,951,187, the latter figure being a comfortable record. The ordinary dividend, again maintained at 15 per cent., is payable on a total issue increased by the £2,000,000 stock which Unilever was allotted last May. It was anticipated that the 15 per cent. distribution would be maintained when the issue was made, and there is, before, little in the way of a new pointer to the Unilever gains in the Lever dividend. Since Unilever increased its dividend at the same time by the issue of £2,000,000 5 per cent. preferred shares, the net increase in its earnings will

be £200,000, equivalent to 1½ per cent. on Unilever ordinary stock. Its total equity, moreover, is enhanced by the fact that the rate of Lever equity earnings last year was nearly double that of the dividend, as the following table shows:—

	Years to December 31,		
	1933	1934	1935
Profits, after debenture interest	6,200,698	6,302,875	6,951,187
Preference dividends	3,380,780	3,380,780	3,380,781
Preferred ord. dividends	1,357,462	1,357,462	1,357,465
Ordinary Shares			
Earned	1,462,456	1,564,633	2,212,943
Paid	975,000	975,000	1,275,000
Earned %	24.0	26.7	29.2
Paid %	15	15	15
Co-partnership dividend	46,639	48,823	50,069
Contingencies reserve	250,000	250,000	250,000
General reserve	250,000	250,000	250,000
Reserve against shares in allied companies	300,000	300,000	300,000
Carried forward	265,970†	306,779	394,653

† After charging allowance of £475,523 to Niger Company for writing off debenture discount and issue expenses, and crediting £300,000 from Exchange Reserve.

An additional reserve item, against shares in allied companies, requires £300,000, and after maintaining other provisions, the balance carried is again substantially increased. The proceeds of last May's issue have been largely employed in advances to subsidiary companies, which have increased from £153,727 to £1,962,465. The advance in profits suggests that the Unilever report, which will be issued later in the month, should be distinctly favourable. The public's investment interest in Lever Brothers is limited to the galaxy of high-dividend preference and preferred shares, on which present yields range between 4½ and 5 per cent.

English Electric Recovery.—A further substantial recovery is reported by English Electric. The latest advance in profits to £262,519—against £172,215 for 1934, and the heavy loss of £175,681 in 1933—puts the results of the previous ten years to rout. The residual earnings, after paying debenture interest, were short of wiping out the debit balance by £115,000. The liquidation of a subsidiary, however, has yielded a surplus of £137,689, and the modest credit balance of £22,463 is therefore carried forward—overshadowed, perhaps, by the massive debits of earlier years, but of greater promise than any corresponding figure of the last decade. The three-year analysis which follows reveals that the company actually earned its preference dividend—approximately £73,800—nearly twice, and the balance available for the ordinary shares, on this basis, was equivalent to 6.5 per cent.:—

	Years to December 31,		
	1933	1934	1935
Profit	Dr. 175,681	£172,215	£262,519
Fees	3,396	3,065	2,860
Depreciation	Nil	50,000	53,500
Rent and interest	27,319	26,727	15,932
Debenture interest	61,441	60,521	60,185

Earned for dividends	Dr. 267,837	31,902	130,142
Carried forward	Dr. 277,270	Dr. 245,368	22,463†

† After crediting £137,689 surplus from Willans and Robinson liquidation.

The report is distinctly hopeful regarding the prospect for the current year. Demand has been fully maintained, and the state of the order books at the opening of the year was sufficiently good to permit the directors to anticipate the results of the current year with confidence. The substantial rise in stocks gives some support to this hopeful view. Some two years' preference arrears, however, now amount to approximately £147,600, and if the payments are to be brought up to date total profits must again increase by some £85,000. The debenture conversion operation, on which we comment on page 27, will save £10,000 in a full year, but only half that amount during 1936. On this showing, the prospect of resumed ordinary dividends must be postponed for two more patient years. The 6½ per cent. preference shares at 25s. 6d. offer a hypothetical yield of £5 13s. per cent. if next year's chickens are hatched.

MINING NOTES

Union Corporation Group Results.—The three producing subsidiaries of the Union Corporation group last year treated record tonnages of ore—resulting, in the cases of the East Geduld and Geduld Proprietary, from additions to the treatment plant. *East Geduld* milled 1,152,300 tons, as against 972,500 tons in 1934; the revenue averaged 44s. 5d., in place of 47s. 1d.; while the working cost ratio, at 18s. 5d., was exactly the same as before. The Union Government's share of the profits (apart from the increase in taxation) required only £58,800, as against nearly £143,000 but taxation was £113,070 higher at £508,070. Capital expenditure absorbed £120,000 in place of £145,000 and after dividend payments, the slightly reduced balance of £63,900 was carried forward. The expansion in the ore reserve tonnage resulted despite a reduction of 2,360 feet to 38,200 feet in the development footage. During the current year an expenditure of £96,000 is expected for the completion of the company's extension programme. *Geduld Proprietary* reported only a small increase in tonnage, and the averages show no material change compared with those of the preceding year. The decision of the company to pay an increased dividend is justified by the increased dividends received upon its holding in East Geduld and by the reduction in amounts required for purchase of shares, which fell from £69,470 to £21,160. The balance of £296,290 carried forward exceeds the amount brought in by £20,700. Taxation last year absorbed £706,623, or £118,900 less than in 1934. On the basis of last year's dividends, the gross yield on East Geduld is about 4½ per cent. and on Geduld Proprietary just over 6½ per cent. The former company is in the comparatively early stages of its career, while the latter is fully fledged. The following table gives the significant features of the latest reports and also that of Modder Deep. For the two latest years the estimates are based on a gold price of 130s. against 120s. for 1933:—

	Working Profit	Dividends Amount	Per cent.	Ore Reserves Quantity Tons	Value dwt.
East Geduld:					
1933	1,023,170	553,500	35	4,750,000	7.3
1934	1,394,270	691,880	41½	7,000,000	6.6
1935	1,500,720	776,880	43½	7,950,000	6.5
Geduld Prop'ty:					
1933	1,202,590	821,730	56½	5,900,000	6.7
1934	1,413,060	986,080	67½	9,000,000	5.4
1935	1,466,050	1,022,600	70	9,000,000	5.2
Modder Deep:					
1933	961,270	600,000	120	1,162,000	5.9
1934	899,550	600,000	120	900,000	4.6
1935	613,920	450,000	90	800,000	3.3

The outstanding feature in the *Modder Deep* report is the small decline in ore reserves, accompanied by a considerable reduction in grade. As nearly 700,000 tons of ore were taken out of the mine last year, it appears that exploration to discover lower grade material has been successful. The consulting engineers' report states that 84,000 tons of ore having an average assay of 2.3 dwts. were developed on the Kimberley reef, and it is anticipated that additional payable ore will become available from this source during the current year. While the remaining life is obviously short, the indications are that the mine will last longer than appeared likely a year ago. A market estimate places the break-up value of the shares at about 12s. On the properties in the course of development, some 4,100 feet of work were carried out on the *Grootvlei* property by East Geduld under the existing arrangements. Of the 2,920 feet sampled, some 2,375 feet, or 81 per cent., were payable, having an average assay value of 11.4 dwts. over 38 inches. The scale of operations should be increased during the coming year, as the headings from the No. 2 shaft of the East Geduld are approaching the common boundary. The *Grootvlei* shaft has reached a depth of 2,100 feet, about halfway to the estimated position of the reef. The production stage is therefore still several years ahead. Capital expenditure during the past year amounted to £232,500, and at December 31st the net cash holdings amounted to nearly £880,000. *Marievale Consolidated*, was not floated until May, and only pre-

liminary work has so far been accomplished. On December 31st the surplus cash assets amounted to £373,300, and 9s. remained uncalled upon 335,130 shares. The *Union Corporation* accounts, received as we go to press, show realised net profits of £604,920. The investment holdings now total £2,311,312, at or under cost, and show a very substantial surplus on book values.

Anglo-American Corporation.—The accounts for 1935 show that the increase in the dividend from 10 per cent. to 20 per cent. is associated with a reduction in reserve appropriation to £200,000, compared with no less than £600,000 in 1934. The net profit for 1935 amounted to £89,800, being some £10,000 lower than the previous year's total. The report contains the usual summary of the results of the company's gold mining subsidiaries, discussed in last week's *Economist*, page 721. The investment portfolio has risen by £334,000 to £5,645,100, while cash holdings now amount to £3,185,500, as against £2,735,300 at the end of 1934. Deposits by affiliated and other companies have decreased by £465,600 to £4,597,400. As usual, the assets are taken into the balance sheet at or under cost. On the basis of the 1935 dividends a yield of 5½ per cent. is afforded at current price. As the outlook for the company's diamond and Rhodesian copper interests has of late undergone a distinct improvement, this may be regarded as reasonable.

"Johnnies" Group Results.—Examination of last year's results for the Johannesburg Consolidated Companies must allow for the realisation of 48s. per ounce more for gold and the valuation of ore reserves on the basis of 140s. per ounce, as compared with 130s. in 1934 and 120s. for 1933. The outstanding feature of the group is the progress reported by *Randfontein*. This company, of course, was severely hit in 1933 by the taxation then in

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force. It has since increased the capacity of its treatment plant, simultaneously reducing both costs and grade, with distinctly satisfactory results. Last year 4,327,000 tons of ore were crushed, compared with 3,791,000 tons, the yield averaging 24s. 6d. against 26s. 9d., while the cost average was 17s. 3d. instead of 19s. 7d. Taxation in 1933 absorbed no less than £1,063,370, but in 1934 was reduced to £219,500. Last year taxation totalled £452,430, the increase being due to the expansion in profits and to the imposition of the surtax. Capital expenditure was again heavy, although amounting to no more than £239,150 against £441,000 in 1934. The sinking of a new shaft is in progress, and capital expenditure will therefore continue on a somewhat substantial scale. After payment of the increased dividends the carry-forward is £81,650 higher at £355,700. The 1935 ore reserve estimate had a marked effect upon *Government Areas* shares two months ago. The difference of $\frac{1}{2}$ dwt., or 3s. 6d. per ton, was obviously significant. The Union Government's share of profits last year was slightly under £2,200,000, against £2,392,100 for 1934. The decline in profits is attributable to a reduction of about 2s. 6d. in average yield. The results for the constituent mines in the group are set out below:—

	Working Profit	Dividends		Ore Reserves	
		Amount	Per cent.	Tonnage	Value Dwt.
Government Areas	1933 4,241,920	1,680,000	120	11,318,000	7.8
	1934 4,131,570	1,750,000	125	11,782,000	7.3
	1935 3,873,250	1,680,000	120	11,457,000	6.8
Langlaagte Estate	1933 640,820	303,970	22 $\frac{1}{2}$	1,090,000	4.2
	1934 400,080	341,960	22 $\frac{1}{2}$	1,383,000	3.9
	1935 353,950	304,000	20	1,230,000	3.6
New State Areas	1933 1,930,600	378,510	25	3,860,000	7.7
	1934 1,909,930	416,360	27 $\frac{1}{2}$	4,212,000	7.3
	1935 1,891,370	378,510	25	4,114,000	6.8
Randfontein	1933 2,008,910	406,360	10	9,019,000	5.1
	1934 1,352,310	558,740	13 $\frac{1}{2}$	13,007,000	4.7
	1935 1,581,500	812,710	20	14,895,000	4.2
Van Ryn Deep	1933 661,760	239,380	20	3,090,000	4.7
	1934 615,610	388,990	32 $\frac{1}{2}$	3,384,000	4.2
	1935 584,220	359,070	30	3,443,000	4.0
Witwatersrand Gold	1933 125,920	93,930	20	954,000	3.4
	1934 139,010	70,440	15	1,204,000	3.3
	1935 150,680	93,930	20	1,471,000	3.3

Langlaagte reports a reduction in the balance available for 1935, resulting from increased taxation and a decline in revenue per ton, although this was in some degree offset by a reduction in costs. Last year's revenue averaged 24s. 3d., against 27s. 2d., the cost average falling from 19s. 2d. to 17s. 10d. The recent rumour that a new "life" computation gave the mine a much greater "expectation" lacks any confirmatory data. Primary development has now been virtually completed. The latest ore reserve estimate of *New State Areas*, which also showed a decline of $\frac{1}{2}$ dwt., was promptly reflected in the share market. The recent recovery has been based on hopes that the company may benefit from the new basis of taxation. Last year the effect of an increase of 331,000 tons to 1,353,000 tons in ore crushed, accompanied by a saving of 1s. 9d. per ton in costs, was more than offset by a drop in average revenue, the latter amounting to no more than 46s. 8d., against 54s. 6d. Taxation therefore absorbed the slightly reduced amount of £180,160. The Government's share of profits was little changed at £1,227,450. Capital expenditure, including redemption of the balance of the debentures, totalled £130,870 in place of £77,920. *Van Ryn Deep*, which benefited from taxation scales in 1934, did not fare quite so well last year. Treatment of a larger tonnage—resulting from additions to the plant—was offset by a decline of 3s. 1d. in average yield. Provision for taxation was slightly reduced to £215,700, but capital expenditure took £33,500 in place of £7,850, and the balance forward declined further. *Witwatersrand Gold* last year milled an increased tonnage of ore; and with average results little changed a higher profit was earned. Taxation took rather more than in 1934 and sundry revenue was slightly reduced. Capital expenditure, however, accounted for no more than £8,220, as against £22,070, and the company carried forward a credit of £48,440, as compared with £61,800 brought in.

General Mining Results.—The preliminary statement for 1935 shows a profit of £361,390, as against £371,890 in 1934. Since market conditions last year were much less favourable than in 1934, the decline in earnings must be accounted surprisingly small. African and European Investment, by contrast, earned only £600,006 last year, against £863,168 in 1934, although the dividend is maintained at 15 per cent. The balance dividend of 12 $\frac{1}{2}$ per cent. declared by General Mining maintains the total at 20 per cent., as for the two preceding years. An amount of £100,000 is again transferred to reserve, raising the fund to £400,000. While the market outlook for the current year must be regarded as more doubtful, it is certain that the company will obtain a return upon its holding of deferred shares in West Rand Consolidated. These are entitled to one-quarter of the divisible profits after the ordinary shares have received £1,500,000 in dividends—a position which has now been virtually attained. The extent of the return on the deferred shares can scarcely yet be gauged, but present indications appear favourable. On the basis of the actual dividends of the past three years, General Mining shares yield slightly over 4 per cent.

Rand Mines.—In the light of market conditions prevailing last year, the increase in the total income of Rand Mines from £889,160 to £925,530 may presumably be attributed to larger receipts from the company's holdings, and in particular from 127,800 City Deep shares, which received 10 per cent. after an absence from the list for seven years. The amount applied to reserve for fresh purchases again shows a considerable decrease, but the net amount written off investments amounts to £54,440, against £11,190. A comparison of profits is given below:—

	1933	1934	1935
Total income	787,110	899,160	925,530
Administration expenses	22,770	27,030	25,030
Net profit	764,340	862,130	900,500
Dividends	690,240	785,840	811,870
Rate per cent.	135	150	155
Earned per cent.	138.9	148.2	169.4
To reserve account	264,290	193,330	106,010
Carried forward*	517,600	400,500	383,700

* Including forfeited dividends refunded.

The surplus of liquid assets over liabilities amounts to £383,700. During the year the company's holdings of East Rand Proprietary, Rose Deep, "Sallies" and Transvaal Lands were slightly increased, and an interest in Marievale Consolidated was acquired. The principal change in the investments, however, lies in the Vogelstruisbult holding, which is increased from 398,800 to 500,600 shares. This reflects the new issue made by that company towards the close of the year. As usual, all shares and investments appear at or under cost, and their market value largely exceeds book value. The position of the company's interests is generally satisfactory, although exceptions are found in the Spanish railway and the North Venezuelan petroleum undertakings. On the basis of last year's dividend, the yield on the 5s. shares at 8 $\frac{1}{2}$ is approximately 4 $\frac{1}{2}$ per cent.

Other Company Results.—The accounts of 59 additional companies are analysed in our usual table on page 56. The results clearly indicate that the tide of increased earnings, for industrial concerns, is still running strongly. Unfortunately, this statement does not apply to concerns dependent upon traditional export business, as the results of *Amalgamated Anthracite* clearly indicate. Profits have fallen from £253,703 to £121,136, and other coal results make a poor showing. *Coltress Iron* earned £259,131 against £217,850, and the dividend has been raised to 2s. 9d. per share. The results of *Royal Mail Line* and *Elder Dempster Line* have greatly interested the market, although the direct advantage of the increased dividends to holders of the two Realisation Company issues

would easily be exaggerated. *Royal Mail* increased its profits from £437,961 to £634,935, and re-entered the dividend list with a 3 $\frac{1}{2}$ per cent. payment, while *Elder Dempster* increased its profits from £351,547 to £450,503, and the dividend from 3 to 5 per cent. This increase suggests that the British and African Steam may be in a position to meet its obligations, and that the Realisation Company may recoup the value of its shares sold by the B. and A. creditors. Among the week's industrial results, improved profits are reported by *Reyrolle* (£114,336 against £103,303), *Joseph Travers*, *British Quarrying* and *Rolls Razor*. *Smithfield* and *Argentine Meat*, despite a fall in profits from £165,771 to £125,236, has increased its dividend from 6 to 6 $\frac{1}{2}$ per cent. Two newspaper results, *Daily Mirror* and *Sunday Pictorial*, show very small improvements, the dividends being maintained. *M. B. Foster* net profits have advanced from £27,775 to £39,055, the dividend being raised to 17 per cent. Rubber company earnings are lower in most cases, those of *Gula-Kalumpang* having been reduced from £34,502 to £28,419. Further results, including *John Barker*, *Upsons* and *Meakers*, show a fair degree of stability. *Steel Brothers*, the merchant and trading concern, reports a fall in profits from £284,613 to £228,492, accompanied by a sharp reduction in the ordinary dividend. *Potteries Motor Transport* reports a sharp rise in profits from £29,226 to £75,620. The *Ford Motor* dividend is unchanged at 5 per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Chartered Bank of India, Australia and China, Mercantile Bank of India, National Bank of India, Halifax Building Society, London Life Association, Law Land, International Nickel of Canada, British Insulated Cables, General Refractories, Associated Electrical Industries, Associated Portland Cement, British Aluminium, Maple and Company, and Nundydroog Mines. Sir William F. Mitchell, presiding at the Chartered Bank meeting, declared that the Government of India Act marked a great advance towards the solution of India's difficulties. Lord Catto, reviewing the course of India's economic progress at the Mercantile Bank of India meeting, compared India's exports of 261 crores of rupees of gold since 1931 with imports since 1910 of 400 crores at present values. At the National Bank of India meeting Mr R. Langford James attributed the unsatisfactory condition of Bombay cotton mills not to Japanese competition, which is restrained by tariff and quota, but to growing decentralisation of the industry. The chairman of Associated Portland Cement Manufacturers reviewed the increased demand and higher domestic prices which accounted for the company's higher profits last year. Mr Frank S. Russell, of General Refractories, reviewed domestic and overseas expansion of the company's business, and anticipated great benefits from the re-armament programme. He hoped for a record year in 1936. The chairman of Law Land Company reported very few vacancies in the company's properties. Sir Enoch Hill, at the Halifax Building Society meeting, disclosed that the society had developed new business in residential flat property. The proportion of total assets represented by mortgages had increased to 79.5 per cent. Sir Alexander Roger, in a full review of the British Insulated Cables business, referred to the amicable arrangements which prevailed with the International Automatic Telephone Company, and to the progress of the cable and copper refining business. At the London Life meeting, Mr Reginald B. Jacobb stated that life business increased by £302,000 to £2,805,000 last year. Mr Robert C. Stanley at the International Nickel meeting stated that conversion of the company's prospects were as promising as at any previous time in history. The chairman of British Aluminium referred to new uses for aluminium, and stated that the Lochaber Works power plant had worked to full capacity last year. At the Associated Electrical meeting, Sir Felix Pole declared that the amount of work actually turned out last year constituted a record. The president of Maple and Company stated that the Bank of England, the "Queen Mary" and the "Orion" had been among the company's customers. The chairman of Nundydroog described the results of the past year's working.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

TICKET
APRIL 21

SETTLING DAYS

ACCOUNT
APRIL 23

THE long three-week account opened, as everyone expected, in almost unrelieved gloom. Ninety-nine per cent. in Germany suggested an uncompromising German reply, and some pessimistic students of politics in the "House" were openly anticipating international breakdown. These fears were unfounded, however, and the Stock Exchange made a prompt response to the conciliatory aspects of Herr Hitler's reply. The technical condition of the market, in fact, was highly receptive to good news, and the Budget surplus had the usual psychological effect in a gilt-edged market which had for some time lacked real encouragement. New orders were not liberal, but in a market denuded of normal supplies they produced a modest all-round response in prices and sentiment.

The opening quietness in the gilt-edged market induced a further fall in quotations, but late on Tuesday there was an obvious change for the better, which came into further prominence after the publication of the revenue figures. War Loan provided the main feature, and was assisted by anticipatory purchases before the interest payment at the end of the month. Old Consols and Local Loans also shared in the improvement, which was well maintained on Thursday.

Conditions in the foreign bond market remained difficult. German issues were particularly weak at the opening, but recovered appreciably on Wednesday when the favourable nature of Herr Hitler's reply was confidently expected. After a further improvement on Thursday, however, the market reacted slightly. Japanese bonds suffered an initial fall owing to budgetary problems and frontier incidents, but responded to investment support later. French rentes fluctuated in uncertain fashion, for the rise in the Bank rate

THE FINANCIAL NEWS

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

MONDAY, APRIL 6—GERMANY'S TRADE PENETRATION INTO SOUTH AMERICA.—Last week a special article in THE FINANCIAL NEWS showed how Germany has used her exchange control to get shipbuilding and other business at the expense of competitors. This article, in its turn, shows how Germany has used the same weapon to effect a huge improvement in her trade with South American countries.

TUESDAY, APRIL 7.—Continuing his series of articles on Base Metal Companies, our Special Mining Correspondent, "MINOTAUR," deals with the position and prospects of that youthful giant of the Copper world—RHOKANA.

WEDNESDAY AND THURSDAY, APRIL 8 AND 9—COMPANIES AND THEIR PROFIT-EARNING CAPACITY—NO. 12—PAINT COMPANIES.—Reports recently submitted by Companies engaged in the Paint Industry have been uniformly encouraging. On WEDNESDAY the market for industrial paints and the vast overseas trading organisations of PINCHIN JOHNSON will be reviewed. THURSDAY'S article will cover the demand for paints from domestic and marine users and will deal with such well known concerns as LEWIS BERGER and INTERNATIONAL PAINT.

THE EASTER HOLIDAYS

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failed to reassure some holders. The Austrian Phoenix difficulties caused uncertainty in the bond market. Brazilian loans were rather friendless.

Home rail stocks had the distinction, on Monday, of relieving the market from complete monotony. The terms of the suggested wage settlement were well received, and expectations of another batch of bumper traffics assisted business. L.M.S. 1923 preference and Southern issues were at first most prominent, but the traffics were no more than good, and disappointing for the Southern. In the foreign rail market a further fall was shown by Argentine issues on Monday, and conditions subsequently became very idle.

In the industrial markets, little week-end business had accumulated, owing to the political situation, and the approach of Easter. A few firmer features were recorded on Tuesday, and in the brighter mid-week conditions professional operators took the opportunity to cover their bear positions. Among the features were electrical equipment issues, including Associated Electric and British Insulated. Staveley Coal and Iron maintained their recent improvement, but iron and steel shares were not in buoyant mood. Stewarts and Lloyds were depressed on dividend fears, but recovered in mid-week.

Rolls Royce lost ground initially, but airframe issues improved after the opening. In the motor group, Austin provided a feature, and Thomas Tilling advanced further. The Morris results, discussed on page 22, induced higher quotations for the preference issues. The market was initially disappointed with the maintenance of the Ford dividend at 5 per cent., but subsequently recovered.

Movements in the Stores group were not wide, although there was a general mid-week improvement. Provision shares, under the lead of the Unilever issues, opened dull, but a number of issues shared in the mid-week improvement.

Miscellaneous industrial leaders opened slightly lower. London Brick, however, opened with good support on the high yield basis of the shares, and continued active during the week, while the cheerful speech at the General Refractories meeting attracted wide consideration. The motor and aviation components group again received attention, J. Brockhouse in particular being an active market. The leading cement shares improved on statements at the Associated British meeting. In the mid-week recovery, British Oxygen, Murex, Turner and Newall and Imperial Chemical were firmer. Cables and Wireless issues responded to hopeful dividend estimates.

Business in the oil shares market, after passing a dull week, improved somewhat after the closing of the national accounts. Earlier in the week the main support had come from Paris, where internationals were bought as a hedge against devaluation. The mid-week improvement was assisted by closing of bear positions which had developed in the previous days, but marking up of prices led to a curtailment of activity. In the rubber shares market the slight mid-week improvement was limited to a cessation of the small selling orders which have depressed the market for some time past. There was practically no business during the week, although the price of the commodity continues to be steady. Falling off in American demand led to a slight increase in world stocks. Conditions were very similar in the tea shares market, where business was negligible.

Kaffir shares passed a varied week. The immediate reaction to the new taxation programme was favourable, but second thoughts were doubtful of specific benefits to individual companies, and prices declined. At the opening of the new account conditions were still poor, but tended to improve later, helped by satisfactory financial results announced during the week. Paris came forward with substantial support. West Africans recovered at the end of last week from their previous lethargy, only to suffer a relapse at the opening of the week, but they caught something of the better tone in the Kaffir market in mid-week. Rhodesian issues were equally uncertain at the end of last week, but improved satisfactorily since. The proposed capital reorganisation of Union Minière led to demand for "Tanks" issues. Tin shares have been dull and irregular.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

(Approximate number of Bargains recorded in Stock Exchange List)

	Week to Mar. 27, 1936	Mar. 26, 1936	Mar. 27, 1936	Mar. 30, 1936	Mar. 31, 1936	April 1, 1936	April 1, 1936
Government and Municipal Loans	5,218	1,025	914	1,169	1,175	1,038	1,158
Transport, Communications, and Public Utilities	4,270	784	885	1,031	843	890	1,038
Commercial and Industrial	21,462	4,288	4,336	4,629	3,436	4,293	4,640
Banks, Insurance and Financial	2,783	522	585	629	554	506	556
Mines (including Nitrates)	5,260	1,125	1,165	1,297	810	894	1,017
Oil	998	245	190	267	177	192	296
Rubber, Tea and Coffee	1,093	217	248	290	329	210	234
Total	41,084	8,216	8,323	9,312	7,324	8,023	8,935
Corresponding day in 1935	...	7,343	7,028	8,523	7,311	7,299	7,444

* Including Iron and Steel and Breweries.

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

	Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	Mar. 26, 1936	Mar. 27, 1936	Mar. 30, 1936	Mar. 31, 1936	April 1, 1936	April 1, 1936
	114.5	107.4	111.8	111.7	111.2	111.2	112.3	112.3

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

	Highest of 1936 (Feb. 19)	Lowest of 1936 (Mar. 16)	Mar. 26, 1936	Mar. 27, 1936	Mar. 30, 1936	Mar. 31, 1936	April 1, 1936	April 1, 1936
	138.4	137.0	137.2	137.2	137.2	137.2	137.4	137.5

FOREIGN STOCK EXCHANGES

NEW YORK

WALL STREET has taken its shocks in an encouraging manner for those who are bullish about future prospects. The combination of European troubles, domestic flood disaster, and seasonal recession in business activity would have been very disturbing to an undecided market, particularly when doubts concerning the position of the franc, and some consequent withdrawal of gold bloc funds from New York, are becoming more urgent. Prices on Wall Street have certainly fallen slightly, but the main reaction has been a drastic shrinkage in turnover to below the million mark for the first time in six months. Signs of business recovery continue to be good, and it may well prove that not even the politicians of the world can now restrain the upswing. Market operators have found the improvement in railway conditions of particular encouragement. The *Iron Age* estimate of steel mill activity at 62.5 per cent. of capacity indicates that there has been rapid recovery from the effects of the floods. The chief domestic restraint is now found in the uncertain outcome of the new taxation proposals. firmer tone developed in mid-week, with motor shares the lead. This spread to the bond market, partly on pacific interpretation of Herr Hitler's reply to the Locar Powers' proposals.

	Mar. 25, 1936	Apr. 1, 1936	Apr. 1, 1936	Mar. 25, 1936	Apr. 1, 1936	Apr. 1, 1936
U.S. 2½% Treas.	102½	102½	103½	Natl. Biscuit	34½	34½
Bds. 1945-47	74	74½	75½	Phelps Dodge	37½	38½
Atchafalpa	14½	14½	14½	Fuller	42½	43½
Erie	23½	23½	23½	Sears Roebuck	65½	67½
Illinois Central	34½	34½	34½	Un. Fruit	74½	75½
N.Y. Central	33½	33½	33½	U.S. Leather	87½	88½
Pennsylvania	33½	33½	33½	U.S. Rubber	29½	29½
Southern Pacific	33½	34½	34½	U.S. Steel	64½	67½
Southern Ry.	17½	17½	17½	Westinghouse	114½	117½
Union Pacific	132½	131½	132½	Woolworth	49½	49½
Am. Can.	121½	121½	122½	Am. Tel. and Tel.	163½	164½
Amer. Smelting	86½	86½	86½	Int. Tel. Teleg.	16½	17½
Anaconda	34½	35½	36½	Utilities P. & L.	5½	5½
Bethlehem Steel	56½	57½	58½	W. Union Tel.	88½	88½
Chrysler Motor	97½	97½	98½			
Corn Products Rf.	73½	72½	73½			
Eastman Kodak	161½	169½	170½			
Gen. Electric	38½	39½	39½	Shell	41½	45½
Gen. Motors	67½	68½	69½	Shell Union	17½	17½
Int. Harvester	84½	86½	87½	Std. California	45½	44½
Mont. Ward	41½	44½	44½	Do. N.J.	67½	66½

† Calculated at \$4.98 to £.

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

	1935	1936 (Jan. 1 to April 1)	Beginning of Year 1936	Mar. 18, 1936	Mar. 25, 1936	April 1, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Jan. 8	Highest Mar. 4		
31 Industrials	74.5(1)	112.3	114.3	125.9(4)	112.3	123.7
13 Rails	27.4	43.0(10)	43.9	51.1(10)	41.5	48.2
17 Utilities	52.2	83.6	87.8	108.2(8)	93.8	102.1
Total, 421 Stocks	63.1	97.7	100.1	109.4	97.7	107.8
Average yield of 50 Industrial Common Stocks	3.02%	4.06%	3.07%	2.85%	3.22%	3.07%
	(1)	(10)	(10)	(8)		

a) February 11th. (f) March 13th. (b) February 19th. (e) November 13th. (c) March 18th. (d) April 1st. (g) December 4th.

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

	Highest of 1936 (Apr. 1)	Lowest of 1936 (Jan. 6)	Mar. 25, 1936	Mar. 26, 1936	Mar. 27, 1936	Mar. 28, 1936	Mar. 30, 1936	Mar. 31, 1936	April 1, 1936
	144.5	128.2	143.4	142.7	140.5	140.8	140.6	141.9	144.5

TOTAL DEALINGS IN NEW YORK

	Mar. 26, 1936	Mar. 27, 1936	Mar. 28, 1936*	Mar. 30, 1936	Mar. 31, 1936	April 1, 1936
Stock Exchange—Shares (Thous.)	1,870	1,500	660	950	1,040	1,690
Bonds (Value Thous. \$)	10,680	11,500	5,340	7,640	8,800	8,770
Over-the-counter—Shares (Thous.)	680	502	234	369	390	401

* Two-hour Session.

PARIS

The Bourse has passed a much more satisfactory week than of late. Interpretation of the political situation seemed at first to be favourable, in spite of the fulminations of the politicians against Germany; but distraction appeared in the renewed fears for the franc. As a result, there was widening activity during the second half of last week, in which shipping and industrial shares benefited, together with internationals, while rentes inevitably suffered. The renewed assurance by the Minister of Finance that the franc would be defended to the last ditch evoked renewed support for rentes, and industrials continued in demand this week. The mid-week improvement in Wall Street assisted the firmer tendency on the Bourse. German Young Loan improved over 9 points, when forecasts suggested that the German reply might be conciliatory, a movement in marked contrast to the almost hysterical indignation of the Paris press. On the Coudisse, diamond issues lost ground at the opening, but improved again later.

	Mar. 25, 1936	Mar. 30, 1936	Apr. 1, 1936	Mar. 25, 1936	Mar. 30, 1936	Apr. 1, 1936
Banque de France	7,800	7,850	7,930	Wagons Lits	51	54
Crédit Lyonnais	1,643½	1,612	1,635	Mexican Eagle	46	44½
Suez Canal	18,525	18,905	18,845	"Chartered"	109	109
Chargeurs Réunis	316	319	344	Ford	44½	56
Rio Tinto	1,418	1,438	1,455	De Beers	621	612
Royal Dutch	24,920	25,550	25,700	"Johnnies"	281	289½

BERLIN

Share quotations last week moved irregularly, but the great majority advanced, and certain favourites gained substantially. Farbenindustrie touched 160 last week and 162½ in the present week. There was heavy speculative buying of the shares of construction companies, Berger and Holzmann, and also, on resumption of dividend payment, of Harpener Coal shares. Bemberg Rayon suffered a sharp setback in expectation of passing the dividend. Steels and the other standard industrials rose 1 to 2 points; but bank issues were not affected by the dividend declarations, and shipping shares were little changed, despite the new capital cut. On Monday this week steel issues were sold, but on Tuesday were very firm. Home bonds were steady; industrials and Reich inscribed loan firm. With exception of the dollar group, foreign currency bonds were very

OTARD'S

ESTABD 1795

THE BRANDY WITH A PEDIGREE

active. On Wednesday the industrial group was very active, but shipping and banking shares were dull.

	Mar. 25, 1936	Mar. 30, 1936	Apr. 1, 1936		Mar. 25, 1936	Mar. 30, 1936	Apr. 1, 1936
Reichsbank	179.00	180.00	182.10	A. E. G.	35.60	36.50	35.10
D.D. Bank	91.50	91.50	91.25	Siemens and Halske	175.50	179.90	182.25
Dresdner	91.75	91.50	91.50				
I.G. Farben				A. K. U.	50.25	49.40	50.10
Industrie 158.60	161.50	163.50		Hamburg-Amer.			
Norddeutscher Lloyd (New)	16.50	16.00	15.50	("Hapag New")	15.25	15.00	15.00

AMSTERDAM

A quiet close to last week was relieved mainly by purchases of Royal Dutch on French account. This week opened with a reaction, as Paris responded to the higher French Bank rate and the evidence of support for the franc by selling Royal Dutch. On Tuesday there was a slight improvement as the foreign exchange market settled down, and Hitler's proposals announced later in the week had no effect. In mid-week rubber shares were steady and sugars slightly higher, but Philips Lamps reacted 4 points.

	Mar. 25, 1936	Mar. 30, 1936	Apr. 1, 1936		Mar. 25, 1936	Mar. 30, 1936	Apr. 1, 1936
2½% Dutch Loan	75½	75½	75½	Steel Common	38½	38½	39½
5½% German	22½	22½	22	A. K. U.	23½	24	24½
Unilever N.V.	106½	106½	107½	Ford Motor	228	227½	224½
Philips Lamps	183½	186½	183½	Deli Batavia Tob.	194½	192	188
Royal Dutch	239½	239½	247½	Royal Dutch	239½	246½	247½
Netherlands Ship Union	45½	46½	46	Handels Am.	233½	236½	237½

CAPITAL ISSUES

A SPATE of new issues this week appears to herald the near approach of Easter rather than a resounding improvement in market conditions. The slight opening of the valve reveals, in fact, considerable pent-up pressure in the market. The leading issue is of *Gas Light and Coke* 3½ per cent. debenture stock at par, the proceeds of which will be applied to development purposes. The terms afford the most convincing evidence of the company's high status. The *English Electric* conversion offer, of 4 per cent. stock at 98, marks a further stage in the company's rehabilitation. On the earnings of the past year the stock is well covered, and there is ground for anticipating further improvement. Of the industrial issues, London Industrial Finance Trust, Ltd., sponsors no fewer than three, which are analysed below. The offer for sale of *British Bedaux* shares will probably be regarded as the *locus classicus* of high earnings, low physical assets, and very high goodwill. The company sells its specialised services as industrial consultants, and does so with £7,500 of fixed assets. The purchase price of £299,900 thus includes as much as £292,400 for goodwill. On the latest profits—which have been fairly consistent since 1931—a yield of some 16 per cent. would be shown for the ordinary capital. The six years purchase price of earnings, however, cannot be considered ungenerous. The shares will appeal to the investor who is prepared broadly to follow the earnings theory of investment, for they offer only negligible protection in asset values. In an issue of this type, however, terms might well be arranged which did not involve the imposition of a further 20 per cent. premium in the issue price. The *Trussed Concrete Steel* mixed offer—the ordinary shares at 40 per cent. premium—shows that the company has had a fluctuating profits record since 1931, but has achieved high earnings during 1934 and 1935. This scale of fluctuation is not uncommon in the building construction trades, but the company's technical direction is of high standing. *Marshall, Sons and Company (Successors)*, the third in the group, acquires an engineering business established in 1848, which is being nursed to recovery. No revenue figures are given for 1934 or 1935, nor is any estimate available.

(Continued on page 30)

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Based on a dividend of 22½ per cent. (e) Also special non-recurring bonus of 50 per cent. free of tax paid out of a surplus on assets realised. (f) Includes 1½% from capital accretions. (g) Including bonus 5% free of tax. (h) Also bonds 300 per cent. from reserves in A shares. (i) Calculated on basis of 7½ annas dividend per share paid for 1934-35. Taken at 16 annas to one rupee. (j) Annas per share. (k) Free of Income Tax.

Slough Gas and Coke.—Tenders for the £37,200 ordinary stock and £20,000 4 per cent. perpetual debenture stock were opened March 31. For the ordinary stock the tenders sent in amounted to £89,705, at prices ranging from £160 ls. down to the minimum of £152. Lowest price to secure allotment was £155 11s., and average obtained was £159 8s. 9d. Tenders sent in for the £20,000 4 per cent. debenture stock totalled £50,000, and ranged from £107 10s. d. down to the minimum of £103. Lowest accepted price was £104 2s. 6d. The depression of the market for gas and coke, and the consequent depression of the balance of trade in India, has caused a depression of 70 crores of rupees in the value of trade in merchandise, and that the difference was made

CALLS DUE APRIL 6 TO APRIL 11, 1936

The grand total of calls in April, 1936, is £91,181,311, which compares with £7,848,585 in April 1935.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock 10/-	Blackpool 3% Stock, 1937, £1,500,000 at £100	£25%	Apr. 8	£50%
5/-	British Marine Aircraft, 780,000 Ordinary Shares, at par	5/- p.s.	Apr. 11	All
1/-	Clapton Stadium, 54,446 Ordinary Shares at 10/- per Share	10/- p.s.	Apr. 10	All
1/-	Colvilles, 3,100,000 Ordinary Shares, at 29/-	14/- p.s.	Apr. 6	All
1/-	London Brick and Folders, 200,000 Ordinary Shares, at par	20/- p.s.	Apr. 7	All
Stock	Railway Finance Corp., £27,000,000 2½% Guar. Deb. Stock, 1951-52, at 97%	£15%	Apr. 8	£47%
Stock	Walsall Corporation 3% Red. Stock, 1937, £400,000 at £100%	£40%	Apr. 8	£60%

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, March 25, 1936	Price, April 1, 1936
Aircraft Components 5/-	20/6	10/6	3d dis-3d pm	6/9-7/-
Associated London Properties 6% pref. £1	95 1/2	40 1/2	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
Australia 3%, 1935-38	98 1/2	30	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
Belgium 4%, 1936	100	10	1 1/2-1 1/2 pm	1 1/2-1 1/2 pm
Blackpool 3%	9/-	2/-	...	1 1/2 dis-4 1/2 pm
Bluestone & Elvin Ord. 4/-	21/-	10/-	...	3d dis-3d pm
Do. 6% Pref. 20/-	10/-	5/-	2/3-1/9 dis	3/3-2/9 dis
British Marine Aircraft Ord. 10/-	22/-	16/-	3d dis-3d pm	par-3d pm
British Vacuum Cleaner 5 1/4% Pref.	100	45	1 1/2-1 1/2 dis	2-1 1/2 dis
Central Electricity 3 1/4%	100	25	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
Ceylon 3%	29/-	15/-	2/3-2/6 pm	2/3-2/6 pm
Colvilles Ord. 20/-	13/-	13/-	3/7 1/2-4 1/2 pm	16/9-17/3
Dick (W. B.) Ord. 10/-	20/9	20/9	2/3-2/9 pm	22/10 1/2-23/4
Do. 5 1/4% Pref. £1	100	25	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
Fife County 3%	96 1/2	60	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
Funding 2 1/4%	101	6	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
Industrial and General Trust 3 1/4% Debts.	100	5	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
International Combustion Ord. 20/-	100	5	1 1/2-1 1/2 dis	6/7 1/2-7/1 1/2
Lanark 3%	100	5	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
Metal Closures 4/-	97	50	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
Metropolitan Elec. Supply 3% Deb.	100	20	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
Middlesex 3%	21/9	10/-	7 1/2-10 1/2 pm	7 1/2-10 1/2 pm
Morgan Harris Pref. 20/-	97	32	1 1/2-1 1/2 pm	14/-14/6
Railway Finance Corp 2 1/4%	12/6	12/6	...	19/6-20/-
Saker Battle Ord. 10/-	20/-	20/-	...	4 1/2-5 1/2 pm
Do. 5 1/4% Pref.	102 1/2	52 1/2	4 1/2-5 1/2 pm	4 1/2-5 1/2 pm
Sears (J.) and Co. 4% Debts.	96	5	1 1/2-1 1/2 pm	2 1/2-2 1/2 pm
Siamese Loan 4%, 1936	102 1/2	52 1/2	4 1/2-5 1/2 pm	4 1/2-5 1/2 pm
Smith (E. and H. P.) 2/-	2/6	2/6	2 1/2-2 1/2	2 1/2-2 1/2
Southern Rhodesia 3%	99	74	1 1/2-2 pm	2 1/2-2 1/2 pm
Stephany Furniture 2/-	3/6	3/6	3/4-3/10	3/3-3/9
Do. 6% Pref. £1	20/-	20/-	18/3-18/9	17/9-18/3
Surrey 3%	100	26	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
Walsall 3%	5/6	5/6	7/6-8/-	7/3-7/9
Winn (P.) (Barking) Ord. 4/-	20/-	10/-	1/-6d dis	1/-6d dis
Do. 6% Pref. 20/-	100	10	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis
York 3%	100	10	1 1/2-1 1/2 dis	1 1/2-1 1/2 dis

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Mar. 27, 1936.	(c) Week ended Mar. 28, 1936.	Miles Open	Gross Receipts, week ended March 29, 1936 (£'000)	Aggregate Gross Receipts 1936 compared with 1935 (13 weeks) (£'000)
Passenger, Goods, Mail, and Other	Passenger, Goods, Mail, and Other			
Great Britain	1936 3,748	166	199	101 300 466
Western	1935 3,748	183	190	104 294 457
(e) L. & N.W.	1936 6,333	267	354	231 585 852
Eastern	1935 6,333	263	339	236 575 838
L. M. & S.	1936 6,917	419	488	237 725 1,144
Scottish	1935 6,925	416	468	234 702 1,118
Southern	1936 2,154	256	65	35 100 356
	1935 2,172	255	72	37 109 364
Total	1936 19,150	1,108	1,106	604 1,710 2,818
	1935 19,184	1,097	1,069	611 1,680 2,777
(b) Belfast	1936 80	1-7	...	0-6 2-3
& Co. Down	1935 80	1-6	...	0-5 2-1
(b) Great	1936 543	7-2	...	11-6 18-8
Northern	1935 543	7-1	...	10-6 17-7
(b) Great	1936 2,076	26-1	...	46-8 72-9
Southern	1935 2,124	26-9	...	44-3 71-2

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935

(000's omitted)	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 28	+ 8
Second half-year 1935, compared with second half-year 1934:				
Gross increase or decrease.....	+ 196	+ 592	+ 224	+ 180
1.1 preferential year, 1935, sales under Mar. 29, 1936.....	+ 139	+ 429	+ 307	+ 63
assets of first half 1936 but before compared with 1935.....	+ 10 1/2	+ 33	+ 23 1/2	+ 4 1/2
5873, 1934.....	+ 9	+ 26	+ 14	- 8

LONDON TRANSPORT

Week ending March 28, 1936.....	*Takings (£56,300)	Compared with corresponding period last year
Aggregate 39 weeks ending March 28, 1936.....	£21,166,800	+ 18,700
		+ 999,200

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

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

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1935 + or -	1935 + or -
INDIAN					
Assam Bengal	48	Feb. 29	1,330	Rs. 4,42,400 +	Rs. 1,54,39,618 +
Barisi Lt. Ry.	49	Mar. 10	292	49,600 +	14,100 +
Bengal & N.Western	24	10	2,112	10,72,026 +	80,823 +
Bombay & Nagpur	47	Feb. 20	3,265	25,79,000 +	49,895 +
Bombay, Bar. & C.I.	51	Mar. 20	3,072	37,16,000 +	5,36,000 +
Madras & S. Mahr.	49	10	3,230	20,28,000 +	30,017 +
Rohilk'd & Kumaon	24	10	572	12,35,230 +	40,968 +
South Indian	49	10	2,526	13,69,941 +	1,26,716 +

CANADIAN

			1936	\$	\$	\$	
Canadian National.	12	Mar. 21	23663	3,233,715	+ 92,591	35,717,187	+ 1,7
Canadian Pacific....	12	21	17260	2,361,000	+ 226,000	26,019,000	+ 2,5

SOUTH AMERICAN

Antofagasta (Chili and Bolivia).....	13	Mar. 29	834	£ 11,090	-	£ 2,260	177,110	+	1
Argentine N.E.	39	28	753	{ 122,600	-	11,400	5,163,500	+	3
				{ 77,203	-	721	303,209	-	1
B.A. and Pacific ...	39	28	2,806	{ 1,729,000	+	11,000	54,582,000	+	43
				{ 101,586	-	11	3,206,445	+	26
B.A. Central.....	37	14	...	{ 83,100	-	8,900	4,192,600	+	7
B.A. Gt. Southern	39	28	5,084	{ 12,699,000	-	369,000	87,141,000	-	90
				{ 158,578	-	22,853	5,119,075	-	5
B.A. Western	39	28	1,930	{ 799,000	-	101,000	29,498,000	-	36
				{ 36,945	-	6,278	1,732,870	+	1
Central Argentine..	39	28	3,700	{ 1,832,000	-	343,500	79,921,000	+	107
				{ 107,638	-	21,014	4,694,993	+	8
Central Uruguayan	38	21	273	{ 11,943	+	1,551	412,040	+	12
C. Urug. (East Ext.)	38	21	311	{ 2,116	+	106	76,406	+	1
C. Urug. (N. Ext.)...	38	21	185	{ 1,657	+	270	53,517	+	1
C. Urug. (W. Ext.)...	38	21	211	{ 731	-	3	33,419	-	1
Cordoba Central....	39	28	1,218	{ 412,000	-	12,000	18,828,000	-	12
				{ 24,216	-	888	1,106,077	-	1
Entre Rios	39	28	810	{ 140,900	-	69,900	7,240,000	-	104
				{ 28,278	-	1,600	425,344	-	60
G. Westn. of Brazil	13	28	1,082	{ 2,800	-	100	126,100	-	9
Leopoldina	13	28	1,918	{ Ms1674000	+	56,000	20,611,000	+	3,283
				{ 18,902	-	1,795	235,850	+	5
Leopoldina Termal.	13	28	...	{ Ms. 303,000	+	12,000	4,281,000	+	727
Nitrate	24	15	401	{ 4,615	+	2,469	35,969	+	5
Paraguay Central...	39	28	274	{ 2,055,000	+	466,000	81,662,000	+	39990
Salvador.....	38	21	100	{ Col. 25,150	-	14,500	723,246	-	38
				{ Ms2450000	+	368,000	27,140,000	+	4,720
San Paulo	12	22	153	{ of 27,665	+	3,202	340,041	+	76
United of Havana .	39	28	1,353	{ 44,627	+	4,073	877,838	+	24

* Converted at average official rate during week ended Mar. 28—17.02 pesos to the £.
 † Free market rate.
 ‡ Months.
 § Receipts in Argentine pesos.
 ¶ Comparative figures for 1934 converted at official rate ruling in 1935.
 ** Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta	10	1936		£	£	£	£
Light Railways...	Mar.	10	925	16,198	+	90	238,093
Egyptian Markets...	12	26	...	1,934	+	189	23,687
Gr. South of Spain	12	21	104	P. 24,977	—	28,222	347,574
Mexican Railway...	11	21	483	254,500	+	21,600	2,908,900
							239,511

SUEZ CANAL RECEIPTS

Suez Canal	11	1936	...	Fr.	Fr.	Fr.	Fr.
		Mar. 20		129,180,000	+ 6,620	198,410,000	+ 118,700,000
				† 10 days			

TRAMWAYS WEEKLY GROSS RECEIPTS

		1936						
Anglo-Argentine ...	12	Mar. 25	328	\$596,646	-	13,713	7,435,130	+ 145,089
B. Aires Lacroze ...	37	15	...	£72,833	-	1,393	2,670,150	+ 83,446
Burnley, Colne and Nelson Jt. Trspt.	1	28	76	£4,993	+ 200	...	...	...
Calcutta Tramways	13	28	...	Rs. 1,11,261	+ 1,428	...	...	...
Ile of Thanet Elec.	11	18	...	£2,789	+ 220	33,914	...	+ 47,111
Liverpool Corp.	51	25	...	£29,274	+ 565	1,495,386	+ 25,411	...
Madras Electric ...	24	15	...	Rs. 52,843	- 5,532	2,53,383	- 16,452	...
† Months.								

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1936 + or -	1936 + or -
Barcelona Traction	2	Feb. 29	Gross	Ps. 11,193,245 +	317,348 +
			Net	Ps. 7,414,382 +	260,808 +
Canadian National	2	Feb. 29	Gross	\$13,066,507 +	644,701 +
			Net	\$r. 288,460 -	421,027 +
Canadian Pacific	2	Feb. 29	Gross	\$9,281,000 +	625,000 +
			Net	\$867,000 +	17,000 +
Cape Electric	1	Feb. 29	Gross	£46,624	...
International Ryds. of C. America	2	Feb. 29	Gross	\$491,759 +	82,680 +
			Net	\$254,540 +	69,899 +
Zafra and Huelva	2	Feb. 29	Gross	Ps. 268,544 +	5,499 +

COMPANY MEETINGS, &c.

THE MERCANTILE BANK OF INDIA, LIMITED

REVIEW OF PAST YEAR'S OPERATIONS

PROFIT AND DIVIDEND MAINTAINED

GREATLY IMPROVED POSITION IN INDIA

THE BURDEN OF TAXATION

LORD CATTO'S VIEWS

The forty-third annual general meeting of the Mercantile Bank of India, Limited, was held, on the 31st ultimo, at Winchester House, Old Broad Street, London, E.C.

The Right Hon. Lord Catto of Cairncatto, chairman of the bank, presided.

Mr J. B. Crichton (chief manager) having read the notice convening the meeting and the report of the auditors,

The Chairman said:—Ladies and Gentlemen,—You will collect that last year we had the pleasure of having Mr Ryrie preside over us, but that in his address he indicated it might be necessary for him to retire at an early date as he felt his

health could no longer stand the strain of the chairmanship. I doubt if any of you fully realise how exacting and onerous is the work of the chairman of an institution such as the Mercantile Bank of India, Limited. It not only necessitates giving a great deal of time to the problems of the bank, but it requires continuous and close touch at all times with the chief manager and the other executive officers. In Mr Ryrie the bank had the chairman who devoted himself with wholehearted enthusiasm to its affairs and who, by his knowledge and experience, guided it for many years with conspicuous success; in addition he earned the respect and the affection of all his colleagues. I am glad to be able to tell you that, relieved of the strain of the chairmanship, he remains a member of the board, where his long experience and intimate knowledge of the bank's affairs are of the utmost value. (Applause.)

TRIBUTE TO DEPUTY-CHAIRMEN

Your directors did me the honour of electing me chairman in succession to Mr Ryrie. At the same time Sir Charles Innes and Sir Thomas Smith were elected deputy-chairmen. I would like to-day to pay a personal tribute to them both for the great help they give to me in the work of the bank; indeed with my many other business and public activities the chairmanship would be almost too much for me were it not for the great assistance and co-operation I receive from all the members of the board and especially from the two deputy-chairmen.

I have also to report with regret the retirement of Mr Charles Hambro, who had been a director on the bank for twelve years. During the whole of that period he has been a most valuable member of our board, and we shall sorely miss his advice and guidance, but he has so many calls upon his time that he felt compelled to reduce some of his activities. I am sure you would wish me to convey to him your thanks and appreciation of his services to the bank. (Applause.)

I have to apologise on behalf of Sir Charles Barrie that he is unable to be with us to-day. He has had a very serious illness, but I am glad to be able to report that he is now convalescent and expects to be back again with us in the near future. I am sure you would like me to send to Sir Charles a message of your good wishes for his complete and early recovery. (Applause.)

RETIREMENT OF MR STEUART

I must also refer to the retirement on December 31st last of Mr James Steuart from the position of chief manager. Mr Steuart began his service with the bank so far back as 1889, and for the past twelve years he has held, with distinction and success, the principal executive position of chief manager. (Applause.) Mr Steuart has earned the respect and personal regard of us all, and it gave us special pleasure to invite him to join the board to fill the vacancy created by the retirement of Mr Hambro. We are sure Mr Steuart will be a valuable colleague, and it is a happiness to us all to feel that his retirement from the position of chief manager will not sever his connection with the bank and that we shall continue to have the benefit of his long experience and wise judgment as a member of the board of directors. (Applause.)

Mr James Bain Crichton, for many years London manager, has succeeded Mr Steuart as chief manager. Mr Crichton needs no introduction to you. The board have a very high opinion of him, and he brings to the position all those qualities of ability and experience which will enable him to maintain and increase the high traditions of the bank and of the position of chief manager. As the principal executive officer of the bank his position is one of great importance and responsibility, and I am sure that in his new post Mr Crichton will have your good wishes. (Applause.)

Mr Algernon Robert Linton, for eight years sub-manager in the London office, also retired on December 31st last, after long and loyal service to the bank extending over 42 years. I am sure I am interpreting your wishes in sending to Mr Linton our thanks for his long service and our best wishes for his health and happiness in his well-earned retirement. (Applause.)

To fill the positions left vacant by the promotion of Mr Crichton and the retirement of Mr Linton, we have appointed Mr Eric Waldemar Paton, who for some years has been inspector of Eastern branches, and Mr William Arthur Cruden, lately our manager in Bombay, to assist Mr Crichton as managers at the head office in London. I have dwelt on these head office changes at some length as they are of the utmost importance, and it is essential you should know who the men are in these senior executive positions, for on them depend in very large measure the success and the prestige of the bank. (Hear, hear.)

REPORT AND ACCOUNTS

The report and accounts have been in your hands for some days, and I presume, as usual, you will permit me to take these as read. (Agreed.)

In Eastern banking the year 1935 showed no substantial improvement over the previous year and our net profits are approximately the same as for 1934—namely, £174,266, against £173,398. The various items of the balance sheet require little comment from me, as there are no changes requiring special explanation. The allocations of the profits are the same as last year—namely, £12,000 to the pension fund, £10,000 to bank premises account, and £25,000 additional provision for contingencies; and after providing for the same dividend as in the previous year the balance to be carried forward is £174,097 5s. 1d., compared with £172,830 17s. 2d. for the year 1934. You will notice that the figure of our investments stands at £6,630,425, and it may interest you to know that of this 57 per cent. is British Government sterling securities, 3 1/4 per cent. Indian Government sterling securities, 2 1/4 per cent. Indian Government rupee securities, and 10 per cent. Straits and Hong Kong dollar securities and a small amount of Siam Government securities.

GENERAL REVIEW

You may recollect that in addressing you at our annual general meeting in March, 1934, I referred then to the enormous reduction in recent years in the volume and value of the overseas trade of the countries in which we work. I am glad to be able to report some slight improvement in this respect during

p. mainly by the net exports of gold, which amounted to 43 crores. We should of course all like to see the visible balance of trade in favour of India derived entirely from merchandise, but failing this and so long as such exports are necessary to enable her to meet her external obligations, I see no reason why India should not continue to export gold for a good many years without serious harm to her economic well-being, for the bulk of the gold India has exported was hoarded gold and therefore immobilised so far as any good to the country is concerned. The figures of the net export of gold from India since 1931 are, of course, impressive. The total comes to a value of 261 crores, but it must be remembered that since 1910 India has imported more than 43,000,000 ounces of gold, which at present-day values would equal about 400 crores; and if the vast accumulations of gold in India prior to 1910 are taken into account, we may well agree with the remark of the Controller of Currency in India in his latest report, that "only a small fraction of India's total gold holding has been realised so far."

The general improvement in Indian conditions is reflected in the Budget figures recently submitted to the Indian Legislature by the Finance Member, Sir James Grigg. In 1934-35 there was a surplus of 495 lakhs, in 1935-36 a surplus of 242 lakhs is expected, and for 1936-37 the Finance Member is budgeting for a surplus of more than 200 lakhs. In these difficult times there are few countries in the world which can show such a record, and the figures indicate how carefully the Government of India has conserved the finances of the country. The improvement is due partly, no doubt, to the quieter political conditions, and I am sure you will agree with me that these are the result of the present Viceroy's wise and firm administration. (Hear, hear.) Lord Willingdon has guided the country through five strenuous and difficult years, and when he leaves India in a few weeks' time he will carry away with him the gratitude and appreciation of the peoples of India and of all associated with that great country. (Hear, hear.) His successor, the Marquess of Linlithgow, is shortly proceeding to India, and our best wishes go with him in the great and arduous task which he has undertaken with such splendid public spirit.

SIR JAMES GRIGG'S VIEWS

Sir James Grigg attributed the improvement in the Budget figures to "the recovery in India's economic position having set in more strongly than could have been foreseen a year ago." Sir James Grigg, of course, has access to wider sources of information than we have, and we are glad to have this assurance from him, because so far as Eastern exchange banking is concerned we have little evidence of any substantial improvement. No doubt he was referring mainly to the figures of internal trade. International trade, for reasons which I analysed in my address to you in 1934, remains at a comparatively low ebb, though it did in 1935 show some improvement; the sea-borne trade of India reached its post-war low-water mark in value at 263 crores of rupees in 1933; it was valued at 296 crores of rupees in 1935, or only 33 crores of rupees more than the low figure of 1933, and only about half of the figure for 1928, which was 580 crores.

The task of an Indian finance member is always a difficult one. I congratulate Sir James Grigg on the courage and independence of thought he has shown in dealing with India's financial problems. I realise how difficult it is for him to contemplate anything that might appear to sacrifice revenue, but I believe myself that economic recovery in India would be greatly stimulated if he could do something to remedy three evils:—

(1) In the first place, the general level of import duties, in my opinion, is much too high. The burden of these falls mainly on the agricultural classes who make up so large a proportion of the population. They are notoriously poor, and in these days they are more impoverished than ever by the low prices they are getting for their produce. I am convinced what India needs now, above all things, is a well-thought-out and courageous future policy directed to holding the balance more evenly between the agricultural and industrial interests.

(2) I have no doubt indeed that taxation all round in India is too high and too complicated, and I am sorry that in his recent Budget the Finance Member did not take the bold course and abolish all that remains of the emergency sur-charges on income tax and super-tax.

(3) Finally, I must refer to company super-tax. The business community in India has always objected to this tax, and I have no doubt that it hinders the normal course of India's industrial development by joint stock companies. I should like to see it abolished altogether as it has been abolished in England. In any case I see no justification whatever for the retention of the anomaly

whereby in many cases the same profits may be assessed company super-tax over and over again. (Hear, hear.) The Indian Taxation Inquiry Committee recommended many years ago that this anomaly should be rectified, and it is high time that the Government of India should give effect to this recommendation. We know the Finance Member has courage. Now is the time to use it and remedy these evils. The eventual effect would be to reduce revenue but rather to increase it by greater prosperity.

BURMA

Next year Burma is likely to be separated from India. I doubt whether there is any country in the world which suffered more than Burma from the depression of the past years. It is the economic weakness of the country that prosperity is bound up almost entirely with one commodity—rice. Burma exports more rice than any other country, and the best index of the well-being of the Burman lies in the price he can get for his "paddy." In the ten years ended 1929 the price was high, probably too high, but when the slump came the price dropped rapidly till, in the 1934 season, it had fallen to below Rs. 60 per 100 baskets. Such a price did not cover the cost of production, and the effect on the prosperity of the country, the finances of the Government was deplorable. I am glad to be able to tell you that in 1935 prices took an upward turn, and the latest price is approximately Rs. 85 per 100 baskets. This has done something to restore prosperity to the country. There have also been improvements in the price of certain commodities, notably in teak, rubber and tin. As a result the Government of Burma have at last been able to balance their Budget, and I hope brighter prospects are opening out for the country.

OTHER COUNTRIES

SIAM.—Siam's favourable trade balance shrank in value in 1934 to almost half of what it was in 1933. There was a considerable export of rice to India, and that country seems on the way to become an established market for Siamese rice.

BRITISH MALAYA.—Conditions in Malaya have continued to improve, due to higher prices for tin and rubber. The price of the latter recently touched 7½d., as compared with an average price of 3½d. in 1933 and 6½d. in 1934.

CHINA AND HONG-KONG.—The general position is not so obscure than it has been for some years, and the trade of the country is suffering considerably. The figures of the foreign trade of China for 1935 are given as: imports, \$919 millions, against \$1,029,000 in 1934; exports, \$575 millions, against \$535 million in 1934.

MAURITIUS.—The trade of the island substantially improved in 1935, due to the much larger sugar crop, which produced 280,000 tons of sugar—the highest on record—against 177,000 tons in 1934 and 260,000 tons in 1933. These improved figures were reflected in the business of our branch there.

SERVICES OF THE STAFF

In conclusion I would like to pay a tribute to the staff. No institution is better served by its staff at home and abroad. We owe our thanks to the chief manager, to the managers, to the chief accountant, and to all the members of the staff at head office. To the managers and to the staff of all our branches in the East we owe special thanks for their loyal work, often carried on under conditions of climate that are both difficult and trying. (Applause.)

Ladies and Gentlemen,—I have much pleasure in proposing the following resolution: "That the report of the directors, with the audited statement of accounts and balance sheet at 15th November 31, 1935, presented to this meeting, be and the same are hereby received, approved, and adopted, and that a final dividend on the 'A,' 'B,' and 'C' shares of the bank of 6 per cent. be paid, making 12 per cent. for the year, less income tax, as recommended in the report, and the same is hereby confirmed."

Sir Charles A. Innes, K.C.S.I., C.I.E., seconded the resolution, and it was carried unanimously.

RE-ELECTION OF DIRECTORS

Mr J. M. Ryrie.—Ladies and gentlemen.—A very pleasant duty has been placed in my hands, and that is to propose the re-election of Lord Catto and Mr Sheldford to the board, but, before doing so, I should like to acknowledge with gratitude the very kind remarks which Lord Catto has made in reference to my services

chairman. I am quite sure you will all wish to congratulate him warmly on his well-deserved promotion to the peerage for public services. (Applause.)

It was with great regret that owing to ill-health I felt it was time to retire from the chairmanship. The support and assistance which I received from Lord Catto as deputy-chairman and my colleagues, and also from Mr Steuart, made the work much easier than it would otherwise have been, and it also made the of a very agreeable nature. I wish particularly to stress the valuable help I received at all times from Lord Catto, and I am more than pleased to find that he, with his close acquaintance with India and his wide experience of banking generally, had agreed to succeed me. I therefore feel very happy about the prospects of the bank with Lord Catto as chairman and Charles Innes and Sir Thomas Smith as deputy-chairmen, the management being of such importance, I think we are fortunate in having as a successor to Mr Steuart, Mr J. B. Innes as chief general manager—(applause)—and I am quite confident that Mr Crichton will receive every assistance from Mr Innes and Mr Cruden as managers. (Hear, hear.) I have now much pleasure in proposing: "That in accordance with Articles 116 and 117 of the articles of the association, Lord Catto and Mr W. H. Sheldford, the directors retiring from the bank by rotation, be re-elected directors of this bank." Of Mr Sheldford I may say that apart from his other qualifications his intimate knowledge of Malaya is of the greatest value to the bank. (Hear, hear.)

Mr Charles Innes seconded the resolution, and it was carried unanimously.

The Chairman then proposed:—"That in accordance with Article 97 of the articles of association Sir Thomas Smith and Mr Steuart, who have been appointed directors since the last general meeting, be re-elected directors of this bank." He is sure that all of you who have had any connection with the bank will know Sir Thomas Smith's name and his eminence in all circles in that country. (Hear, hear.) It is to us a very great pleasure, and I am sure it will be a very great advantage to the bank, to have his services as one of the directors.

Mr R. Chalmers seconded the resolution, and it was carried unanimously.

Mr A. P. V. Cogar proposed and Mr R. G. Bamford seconded the reappointment of Messrs Cooper Brothers and Company and Messrs W. A. Browne and Company as auditors, and it was carried unanimously approved.

SIR ALFRED WATSON'S TRIBUTE

Sir Alfred Watson.—Lord Catto, ladies and gentlemen, that cannot wholly conclude the proceedings. I have to move: "That this meeting records its appreciation of the services of the directors and staff during the past year." Each year there falls to one shareholder the very pleasant duty of moving this resolution. Never was it better deserved than to-day. India has only partly recovered from the depression of the past, and the figures before us to-day could not have been achieved without devotion to the interests of the bank not only on the part of the directors but also by every member of the staff.

I am sure I shall have the concurrence of both directors and shareholders in warmly congratulating our chairman upon the honour conferred upon him this year. (Applause.) It came within a few months of his acceptance of the chairmanship of this bank. It is certainly *post hoc*; we should like to think that it was in a sense *propter hoc*. (Laughter and applause.) We recognise, however, that his peerage was conferred after a long range of national service very modestly given. (Hear, hear.)

He has had the privilege of knowing Lord Catto for a number of years. I met him first in India in days of political and commercial difficulty. The deepest impression that he left on my mind was his unquenchable courage and his refusal to be depressed by circumstances which he regarded as temporary, and also the inspiration he gave to those who served with him. Those are qualities of inestimable value in a commercial man. I have great pleasure in moving:—"That this meeting records its appreciation of the services of the directors and staff during the past year." (Applause.) Will somebody second that?

Mr Cogar seconded the resolution, and it was carried unanimously.

THE CHAIRMAN'S REPLY

The Chairman.—Sir Alfred Watson, ladies and gentlemen,—I am somewhat overwhelmed by the kind things that have been said about me, first of all by my old friend and colleague, Mr

Ryrie, and then by Sir Alfred Watson. I thank you all for the kindly way in which you received this vote of thanks, but the men who really deserve your thanks are not the chairman, the deputy-chairmen, or the members of the board. We guide, but the men who really run the bank are those who in London and in the East work day by day and deal with the problems that arise.

My colleagues and I do our best, and I can assure you that I do my work as chairman not for the modest fee which that position carries, but because it is a happiness to me to be of help to the bank, and above all to contribute what I can to help the interchange of trade between this country and the East, and especially with India, by providing adequate banking facilities.

The proceedings then terminated.

BRITISH ALUMINIUM COMPANY, LIMITED

INCREASED PROFIT—LARGER TONNAGE MARKETING

The ordinary general meeting of the British Aluminium Company, Limited, was held, on the 31st ultimo, at Winchester House, London, E.C.

Mr R. W. Cooper, M.C., J.P. (the chairman), said that the total profit of £486,448 was greater by £97,270, but the trading profit had increased by £102,555, there having been a reduction in interest receipts. The further reduction in prior charges accounted for the greater part of the increase in the profits, but the balance was due to their having marketed a rather larger tonnage of aluminium. The volume of metal imported into the country was considerably larger than in the previous year, and competition had been thereby intensified.

The popularity of cycling had evolved a new type of rider who was not content to expend his energy pedalling unnecessary weight, and the day might not be far distant when the all-aluminium bicycle would become a standard commercial production.

SHIPBUILDING ACTIVITY

Activity in shipbuilding was a favourable feature, because both in naval and merchant vessels their metal was incorporated. As to others of the old-established applications of aluminium, its use in the electrical industry continued steadily. A rather newer application, the use of "anodised" aluminium in architecture and decoration was making considerable progress. Their sales for decorative purposes were expanding and the business was not confined to work on land, the new P. and O. liner "Strathmore" being one example of the aluminium decorative schemes included in a number of the latest first-class vessels. It was also no longer a secret that the "Queen Mary" likewise incorporated aluminium decorations in certain of her public rooms. In efficiency in reflection of light or radiant heat aluminium was essentially superior to other metals that had hitherto been generally adopted and a new process of the company enabled the high efficiency of the reflector surface to be maintained indefinitely, and they anticipated an extended use in this field.

Their various works had operated satisfactorily throughout the year, and Lochaber Works continued to realise the directors' expectations, the whole of the power plant having worked to full capacity for the first time last year. He wished to make it clear that they had no surplus water available for any other purpose than availing themselves rapidly of any increase in the demand for aluminium as it arose, beyond possibly a restricted supply for a limited period.

BURDEN OF LOCAL RATES

In connection with the Lochaber Works he had to record the addition of a financial burden by reason of a large addition to the valuation of the Works and considerable increase in local rates. The gross valuation had been increased from £7,575 to a gross valuation of £143,816, subject, so long as the Derating Act operated, to the deduction allowed in arriving at the net rateable valuation. The valuation of lands and heritages in Scotland was based on an Act of 1854, when hydro-electric works were unknown, and it appeared anomalous that to-day tunnels, dams, conduits and other costly civil engineering works should be rated on the same basis as industrial buildings.

A change in the law was overdue, and failing such a change no further hydro-electric development was likely to take place in Scotland.

Trading this year had commenced favourably, and they had every hope that it would continue to maintain at least the same volume as in last year.

The report and accounts were unanimously adopted, and a dividend of 7½ per cent. on the ordinary shares declared.

NATIONAL BANK OF INDIA, LIMITED

SATISFACTORY RESULTS—DIVIDEND OF 18 PER CENT.

MR. R. LANGFORD JAMES REVIEWS TRADE CONDITIONS IN INDIA

The ordinary general meeting of the National Bank of India, Limited, was held, on the 31st ultimo, at the Wesleyan Hall, Bishopsgate, London, E.C. Mr R. Langford James (deputy chairman) presided, in the absence through ill-health of the chairman, Sir Charles C. McLeod.

The Chairman, in the course of his speech, said: From the accounts you will have observed that the capital and reserve fund remain unaltered. Current, fixed deposit and other accounts at £29,382,940 are higher by £679,898 than they were at the end of 1934. Bills payable are less by £95,931, and acceptances for customers are higher by £56,955. On the assets side, cash on hand, money at call and at bankers, together with bullion, total £4,608,315, or £538,826 higher than a year ago. Indian Government Rupee Securities at £5,021,262 show but little change. British Government and other sterling securities at £9,789,004, are higher by £266,826. House property account is less by £50,000, which sum was provided out of profits last year. Bills of exchange at £4,427,068 are up by £146,340, and discounts, loans receivable, etc., at £10,283,643 are down by £231,953.

The net profits for the year amount to £457,568 18s. 11d., as against £460,309 15s. 8d. for the previous year, which, with the sum of £250,099 13s. 8d. brought forward, provide a sum of £707,668 12s. 7d. available for disposal, and, considering the difficult times we have been passing through, I trust you will consider the result of the year's working as satisfactory. We have already paid an interim dividend at the rate of 18 per cent. per annum, less income tax, absorbing £180,000, and we now propose to pay a final dividend at the same rate, costing £180,000; to add £50,000 to the staff pension fund, to place £50,000 to contingencies account, and to carry forward £247,668 12s. 7d. I trust that you will approve of our recommendations. I may add that all bad and doubtful debts have been fully provided for.

MONEY RATES

Money was in fairly good demand, although at low rates, during the first half of last year, particularly in Bombay, where funds were required to finance large stocks of silver, etc., but subsequently this demand fell away and for some time past money has been almost unobtainable. This, together with the prevailing restrictions on international trade, which are reflected in our exchange business and the substantial fall there has been in the return on our investments, both here and in India, are, of course, very important factors in the profit-earning capacity of the bank which you will no doubt bear in mind. Prospects are definitely far from bright, and the best for which we can hope is that, in the centres in which we are established, we shall continue to attract a fair share of what business is passing. That this will be the case I think you may rest assured, and I say this with the greater conviction in that I have just returned from a visit to India and Ceylon where I have had an opportunity of seeing the bank's business in action at a number of important centres.

The figures for the sea-borne trade of India for the past year show some improvement on those for the previous year. Exports of merchandise, including re-exports, were valued at Rs. 161 crores, being an increase of Rs. 9 crores over those of 1934. Imports were valued at Rs. 136 crores, also an increase of Rs. 9 crores. Exports to the United Kingdom were valued at Rs. 47 crores, as against Rs. 48 crores in the previous year, and imports from the United Kingdom were valued at Rs. 53 crores, as against Rs. 51 crores in 1934 and Rs. 47 crores in 1933. The favourable balance in merchandise was Rs. 25 crores, the same as in 1934, and the total balance of trade in favour of India was increased to Rs. 72 crores by net exports of gold valued at Rs. 44 crores, and of silver valued at Rs. 3 crores.

GOLD AND SILVER

Gold was exported to the extent of 4,732,000 oz. of a value of about £167,000, as against 6,685,000 oz. of a value of £45,000 in 1934. The total of gold exports from India from September, 1931, up to December 31, 1935, amounted to 32,183,000 oz. of a value of about £200,000,000. This leaves a net balance of gold imported into India from April 1, 1910, up to the end of last year of 43,641,000 oz. The position prior to that is somewhat a matter of guesswork. The silver market in India was much more

active than it has been for some years, on account of speculation due to a material rise in price. Spot silver stood at 24½ d. ounce at the beginning of the year, touched 36½ d. on April and closed at 22½ d. at the end of the year. Private import silver bullion, apart from silver coin, were valued at Rs. 1,17,00,000, and exports at Rs. 3,45,00,000. The Government of India also exported silver bullion to a value of Rs. 6 crores.

Having referred to speculation in silver in Bombay, and as may have read in the newspapers some time ago that considerable sums were lost by certain operators in the silver market there may not be out of place to mention that this institution was involved. It is not the business of this bank to finance speculative transactions, and though at times we have to see men going past us on that account, we set our faces resolutely against any participation in such risks and we are satisfied that the policy we pursue is to the advantage of our shareholders.

Bengal was hit last year by the weather, a poor monsoon, excessive flooding at times. Generally speaking, however, monsoon was a fair one, and India maintains her rate of recovery from the worst days of the trade depression. Although in 1935 exports were valued at Rs. 161 crores only, as compared with Rs. 407 crores in 1925 and a pre-war average of Rs. 224 crores there has been a progressive increase in value during the past years, the figures for 1932 to 1935 having been in crores of Rs. 138, 147, 151 and 161.

INDIAN TRADE OUTLOOK

The Finance Minister, when introducing the Indian Budget to the Assembly on February 28th, expressed an optimistic view of the prospects for the next few years. For the fiscal year 1936-37 the revised estimates showed a surplus of Rs. 242 lacs, against an original estimate of Rs. 6 lacs, and the estimates for the 1936-37 show an anticipated surplus of Rs. 205 lacs. These figures are very satisfactory, indicating as they do that the financial position of the country is sound. For the fiscal year ending to-day the Government came into a windfall of about Rs. 10 lakhs in the receipts from the import duty on sugar, which was in excess by this amount over the estimate of only Rs. 175 lakhs that source. Gold and silver have continued to help the position, and though exports of the former have declined, there is a great reservoir of imported gold in the country.

The principal event of the purely banking world in India of the year was the coming into being of the Reserve Bank of India on April 1st when that institution took over the paper currency department of the Government of India. On July 1st it commenced the functions of a bankers' bank when it became necessary for the other banks, commonly described as scheduled banks, to keep a percentage of their deposits with the reserve bank. These deposits no interest is paid to the depositors, and in normal times this would represent a not inconsiderable loss to the scheduled banks. At present, money being in such small demand, this loss is not important.

Last year jute, raw and manufactured, took first place in the exports from India with a value of Rs. 36,61,00,000, as against Rs. 31,20,00,000 in 1934. The exports of raw jute increased in value from Rs. 10,25,00,000 to Rs. 13,43,00,000, and of jute manufactures from Rs. 20,95,00,000 to Rs. 23,17,00,000. The quantities were higher in both cases, as also were prices. The export duty collected amounted to Rs. 3,81,00,000, as against Rs. 3,32,00,000 in 1934.

POSITION OF JUTE INDUSTRY

The jute industry is at present in a somewhat uncertain state. The member mills of the Indian Jute Mills Association, some years ago, resorted to working short time, only 40 hours a week, and sealed up 15 per cent. of the Hessian looms, in an attempt to keep the supply of manufactured goods within the demand. This has led to the erection of new mills, outside the association, which are working without any restrictions whatsoever.

This outside competition has become so serious that the Jute Mills Association—with which are associated, as signatories to the short-time agreement, certain of the "outside" mills—approached the Government of India with a request for legislation to protect the industry. This request has been refused and the

outlook for the whole industry in Bengal is not encouraging. It is greatly to be hoped that some solution of the difficulty will be found, once the outside mills have felt the pressure of reduced output represented by the unsealing of all looms and an increase in the working hours of the association and allied mills to such an extent, which is to come into force to-morrow. Jute is virtually monopoly of Bengal and its adjacent provinces, and in view of its universal use as a container it should not be an impossible task for this important industry, possibly with help from the Government, to evolve some scheme for profiting from what is almost, if not quite, a unique position. While the imposition in many countries of tariffs—to protect local mills spinning jute—probably means the definite loss to the mills of these markets, the position is not helped by the imposition of an export tax on the manufactured article by the Government of India while the Government of Bengal, with the view of protecting the jute-growing peasant from too low a price for his produce, has been and is prosecuting a vigorous campaign to restrict sowings.

COTTON PROSPECTS

Exports of cotton and cotton goods came next to jute, with a value of Rs. 34,70,00,000, or a decrease of Rs. 90,00,000 compared with the previous year; 3,144,000 bales of raw cotton, of a value of Rs. 31,85,00,000, were exported, as against 3,424,000 of a value of Rs. 33,14,00,000 in 1934. Prices were generally higher. Cotton manufactures were exported to a value of Rs. 2,85,00,000, as against Rs. 2,46,00,000 in 1934; 10,000 bales of raw cotton were exported to the United Kingdom, against 361,000 bales in 1934, and 1,709,000 bales were exported to Japan, as against 1,844,000 bales in the previous year. Exports of raw cotton showed a large increase, from 626,000 bales in 1934 to 1,000,000 bales. The value increased from Rs. 3,93,00,000 to Rs. 11,80,00,000. Imports amounting to 253,000 bales from East Africa showed an increase of 96,000 bales.

Exports of cotton piece goods and yarns were valued at Rs. 85,00,000, as against Rs. 20,39,00,000 in 1934. Imports from the United Kingdom showed a falling off of Rs. 1,66,00,000, from Japan an increase of Rs. 31,00,000. The import duty on raw cotton amounted to Rs. 60,62,000, as against Rs. 1,98,000 in 1934; on piece goods Rs. 5,39,00,000, against Rs. 1,96,00,000, and on yarns Rs. 39,34,000, as against Rs. 6,60,000.

Imports of Indian cotton into this country show a satisfactory increase, the value in 1933, 1934 and 1935 having amounted to Rs. 1,000, £3,117,000 and £3,493,000 respectively. There is in the country a generally expressed hope that the United Kingdom will materially her purchases of raw cotton from India, and it is unreasonable to presume that, by so doing Lancashire would diminish her case for considerate treatment in the matter of the export of her goods into India. The position of the Bombay cotton mills is still far from satisfactory and but few of them are working at a profit nowadays. Imports of goods from Japan are recovered by an ad valorem duty of 50 per cent. in addition to the quota imposes a limit on the quantity that country may import into India. It is not so much, therefore, competition from Japan that is affecting the results of the working of the Bombay mills as the fact that the industry is becoming decentralised. Practically wherever cotton is grown new mills are being erected which purchase their raw cotton on the spot and sell their goods locally. This would appear to be a condition of affairs that has come to stay, and undoubtedly it presents a serious problem for our mill-owners in Bombay.

TEA AND RUBBER

The regulation scheme for controlling exports of tea is entering shortly on its fourth year, and the International Tea Committee have decided that the 1936-37 quota for export shall remain 82½ per cent. of the standard export. The scheme has had the desired effect of reducing stocks to a more reasonable level. At the end of September 31 last they stood at 265 million lbs., as compared with 302 million lbs. at the end of the previous year. The exports of tea from India last year amounted to 324,700,000 lbs., valued at Rs. 20,07 crores, as against 320,320,100 lbs., valued at Rs. 20,41 crores, in 1934.

While prices have been on a level which, under normal working conditions, would not be unsatisfactory, it has to be remembered that restriction increases materially the cost of production and consequently 1935 profits are likely to be on a modest level. The fall in stocks and the knowledge of the extent of the imports that can be expected from regulating countries appear to have encouraged exporters, with the result that there has been some improvement in market conditions since the turn of the year.

As regards rubber, the average price for 1935 was 6d. per lb., against 6½d. per lb. for 1934, but the market has of late shown an improving tendency.

The total exports from Eastern ports last year amounted to 855,083 tons, whereof 68,595 tons were exported from Ceylon, India and Burma. The comparative figures for 1934 were 1,003,000 tons and 90,500 tons respectively. It would appear, therefore, that the international restriction scheme is beginning to take effect.

In Ceylon the tea industry is enjoying moderate prosperity, while prospects for rubber growers show improvement. So far as the native population is concerned, by far the most important product is the coconut and the recent improvement in the market for copra is very welcome, coming, as it does, after an extended period of depression.

CONDITIONS IN EAST AFRICA

Conditions in East Africa can scarcely be said to have shown much improvement during the past year. Maize, which at one time was looked upon as an industry with a future before it, is now unprofitable to cultivate generally speaking, owing to the large production in the Argentine and consequent low prices which prevail. Coffee has not been doing too well, owing to unfavourable climatic and market conditions. Sisal, however, has shown a remarkable recovery in price, and those growers who were able to maintain their planting during the lean years which they have passed through, are now able to make quite satisfactory profits. Gold mining may be said to be only in its infancy so far, but encouraging reports come from Tanganyika. The cotton crop in Uganda mounted to 247,000 bales, as against 279,000 bales in 1934, and this season's crop is expected to be about 300,000 bales. Nearly all of this crop is exported to India.

THE OUTLOOK

I mentioned, at the beginning of my remarks, that I have just returned from a visit to India, and you may be interested, perhaps, to have my impressions. Many people, Indians included, were inclined to doubt the advisability of thrusting on that great country the present system of popular government, and it is at least open to question whether some system better suited to people who from time immemorial had been accustomed to autocratic government could not have been evolved. However that may be, the responsible European community in India, whether official or commercial, has striven from the outset to make the reforms a success. Having been a member of the Bengal Council from the inception of those reforms, until my return to this country in 1923 and having been in close touch therefore with Indian sentiment, it was peculiarly interesting to me to see the advance that has been achieved in the interval. I think that in the early days of the reforms Indians as a whole could scarcely resist the thought that there must be a "catch" somewhere about these concessions, which were being presented to them, and it is a matter of common knowledge that many charges of base motives were levelled at this country by the extremists. Gradually, it seems, these suspicions are dying, and it is being recognised more and more that our motives are what we have always claimed for them, entirely honest. This recognition has had its natural effect. European and Indian are being drawn closer together, and while what I have said regarding the reforms refers particularly to those who take politics seriously, the repercussions, as you will appreciate, are felt in the business world. I have come back with the feeling that relations in India have improved definitely in the past few years, and I view the future with great hope. Doubtless there are and possibly there always will be "diehards" on both sides, but they are of little account when mutual good will pervades the mass of the races.

TRIBUTE TO THE STAFF

Let me conclude by assuring the staff, from the latest joined recruit to the general manager, that we—and I know you too—appreciate the good work they do for the bank, many of them under anything but pleasant conditions climatically, and in thanking them once again for their efforts on our behalf I should like to assure them that this is no perfunctory expression of our sentiments. That we have an excellent staff in the East is proved, not indeed that any proof is required; by the many remarks on the subject made to me during my tour by people brought into touch with our men. We know our staff at headquarters sufficiently well to render any such testimony unnecessary.

The report and accounts were unanimously adopted, and a vote of thanks to the chairman, directors, general manager and staff terminated the proceedings.

CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA

IMPROVED RESULTS

DIFFICULT TRADE CONDITIONS

SIR W. FOOT MITCHELL'S REVIEW

The eighty-second ordinary general meeting of the shareholders of the Chartered Bank of India, Australia and China was held, on the first instant, at the bank's premises, 38 Bishopsgate, London, Sir William Foot Mitchell presiding.

Mr A. H. Ferguson (chief manager) having read the notice convening the meeting and the auditors' report,

The Chairman said: Ladies and gentlemen,—As one of the senior directors of the bank, I have been asked by my colleagues to preside at this meeting in the unavoidable absence, due to illness, of Mr Willis, our chairman. In January this year your directors invited Mr M. M. S. Gubbay to join our board, and you will be asked later on to confirm this appointment. There is one other item of domestic interest—namely, the retirement on pension of Mr Crockatt, our late chief manager. Mr Ferguson, who has had a long and varied experience of the bank's business in the Orient, has been appointed chief manager.

THE BANK'S BALANCE SHEET

In accordance with our usual practice, I propose to make a few comments upon the balance sheet. The total figures compared with 1934 show a decrease of just over £2,000,000, but it is only necessary to point out that the accounts of our agencies in the East are kept in their various local currencies, and in converting these into sterling, the latter will vary with the ruling rates of exchange. As you are aware, the silver exchanges, especially in Hong Kong, have fallen severely during the past year, and this fall in value accounts for the decrease in the sterling total of the balance sheet.

Turning to liabilities, current accounts and fixed deposits, which form, so to speak, the foundation of our business, show only small decreases, but, as explained above, this is a matter of exchange. Loans payable show a decrease of about £1,580,000, but this item must show considerable variation when we realise that often a large portion of these loans borrowed in the cheapest market available is required by our widespread agencies to finance exchange operations only when they can be made to show a profit.

Upon the assets side the changes are more numerous; cash in hand and at bankers shows a reduction of almost £1,500,000—a more normal figure—and in this connection I would explain that, in accordance with an ordinance of the Hong Kong Government passed last year, we were compelled to hand over to them the silver dollars held locally in accordance with our charter, as cover for our note issue, in exchange for that Government's certificates of indebtedness. Bullion on hand and in transit shows a reduction of £1,120,000 approximately, reflecting smaller movements of gold and silver between the countries in which we operate at the date of our balance sheet as compared with a year ago. Government and other securities show an increase of just over £2,000,000, an increase caused solely because there is at the moment no other available outlet for our resources.

PROFIT AND LOSS ACCOUNT

Turning to the profit and loss account, it is pleasing to be able to show, in spite of all these difficulties, an increased profit for the year of over £32,000.

Here I would refer you to the alteration in the wording of the profit and loss account, and in connection therewith I would remind you what the Chairman said last year with regard to a loss which occurred after the close of our financial year. He said: "I do not anticipate future profits will be affected by this failure."

The wording now adopted covers the transfer required to meet the loss referred to, as far as it is ascertainable at the moment.

Including the amount brought forward from last year of £177,394, the net profits for the year amount to £676,037. The interim dividend, paid in September last absorbed £210,000, leaving £466,037 16s. 1d. to be dealt with.

We propose to pay a final dividend of 14 per cent. for the half-year, to allocate £50,000 to the officers' pension fund, to

utilise £25,000 in reduction of bank premises, and to forward the balance of £181,037 to next year.

WORLD TRADE

You will have gathered from a perusal of the chair speeches at the annual general meetings of the big British that the recovery in domestic trade—which during the past year or so has principally revolved round the building-trade and ancillary industries—has been well maintained.

A welcome activity in steel and shipbuilding became apparent towards the end of last year, and this activity should in volume in these and their allied industries when the Government's new rearmament programme is put into full effect.

Due to the many quotas, exchange restrictions and currency troubles throughout the world, international trade, I am to say, has not shared in prosperity to the same extent as domestic arena.

As was pointed out in the Press the other day, the overseas trade of the United Kingdom for 1935 was £800 millions less than in 1929, and a good deal of this tremendous shrinkage may be laid at the door of the numerous restrictions to which it is just called attention.

It must be obvious, therefore, that the British overseas and the shipping companies, which depend so largely on international trade, are the worst sufferers from the many obstacles now put in the way of the free movement of goods through the world.

The competition for the exchange on the restricted trade is keener than ever, and margins are now whittled down to a fine point that, at the end of the year when we can strike a balance, the result is often very disappointing indeed.

It says much, therefore, for the acumen and capability of our overseas managers that their operations continue to enable them to maintain our present dividend.

The British Government's declared policy, as you know, is to try to arrive at mutual agreements between the various countries in the world with a view to the revival of international trade, but that they are finding many obstacles in their path, without saying the principal one being currency uncertainty, is a fact of the world over.

ESSENTIALS TO RECOVERY

I regret I can see little hope of a revival in world trade until returns to the Councils of the Nations, and to artificial bolstering of crops and industries—the product of which would be quite uneconomic without this assistance—way to a more rational policy of apportioning the production of goods to the countries which are best suited to produce them.

I am afraid, however, in the present temper of the world, time is some distance off, but it should be the aim of all of us who are interested in world trade to-day to do everything possible to assist the attainment of the object I have just mentioned.

In his speech last year Mr Willis dealt very fully with regard to trade in general in the various countries throughout the East, where this bank is represented, and the reviews received from our Eastern managers at the end of last year indicate no material change in the situation. I shall, however, endeavour to give you a short review of other matters of importance in which the bank is interested.

INDIA'S FUTURE

The Government of India Bill, which was recently passed, marks a great advance towards the solution of India's difficulties. At the moment, India is one of the countries which might be described as relying on self-sufficiency, and only a very small proportion—about 8 to 10 per cent.—of her total production is exported. Her economy is still overwhelmingly agricultural, and must so continue; although it took a considerable time for the slump to affect the Indian cultivator, his income during the past four years or so has steadily declined, with the result that pur-

chase of consumption goods have only been accomplished by recourse to the money-lender, or trenching on savings, which, from ancestral custom, have taken the form of hoarded silver and ornaments in these metals.

Exports of gold from India, since the United Kingdom went off the gold standard in 1931, have now reached the astonishing figure of £203,000,000; the phenomenal rise in the price of silver last year, due to America's silver policy, had the result of making large exports of the white metal from India to the world market—for the year 1935 the figure being 32,000,000 ozs. In Government finance continues to be very skilfully handled. There have been balanced Budgets now for several years, and the credit of India is higher than ever, while the glut of money—which is such a marked feature of the financial situation in this country—has resulted in interest rates which are nearly as low as in London.

Reference has been made from time to time with regard to the use of Indian cotton, and it is interesting to note that the United Kingdom imports of Indian cotton in 1934-35 amounted to 394,000 bales, compared with 350,000 bales in the preceding season and 230,000 bales in the year 1932-33.

Textile mills in Lancashire have now made adjustments to their machinery and equipment to enable them to use Indian types of cotton, and a large number of new market connections have been opened.

This is of comparatively recent growth, and now that Lancashire has shown this "beau geste" it is to be hoped that on her part may see her way to reciprocate by giving preference to the higher grade goods which she does not produce herself, but which Lancashire, by reason of her long-established technique, has made popular among the well-to-do in the peninsula.

CHINA AND SILVER

Mr Willis, in his speech last year, referred to China's currency problems and to the steps taken by the Chinese Government to meet the effect of the rising silver prices upon exchange quotations. At the same time the Government had endeavoured to avert a serious depletion of the country's monetary and financial resources by imposing an export tax on silver. Illicit trade, however, continued on a large scale. Currency scarcity, aggravated by the uncertainty of exchange, caused an abnormal rise in rates of interest, with consequent heavy falls in real values and in all investment securities. This in turn affected the stability of the smaller Chinese banks and financial institutions and some failures occurred.

On November 3 last the Government of China issued a currency law, the main provisions of which were:—The nationalisation of all stocks of silver, including those of private banks, and prohibition of the use of silver as a means of payment.

By making the notes of the three Government banks full legal tender, and by attaining the stability of the exchange level of the Chinese through the Government banks buying and selling foreign exchange in unlimited quantities at certain fixed differences.

Through the sliding scale arrangements in force a year before that China's currency had become detached from silver, and of decree nisi, the above pronouncement indicated that China had absolutely divorced herself from silver, but that she had adopted a managed currency.

For many centuries silver had been a very intimate factor in China's economic structure, although we have the strange anomaly that China is not a producer of that metal. Nevertheless, China had come to look on silver as her standard of value; it had been the medium of settling deficits and surpluses in her overseas trade, and the surplus wealth and the savings of her people had been invested in the metal as a matter of course.

It is naturally not without misgivings that we view this momentous change to a managed currency instigated by her Government. The principal reasons for these misgivings may be briefly summarised:—

- (1) The Budget remains unbalanced.
 - (2) Customs duties and other Government revenues are declining.
 - (3) The political situation in North China is very unsettled.
- The heavy import duties which have been imposed on a variety of commodities have had the effect not only of raising prices to such an extent that consumption has been curtailed, but also of making smuggling more attractive. Government revenue has consequently suffered.

It is, therefore, very necessary for the Government, to take steps either to augment their income, which may be difficult, or to effect radical economies in expenditure.

The great essentials for the success of a managed currency are integrity of the Budget and an efficient Currency Board or Reserve Bank which will effectively oppose demands for inflation in any form or disguise. Only thus can complete confidence in a paper currency be fostered and maintained.

A severe fall in the world price of silver would, of course, prejudicially affect the value of the silver reserves held against the note issues and might necessitate a readjustment of exchange parities. That in itself need not, however, adversely affect the scheme.

The present stabilised rate of exchange on a low level has already given a stimulus to the export of China produce, so that China's balance of trade shows a more favourable tendency in recent months.

In view of the close trade relationship between China and Hong Kong it was inevitable that the Hong Kong Government should follow China. Silver stocks held by the banks in Hong Kong have been taken over by Government and the exchange value of the Hong Kong dollar has been allowed to fall in closer approximation to the Chinese dollar.

The Hong Kong Government have not yet, however, announced the rate of exchange at which they are prepared to stabilise the local dollar. In order that there may be an alignment between the two currency units, it is only natural that Hong Kong should wait for China to give a fixity value to their dollar which savours of permanency.

PROSPECTS OF RUBBER

The production of rubber, as you are all aware, is controlled by an international committee under a scheme which was started in June, 1934, and which embraces all the principal producing countries. Taking all the many difficulties into consideration, I think it can be said that much good progress has been made towards placing the planting industry on a sound and healthy basis.

The year 1935—the first complete year of control—was a rather disappointing one from the producers' point of view, as the average price over the twelve months was only 6d. per lb., the highest price reached being 6½d., and the lowest 5½d. Moreover, in order to achieve this price, it was necessary to decrease production by 5 per cent. during each succeeding quarter of the year from 75 per cent. for the first quarter down to 60 per cent. for the last—an average production of 67½ per cent. over the whole year. A much more cheerful note can be discerned when the relative position of supply and demand at the end of last year is examined. Here we find that the recorded stocks of rubber in the world have declined during 1935 by about 100,000 tons, while consumption has been well maintained, and in some quarters notably increased.

Since the beginning of this year the price of rubber has risen to the neighbourhood of 7½d. per lb., and the prospects for 1936 are much more encouraging.

Siam has been passing through a very difficult period during the past few years, but the finances of the country continue to be well managed.

Our business in the Philippine Islands has been well maintained during the past year, and we continue to finance our fair share of the principal exports of the islands—namely, sugar, copra and hemp.

JAPAN

Japan's record of recovery and trade expansion since she abandoned the gold standard continued during 1935. Money was cheap, foreign exchanges steady, and exports reached the highest point in her history. Commodity prices continued to rise slowly, but this welcome improvement did not affect raw silk.

Alongside this record of trade expansion and recovery there was a continuance of heavy armament expenditure, but the gap in the budget (defence now accounts for 46 per cent. of Japan's expenditure) was met by domestic loans, which continue to be absorbed without any apparent difficulty, but one begins to wonder when saturation point will be reached.

An increase in the price of raw cotton would, I think affect Japan more seriously than Lancashire, owing to the greater devaluation of the yen, but this again would probably be offset by the steady and ample supplies of intelligent labour which Japanese industrialists have at hand, and to the lower standard of living of the workers. The continued depression on the land forces a steady flow of labour from the farms to the factories, which prevents wages from rising, and the main food of the workers, which is produced in Japan, is still comparatively cheap.

The report and accounts were unanimously adopted.

LONDON LIFE

CLERGY MUTUAL AND METROPOLITAN

FUNDS NOW £27,430,000

THOROUGHLY HEALTHY POSITION

GROWTH OF NEW BUSINESS

THE MINIMUM PREMIUM PLAN

MR REGINALD B. JACOMB'S ADDRESS

The ordinary general meetings of the London Life, the Clergy Mutual and the Metropolitan Companies were held, on the 1st instant, at 81 King William Street, London, E.C.4, Mr Reginald B. Jacomb (President of The London Life Association, Limited) being in the Chair.

In moving the adoption of the Report and Accounts, the Chairman said:—I have first to call your attention to the increase in the Total Funds to £27,430,000. Only two years ago I commented on the fact that the round figure of £25,000,000 had been passed, and we are thus nearly half-way towards the next milestone, namely Total Funds of £30,000,000.

ALTERATION OF VALUATION BASIS

The most important domestic event of our year has been the alteration in the Valuation Basis. Last year I indicated that a change in the rate of interest assumed was in contemplation, and we have now reduced the rate from 3½ per cent. to 3¼ per cent., the mortality as before being assumed to follow the Eastern Counties Rural Districts Table. As a net rate of interest of 4½s. 9d. per cent. was earned in 1935 on the Valuation Liability, there is a substantial margin of 15s. 9d. per cent. over the revised valuation rate. This margin is higher than would normally be required for a Bonus Reserve valuation, but the events of the last few years and the uncertain outlook ahead indicate that estimates of future interest earnings must be made with great caution.

The position in regard to Income may, in all the circumstances, be described as thoroughly healthy. The Annual Premium revenue has improved by £43,000 to £1,801,000, while the gross Interest revenue is up by £32,000 to £1,254,000. The latter increase should, I think, be regarded as particularly satisfactory in view of our investment difficulties.

The Expense Ratio was 45s. 7d. per cent. of the premiums, or 2d. per cent. less than last year. The mortality experience was again favourable in relation to the Eastern Counties Rural Districts Table upon which we base our valuation.

INCREASE IN SUMS ASSURED

The Sums Assured under new Life Assurance contracts effected during the year were for £2,805,000, representing an increase of £302,000 over the previous year. The tendency for the proportion of non-profit business to diminish has continued.

The Directors are particularly gratified by the response given to the reintroduction of the Minimum Premium plan. During its first complete year, assurances for nearly £200,000 have been completed. I feel confident that this figure will be largely exceeded when the advantages of the plan are more widely known and appreciated. The scale of premiums does not exceed the average of rates charged by other companies for similar non-participating contracts, and yet there is participation in profits by way of reduction of premium, which, starting in a small way at the end of seven years, may become very substantial in later years.

The older Reduction of Premium plan, of which the Minimum Premium plan is an offshoot, is still popular with intending policyholders, but, in view of the undoubted attractions which it offers, it is a matter of some surprise to the Directors that the volume of business written is not larger. If we take the typical case of a young married man of 30, the Annual Premium for an Assurance of £1,000 payable at death is exactly £30. This premium is subject to substantial and increasing reductions after the first seven years, and it is anticipated that in 25 to 30 years it will have ceased altogether by the rate of reduction reaching 100 per cent.

ADVICE TO YOUNG MAN

Now the point I would like to emphasise is that this young man has a reasonable expectation that, however long he may live, his total premium payments are not likely to exceed about

one-third of the Sum Assured. I am purposely putting contract, from an investment point of view, in its least favourable light, for clearly, if death occurs at a young age, a much proportion of the Sum Assured will have been spent in pre-
I know of no other form of investment where a man can, by making annual savings, have equally good conditions of securing, as a minimum, a figure approaching 2 per cent. appreciation on such savings for the benefit of his and family.

REDUCTION OF PREMIUM FUND

The total surplus of the year, excluding investment was £501,800. In the case of the London Life Reduction of Premium Fund the Directors are glad to be in a position to declare an increase of three in the rates of reduction follows five successive years in which increases of two have been declared, but it was never contemplated—even under the unfavourable conditions—that increases should invariably be limited to two. The Reduction of Premium Fund is in a position and, without looking too far ahead or making promises, the Directors anticipate that it should be possible to give three or four increases of three during the next dozen years.

The Reversionary Bonus Fund has had to provide a very large amount for strengthening of its valuation basis, but in this the Directors are again able to declare a Reversionary Bonus of 35s. per cent., calculated upon Sums Assured existing Bonuses.

You will remember that this Fund was started on July 1, 1914, and that almost immediately it became involved in all the difficulties and uncertainties created by the Great War. From a severe test it emerged successfully, and it has continued to make rapid strides ever since, until now, after a life of only 22 years, the Fund amounts to well over £5,000,000 and the total Sums Assured with vested Bonuses to over £11,000,000.

REMARKABLE GROWTH BY BONUS ADDITIONS

It may interest you to know that a policy for £1,000 in 1914 and still in force will have increased by bonus to nearly £1,500 upon its anniversary in 1936. This adds practically 50 per cent. to the original amount of £1,000, which is equivalent to the result which would have followed level rate of Bonus of 44s. per cent. throughout, *calculate the Sum Assured alone*. Over the period in question this is an excellent comparative showing, when due allowance is made for the exceptionally low rates of premium charged by the Association for these contracts.

For Clergy Mutual policyholders we have again declared a Bonus of 44 per cent. for Whole Life and Endowment Assurances with an increase for Whole Life policies of 4s. for each year attained over the age of 65. This makes the fourth successive year that a bonus on this scale has been declared, but it is fairly evident that, in the absence of a marked change in the situation, the average bonus rate over the next few years is to be nearer 43s. 10s. per cent. than 44s. per cent., subject of course to corresponding increases for ages over 65 in the case of Life policies.

METROPOLITAN'S CENTENARY

The celebration by the Metropolitan of its centenary during 1935 was thought by the Directors to justify a special distribution provided that circumstances were favourable. The Board has declared a special increase of ten in the rates of abatement which compares with four in each of the two preceding years. Metropolitan Members will, of course, bear in mind that this year's distribution is exceptional in character. There are, however, good grounds for anticipating that they will continue to receive yearly increases of not less than four for some years to come.

I hope that the facts and figures which I have been able to lay before you may speak for themselves, and that no further words of mine are needed to convince you of the inherent stability and continuing prosperity of the three Offices.

The Report was adopted, other ordinary business was transacted, and the proceedings terminated with a vote of thanks to the Chairman.

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

THE HALIFAX BUILDING SOCIETY

SUBSTANTIAL DEVELOPMENT AND PROGRESS

SIR ENOCH HILL'S ADDRESS

Eighty-third annual general meeting of the Halifax Building Society was held, on the 30th ultimo, at Halifax, presided over by Sir Enoch Hill, J.P., F.C.I.S., president of the society.

The president, in proposing the adoption of the annual report and statement of accounts, said:—Turning to the operations of the society, the figures show that the total number of new accounts in all departments was 101,210, showing that new investors or depositors joined the society at the rate of approximately 2,000 per week. After allowing for withdrawals, the total number of investors' and borrowers' accounts open at the end of the year was 659,509, an increase of 37,186 accounts.

Total receipts for the year, excluding the amount received by way of redemption of investments, amounted to the large sum of £1,486,000, and the share and deposit funds have increased by £113,000, and now amount to £103,374,717.

The demand for new mortgage loans was exceedingly satisfied and the directors had to deal with a phenomenal number of applications for advances, mainly for the purpose of buying or building houses for the personal occupation of the borrowers. The number of new mortgages granted was 35,166, and the total amount advanced £21,712,318, which is a total not previously

reached. The amount now due upon mortgage securities stands at £328,000, an increase in the year of £7,843,242, and the total of borrowers is 214,455, being 15,533 more than a year ago.

It has always been the settled policy of the directors to give every possible encouragement and preference for applications for loans to assist in the acquisition of smaller homes on easy terms, and this object has been steadily kept in view.

The indication that the society's funds are being used mainly for the benefit of this class of borrower I would observe that in 1935 of 168,320 of the mortgages, the amount owing is less than £100,000 on the whole of the mortgages, including the large amount of average amount owing is only £400 each.

Total assets have increased to £108,087,466, an addition of £153 to the preceding year's total.

SURPLUS PROFIT OF £529,362

Surplus profit for the year, after providing for all expenses and income tax, amounted to £529,362. Out of this surplus the directors recommend the distribution, in addition to interest, of a dividend of 10s. per cent. to paid-up shareholders, Class 1, which is a dividend restricted to shares completed by monthly subscriptions, and a bonus of 1s. per cent. to the monthly subscribing shareholders. This distribution will make a total dividend for the past year to Class 1 shareholders of 11s. 6d. per cent. and to the subscription shareholders of 11s. 6d. per cent., free of income tax. This yield will, I have no doubt, give every shareholder satisfaction. They also recommend that £30,000 be added to the staff superannuation fund and that £50,000 be added to the office properties account.

It is interesting to note that the operations of the society during the past year have had the effect of improving, by the interest and bonus allowed, the financial position of investors and depositors to the extent of £3,260,483.

A source of strength and stability is the degree of liquid assets which now amount, including cash in banks, to £21,363,698.

STRIKING FIGURES

Throughout the 300 working days of the year the average daily receipts last year amounted to £129,600. In a period of eight years the amount due to shareholders has increased by £34,881,907, or 93 per cent.; the amount due to depositors has increased by £22,972,529, or 274 per cent.; the reserve funds have increased by £2,956,743, or 202 per cent.; the mortgage assets have increased by £47,179,137, or 121 per cent.; the open accounts have increased by 330,285 accounts, or 100 per cent. The proportion of assets represented by office properties has decreased from 1.2 to 0.7 per cent., and the liquid funds in trustee investments have increased from 11.4 per cent. to 15.2 per cent., whilst the cash in the bank has been practically stationary, moving from 4.9 per cent. to 4.6 per cent.

Under the provisions of the Housing (Financial Provisions) Act, the society has granted applications for mortgage loans to the value of £3,151,881 in respect of 10,213 houses.

Mortgages now completed under this heading amount to £9,582 in respect of 8,400 houses.

The past year has seen rates of interest upon capital generally assume a lower level and the rates applied by the society to both investors and borrowers have conformed very closely to present-day monetary values. This process has been achieved by gradual steps, and the average rate of interest to all classes of investors, exclusive of bonuses, payable by the society in 1936 is 5s. 9d. less per cent. than in 1935, and, on the other hand, the average rate of interest chargeable to borrowers in 1936 is reduced by 9s. 7d. per cent. compared with the rate charged in 1935.

There has been for the last year or more increasing evidence that the peak of the demand for houses by occupying owners has been reached, and that the prospect in the early future would be that these houses would be required at a less rate than for some time past. The directors have been in constant touch with the surveyors and valuers of the society, and have been adjusting values, having regard to the present and future circumstances.

RESIDENTIAL FLATS

It must be recognised also that there is an increasing tendency for urban populations, particularly in London and the larger cities and towns of the country, to adapt themselves to residential flats. This practice is very largely on the increase, and appears to be influenced to a great extent by the difficulties of transport from the centres of large towns to suburban areas, where independent houses would otherwise have to be erected. It is also due, to some extent, to considerations of employment, education, shopping, etc. This constitutes a revolution in housing policy, and it appears not unlikely that some part of the savings of building societies, which in the past have been invested in separate houses, may be employed in collective housing under satisfactory conditions.

The directors have, after careful inquiry and rigid valuation, accepted a limited number of these securities, which appear to be winning favour in public esteem.

Referring to the question of income tax, I would like to mention that the arrangement between the Building Societies' Association and the Inland Revenue for the payment by societies of all income-tax liability upon investment interest at a compounded rate has been renewed for a further period of years. It is interesting to note that during the past year the society has borne income tax to the amount of £503,454.

The society's reserve fund has been substantially increased, and, including the special reserve No. 2, which has been provided to meet losses arising from the sale of properties in possession, and which has never yet been drawn upon, of £691,854, and including the surplus profit of the year, £529,362, amount to a total reserve or undivided profit of £4,417,943. This profit remains after providing for all interest due and bonus allotted up to January 31, 1936. The proportion of the total reserve to the total liabilities amounts now to 4.36 per cent., compared with 3.89 per cent. a year ago. Ample reserves have also been built up for income tax and contingencies.

EMPLOYMENT OF FUNDS

There has been a better employment of funds during the year, the amount of cash in the bank having been reduced from £6,389,221 at the beginning to £4,966,727 at the end of the year. The proportion of total assets, represented by mortgages, has increased from 75.97 per cent. to 79.51 per cent., and the proportion of liquid funds, consisting of loans to corporations and local authorities, has been reduced from 17.03 per cent. to 15.17 per cent. It may therefore be said, with confidence, that the society has not only enjoyed a year of substantial development and progress, with a satisfactory profit factor and a largely increased membership, but that the quality of its business, on the whole, has never been of a higher character than at present.

Whilst the future progress of building societies may be checked to some extent by the circumstances of the times, the movement is of such importance to the nation and appeals so strongly to the instinct of home ownership on the part of our people, that it is likely to continue to extend substantially, if not so rapidly as in the past. Whilst it is incumbent upon me to adopt a cautious and prudent policy, yet I have sufficient optimism to think that there will still be room for great usefulness by building societies and that the Halifax will continue to bear a great and honourable part.

The report and statement of accounts were approved.

ASSOCIATED PORTLAND CEMENT MANUFACTURERS, LIMITED

INCREASED PROFIT AND DIVIDEND

MR P. MALCOLM STEWART'S SPEECH

The thirty-seventh ordinary general meeting of the Associated Portland Cement Manufacturers, Limited, was held, on the 30th ultimo, at River Plate House, Finsbury Circus, London.

Mr P. Malcolm Stewart (the chairman of the company), who presided, in the course of his speech referred with deep regret to the loss sustained through the death in October last of Sir John Pybus, who for more than 10 years had been a director of the company, and reported the retirement from the board of Lord Meston, owing to pressure of other business, and also of Sir William Firth.

BALANCE-SHEET FIGURES

Dealing with the accounts, he said: The total amount of the debenture stocks redeemed during the year amounted to £52,551. Reserves for taxation and contingencies have been increased through the trading account by £62,500 and now stand at £282,500. There has been added to the fixed assets account £185,913, but we have deducted £417,150 in respect of depreciation reserves for the year and also £65,359 in respect of debenture stock sinking funds. These two deductions, amounting to £482,509, leave the fixed assets at £5,940,761, a reduction of £296,596 on last year's figure.

Our investments in subsidiary companies at £2,383,334 show an increase of £235,897, this being due to the taking up of our proportion of the ordinary shares issued by the British Portland Cement Manufacturers, Limited, in November last. Other investments at £49,095 are up by £1,112. Investments in Government and other liquid securities at £429,656 show an increase of £244,160. These liquid investments, together with cash in hand at bankers and on deposit, amount to £1,272,214, or £476,799 more than a year ago.

The increase in our holding of ordinary stock of the British company is particularly noteworthy. That company in November last issued at par to its ordinary stockholders, *pro rata* to their existing holdings, the balance of its unissued ordinary share capital. This amounted to £320,000, of which our proportion was £242,851. Our total holding of the British company's ordinary stock exceeds £1,500,000, and represents 75 per cent. of its issued capital of £2,000,000.

We are in the happy position that the figure at which this investment stands in our books is some five millions less than its market value. Here is a potential reserve which does not figure in the balance sheet, but it cannot be omitted from any calculation determining the financial position of the company which, I am sure you will agree, is strong and sound.

The profit on trading at £1,041,693 compares with £810,037, an increase of £231,656, chiefly accounted for by a much improved turnover and by a somewhat higher average selling price. Interest and dividends on the total of the investments at £475,462 show an increase of £99,481. The total revenue for the year at £1,518,256 again establishes a record in the history of the company and is £331,352 more than last year.

After making provision for general depreciation, etc., there remains a balance of £857,728, out of which have been paid the half-year's preference dividend, £68,750, and an interim dividend on the ordinary stock of £175,000, leaving a balance available of £613,978. This permits the recommendation of the payment of the final dividend on the preference stock and of a final dividend of 15 per cent. on the ordinary stock, making 20 per cent. for the year. There remains a balance of £20,228 to be added to the carry-forward, which will then stand at £192,048.

BENEFITS OF PAST POLICY

When I last addressed you I dealt with the progress made since the reorganisation of the management, and referred to the policy laid down and reported to the shareholders in 1925, a policy which was designed to improve and extend the earning power of the fixed assets so as to make them more closely represent the figure at which they stood in the books. I can safely state that the fixed assets could not be created to-day for the sum at which they stand in the balance sheet. In addition to the cement plants with large areas of freehold and leasehold properties, having ample reserves of minerals, numerous houses and cottages, they include gas lighters, barges and motor lorries and many plants for the

manufacture of a variety of building materials, all of which contribute their quota of profit to the trading account.

In addition, the future has been made secure by the acquisition of further large areas of freehold and leasehold chalk and clay lands. We are also benefiting through having cancelled old contracts for the supply of river clay, which were an inheritance of the past. Thus we can use greater quantities of cheaply won and conveniently situated raw materials, a factor which favourably influences our cost of production.

While in a sense we have closed a chapter in the history of the company, the book remains open for more chapters to come. Some are already written. Realising that civil engineering and public works, which have been in a depressed state for some years, despite the boom in house-building, were likely to improve, we completed towards the end of the last year an important extension at our Swanscombe Works. Others are under construction, and will be operating in a few months. These will fully take care of our share of such increased demand as can be foreseen to-day. Indeed, the productive capacity of the country is more than equal to all requirements. There will be no shortage of cement.

FACTORS BEHIND BETTER RESULTS

Two factors stand out as the main contributors to the good results obtained; firstly, we enjoyed a much improved demand and made record deliveries, both in the home trade and as a total. There was but little change in the volume of the export trade, which was only maintained by determination to hold our markets regardless of the prices realised. Our export department bravely carries on a desperate fight against the difficulties generally associated with international trade, for which at the moment no solution appears to be forthcoming. The second factor was the moderate improvement in home trade selling prices secured for the increased deliveries. But there was another influence at work which should not be overlooked, and that was the coincidence of these two favourable factors at a period when the advantages accruing from the policy outlined was being fully felt. The persistent precautions taken in the past of providing liberal reserves and of wisely writing down have brought their reward. The thoroughness with which this policy had been carried out made it not only possible but reasonable that we should recommend to our stockholders a substantial increase of dividend on their ordinary stock. Not only have we made liberal allocation from the profit and loss account to reserves, but I can assure you that every one of the many items comprising the trading account has been dealt with by the application of the same old-established principles observed over many years. Thus have we obtained results dealt with the result accruing from a record year of favourable trading.

The sound co-operation which exists in the trade through the medium of the Cement Makers' Federation was effective during the past year, and successfully regulated prices on what I believe to be a fair and equitable basis as between manufacturer and consumer, and I look for this co-operation to continue. The council of the Federation does not neglect the interests of the consumer, and in December last reduced prices in certain markets where conditions justified so doing.

EMPLOYEES' PENSION SCHEME

Last year we made two advances in wages to our employees. We also agreed conditionally to an advance in the price of coal contracted for. After careful consideration the board has decided to institute a contributory pension scheme for the employees, the works, wharves and depots. The details of this scheme are now being worked out, and we hope to have it in operation by July 1st.

In concluding, I would say that while the demand for cement was fairly widespread arising from the improvement in the building and constructional trades, there is still headway to be made up in respect of civil engineering and public works. There are I am glad to say, distinct signs of revival in these important sections of the industry. Then there is the increased demand to be looked for from the further revival of industrial activity. I am therefore confident that the prospects are favourable, provide peace reigns, and anticipate submitting to you satisfactory results when, all well, we meet next year.

The report and accounts were unanimously adopted.

BRITISH INSULATED CABLES, LIMITED

Manufacturers of all types of bare and insulated cables and overhead conductors for the transmission and distribution of electrical energy, including allied accessories and house wiring systems, also aluminium and copper sheets and sections, electric resistance welders and rivet heaters, lead strip and glazing sections, meters, rail joint bonds, static condensers, etc.

FURTHER INCREASE IN PROFITS AND TURNOVER

SUBSTANTIAL ECONOMIES EFFECTED

WIDE RANGE OF ACTIVITIES

SIR ALEXANDER ROGER'S INTERESTING REVIEW

VALUE OF STRONG RESERVES

We need not refer to or emphasise the inflammable state of the world to-day, nor need we draw a picture of the chaos which would ensue if the European crisis were to be allowed to drift into war. Even if this instability were out of the way and the 25 years much-wanted peace commenced in Europe, we must do everything we can to avoid depleting our reserves. Kept in a strong position—and they can scarcely be too strong—they act as a deterrent to attack on the business of the company; further, they serve the useful and desirable purpose of being available to equalise the dividend in bad years.

BALANCE-SHEET ITEMS

Turning now to the items in the balance sheet, there are only a few comments I need make.

General creditors and contingent reserves have increased from £445,603 to £575,431, reflecting our additional turnover and requirements in connection therewith.

On the asset side you will observe we have raised the allowance for depreciation to £125,000. We deemed this expedient in view of the greatly increased size of our plant, and of the ever growing rate at which plant new and old becomes out of date through advance in technique and the necessity of keeping our factories in the forefront of every development. In addition to this provision, we spent last year £72,920 in repairs and renewals.

After adding the capital expenditure during 1935 and deducting £125,000 for depreciation, land, buildings, plant and machinery stand at £1,713,923, a net increase over the previous year of £26,145.

Investments in, loans and current accounts, and advances to, subsidiary companies at £1,164,207 are down by £98,554. The difference is mainly due to repayment of certain advances to subsidiary companies.

TELEPHONE INTERESTS REVERT TO BRITAIN

Other investments aggregate £1,497,433, an increase of £350,521, which is accounted for mainly by an important investment which we have been able to make.

As you are aware, this company many years ago transferred its telephone business to a separate concern called the Automatic Telephone Manufacturing Company, but remained connected with it by interlocking directorships and close business associations.

The Automatic Company, however, through its holding company, the International Automatic Telephone Company, became controlled by American interests who in turn undertook to provide the company with a guaranteed amount of business. In addition, they undertook to provide technique, patent experience and general world support.

These undertakings were handsomely carried out, and with the great development in telephony and allied businesses the two companies referred to are now in a prosperous condition.

It has been our ambition to see these companies again entirely owned by British interests, and owing to the new orientation of American business, following the crisis of 1928 and 1929, it became possible to negotiate, and last year we were able to acquire the share capital remaining in American hands. The shares are the "A" deferred shares of the International Automatic Telephone Company, which carry 50 per cent. of the votes of that company.

Throughout these negotiations our American friends met us in a way which made it well worth our while to acquire these shares, and we gratefully acknowledged their spirit of fairness, and the many pleasant and helpful relationships throughout the years of our close connection.

I may say that our association, however, is not terminated. We remain in close touch for the exchange of technique, patent and general commercial information—an interchange which is prudent.

PROFIT AND ALLOCATIONS

The profit amounts to £672,591, compared with £558,760 for the previous year. Adding the balance brought forward, amounting to £301,387, this gives us a total of £973,978. After deducting £95,118 for debenture interest, dividend on the two classes of preference shares, the interim dividend already paid on the ordinary shares, and directors' and trustees' fees, there remains the £778,860 to be dealt with.

We have allocated £125,000 to depreciation and propose to set £100,000 to reserve account. Out of the remaining balance of £53,860 we recommend that a final dividend of 10 per cent. be paid on the ordinary shares, making with the interim dividend already paid 15 per cent. for the year, and in addition, a cash bonus of 5 per cent., both, of course, subject to income tax and carrying forward to next account £303,860, a trifle more than as brought in.

DIVIDEND MAINTAINED FOR 17 YEARS

We have been able to maintain a dividend of 15 per cent. on the ordinary shares, through good and indifferent times, for 17 years, and in view of the increased earnings this year feel justified in recommending this bonus distribution of 5 per cent. We hope that the results of the company's operations in future years may enable us at times to repeat this gratifying departure from regularity.

I need not remind you, however, that we are a trading company, subject to variations of demand, and the prices we can command for our manufactures. It cannot be too strongly emphasised that a large proportion of our business is done on a small percentage of profit, and consequently you must realise that results such as we are now submitting can only be achieved if the volume of our turnover largely exceeds the amount of capital upon which a dividend has to be paid. A comparatively small fluctuation in the margin of profit rate, or the volume of turnover, can have an exaggerated effect up or down on the balance of the aggregate profit available for the ordinary shares, and it is our policy, as I am sure you would wish it to be, to stabilise the rate of dividend as far as possible.

In some quarters it has been suggested that we might have declared a share bonus, but with a full knowledge of all the surrounding circumstances, your board do not consider this would be prudent.

think will be most helpful to both sides in the business of international telephony and communications generally.

As I have stated elsewhere, an all-British group with combined assets of approximately £12,000,000 has been thus established in the electrical and communications world, embracing cable manufacturing and network construction, telephone manufacturing and network construction, telephone operating and financing.

INCREASING TURNOVER

As regards our general list of investments, we are satisfied as to their nature and character, and their beneficial effect on our business, and further that they are worth more than the amount at which they stand in the company's books.

Stocks and work in progress show a considerable increase due to a further rise in prices of material and the increasing amount of turnover we are doing.

Debtors and bills receivable amounting to £800,993 show a decrease of £36,589. This, of course, is essentially a fluctuating item. I might add that our bad debts only amounted to £3,388.

Finally, cash in banks and in hand at £279,229, although less than a year ago, is adequate to our normal current requirements.

WIDE FIELD OF ACTIVITIES

The long list of our manufactures, set out on the second page of the report, serves to give you some idea of the wide field covered by our activities. We pursue the policy of widening the base of our business in every direction, which is cognate to the transmission of electrical energy and the production in largest quantity of manufactures of the highest quality at the lowest possible cost.

That much abused idea known as rationalisation, heralded a few years ago as a panacea for all ills, has certain features of merit, if rightly applied, and in our case if exercised within the ambit of our own group of factories and subsidiary and associated companies. We are in course of dealing in this manner with certain of these, being convinced that we can thereby both lessen the cost of manufacture and also save a considerable annual sum in administrative charges.

Such a step as this, while ultimately to the benefit of the profit and loss account, involves temporarily additional expenditure and the need for writing off some capital items. This is being borne in mind, and due provision made accordingly.

We continue to collaborate with other companies in the industry to our mutual benefit, and in many technical developments which, far from diminishing, show signs of becoming more numerous.

"GRID" DEVELOPMENTS

The National Grid, which is a great tribute to the Central Electricity Board and its most able administrators, is functioning admirably, and great expectations have been aroused by the labours of the Committee, presided over by Sir Harry McGowan, engaged in considering aspects of distribution.

The initial cost of installing light and power in old houses and in many of the new houses which are being built throughout the country, prevents occupiers from enjoying the benefits of electricity which, in most cases, is within reasonable reach of their own doors. We have recently taken an active interest and have invested considerable capital in a company which is financing the wiring of domestic premises on the hire-purchase system. The operations of this company convince us that it fills a felt want. It has made a good start, and we are getting a share of the orders for cables and wires required for the purpose.

MULTIPLE WIRELESS RECEPTION

With a view to increasing the usefulness and earning power of the huge power distribution network throughout the country, we have also, during the past few years, spent a considerable amount of time and money in the design and development of a system whereby wireless broadcast programmes could be transmitted over the ordinary lighting and power cables.

This system has been perfected to a stage in which it has been demonstrated, by courtesy of the Liverpool Corporation, that it is perfectly possible to receive five or more wireless programmes in one's house merely by plugging in a simple apparatus to any ordinary electric light socket.

Practical application of the system has been prevented by the fact that electric supply authorities are not authorised to supply wireless services. Parliamentary powers to remove this disability were not applied for, pending the report of a Government Committee which has been considering the whole subject of wireless.

The report of this Committee has now been issued, and it will be seen therefrom that they recommend that the responsibility

for the whole of the relay wireless services in this country—matter if they are effected by the use of separate wires or the existing telephone or power cables—should be handed over to the Post Office.

If this recommendation is accepted by Parliament it will, of course, remove any chance we may have had for the exploitation of our system. We shall, therefore, put the results of our experiments at the disposal of the B.B.C. and the Post Office, hoping that at least through these authorities we shall witness the developments in which we ourselves had hoped to take a part.

BRITISH COPPER REFINERS

The result of the working of British Copper Refiners, Limited continues to justify financially your company's enterprise in the undertaking. The special quality and properties of the copper produced is creating an increasing demand, and in consequence we are adding to the capacity and scope of the refinery so as to be able to meet the substantial requirements of buyers outside the cable industry.

RAILWAY ELECTRIFICATION

On a former occasion I referred to the urgent need for the electrification of the railways in this country, particularly in the suburban districts. The success which has attended the enterprise of the Southern Railway in electrification leaves little room for doubt that electrification in other highly developed areas will be correspondingly successful. It is gratifying, therefore, that recently an impetus has been given to this work with Government help, and we are hopeful that as we have done much work of the same kind both at home and abroad, we may be awarded a share in this development.

PRESCOT UNDERTAKING

On previous occasions I have referred to the proposed sale of our electricity undertaking at Prescott to the Liverpool Corporation.

The agreement embodying the terms of transfer was signed some time ago, and the delay in completion has arisen from the necessity of holding a public inquiry by the Electricity Commissioners, and carrying through other formalities. Following on this the Parliamentary Order has now been drafted and signed by the Minister of Transport and is at present, in accordance with official procedure, lying on the table of both Houses of Parliament for ratification. We confidently expect that early next month we will be in a position to complete the transaction.

FOREIGN CONTRACTS

Our foreign business, in spite of all the well-known difficulties associated with it, remains reasonably good and indeed shows signs of expansion, and I may mention that we have at present two very considerable contracts in connection with railway electrification in course of construction, one in Brazil and the other in Poland. These contracts are being carried out in conjunction with the Metropolitan-Vickers Company, our portion consisting of the supply and erection of overhead track equipment.

OUTPUT RECORDS ECLIPSE

In many departments last year our output eclipsed all previous records, which is all the more remarkable when one considers the variety of our products. As you will realise from the list given in our report, it would be impossible to refer in detail to the various departments. Nearly 100,000 tons of manufactures passed through our gates, ranging from the heaviest cable work down to a length of enamelled winding wire sufficient to girdle the earth at the equator more than 125 times. Some of this wire, carrying five separate coats of enamel, has a diameter of half that of a human hair. Each coat of enamel is so fine that 250 coats would be required to produce the thickness of the paper on which our accounts are printed.

The prospects for the immediate future still remain good. Our order book so far shows an improvement on last year, and almost without exception the many manufacturing departments within our organisation are working to capacity.

WORKPEOPLE AND MANAGEMENT

As regards our workpeople, we are glad to be able to tell you that a spirit of goodwill and amity pervades all our factories. We study their interests and they respond loyally in willing service. We have recently decided, in conjunction with other cable-making companies, to raise the male adult rate of wages by 2s. per week, as a token of goodwill.

It gives me much pleasure also to record our great appreciation of the loyal and efficient service rendered by our officers and staff under our managing director, Mr G. H. Nisbett, whose activities and resourcefulness, I am glad to say, are unabated, and to whom personally the company owes so much of its success.

I now beg to move that the report and accounts be received and adopted, and that the dividends and cash bonus therein recommended be paid. (Applause.)

Mr J. Ferguson having seconded, the report and accounts, together with the dividends and cash bonus therein recommended, were approved.

The Chairman proposed, and Mr G. H. Nisbett seconded, the re-election of Mr J. Ferguson, Mr Eric Taylor and Mr D. Johnstone Sinclair as directors, and this was carried.

On the proposition of Col. D. Bates, seconded by Col. J. Tennant, the auditors, Messrs Chalmers, Wade and Company, were re-appointed.

In proposing a vote of thanks to the chairman, directors and staff, Mr J. McKay made the proposal that the portrait of Mr G. H. Nisbett, the managing director, should be painted and hung in the board room as a recognition by the company of his long and eminent services. The proposal was unanimously approved by the shareholders.

MAPLE AND COMPANY, LIMITED

SUBSTANTIALLY IMPROVED RESULTS

The forty-sixth annual general meeting of Maple and Company, Limited, was held, on the 27th ultimo, on the company's premises, Tottenham Court Road, London.

Mr Charles C. Regnart (the president) said:—I am pleased to tell you that both the volume and value of sales have not only increased during the year but are the best for the past five years.

The purchasing power of the public is still limited since no relief from taxation was given them in the last Budget. However, higher dividends are being received generally, and this should be reflected in our future turnover and resulting profits.

With regard to the foreign subsidiary companies, these, as a whole, are not making a substantial contribution to the profits of your company.

With regard to your company at Cheltenham, prices for contract work are still very cut owing to the keen competition existing. The factories, however, have been kept busy with many important works, including various contracts for the s.s. *Queen Mary*, s.s. *Orion*, Bank of England, and several town halls, etc., whilst they have on hand an important order for the decoration of the whole of the first-class public rooms on the new passenger vessel *Awatea*.

Other contracts include the decoration and furnishing of the saloons on the second of two ships for the Furness Red Cross Line, the first of which we recently completed, and six other vessels for British Tankers, Limited.

With the aid of our studio, which compares favourably with any other in the trade, we are manufacturing furniture which both from the standpoint of design and workmanship represent all that can be desired by those wishing to furnish their homes in the most artistic manner.

As to the future I think we may look forward with confidence to a steady expansion in the spending power of the public, and if the European situation is settled satisfactorily, your company should continue to increase in popularity with its ever extending clientele.

The directors recommend the payment of a final dividend of 1½ per cent., making a total distribution for the year of 7 per cent. The report and accounts were unanimously adopted.

OFFER TO NEW READERS

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To The Publisher, "The Economist Newspaper Ltd.,"

8 Bouverie Street, E.C.4.

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

Name.....

Address.....

INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED

RECORD SALES AND PROFITS—PROMISING OUTLOOK

Mr Robert C. Stanley, president of the International Nickel Company of Canada, Limited, addressing the shareholders at the annual meeting of the company, held on March 31st in Toronto, said that 1935 was an outstanding year in the history of the company. More nickel, copper and platinum metals were produced and sold than ever before, and net profits were substantially greater than in any past year.

While nickel was and would doubtless remain their most important product, it was of interest to note that the world copper industry was now recovering from a long period of trade depression. Consumption was increasing in the countries to which their copper was exported, particularly in Great Britain, where he believed the activities of the Copper Development Association had demonstrated the great value of an organisation of this character in expanding the market for this essential metal.

Notwithstanding certain extraordinary expenditures the company had gained in financial strength since the last meeting. Furthermore, net profits of \$26,086,527.47 had exceeded those of the previous high year 1929 by \$3,850,530.60.

DIVIDEND RATE TWICE INCREASED

Referring to the management's policy of dividend disbursements on the common stock, he might point out that the rate was twice increased during the past year. This record should assure the shareholders that in determining the dividend policy the directors were guided by the company's financial position and its progress. The amount paid on the common stock in 1935 was \$10,933,626.75, comparable with \$7,289,084.50 distributed during the preceding year. Dividends paid during the year on the 7 per cent. cumulative preferred stock amounted to \$1,933,898.75. The disbursement made last month was the 121st paid on these preferred shares, which now had an unbroken dividend record of more than thirty years. Suggestions were received from time to time that this issue should be retired in whole or in part for cash, or that the shares be converted into some other form of security carrying a lower dividend or interest rate. In this connection he might say that, careful consideration having been given to these suggestions, it had been deemed that it was not at present in the interest of the company or its common shareholders to retire or convert the preferred shares.

The business as now constituted had been built and was maintained upon the basis of an assured supply of nickel which necessitated at all times the maintenance of reserve productive capacity and adequate inventories of readily accessible stocks in the principal metal-consuming countries. In pursuance of this policy the management decided last year to increase smelter capacity at Copper Cliff by approximately 30 per cent. and to enlarge the Clydach nickel refinery in Wales by approximately 40 per cent.

NICKEL NOT A MUNITIONS INDUSTRY

During the past year in an address delivered at Birmingham, and in a letter accompanying the financial statement for the first six months of 1935, he endeavoured to make it clear that the business of mining, refining and selling nickel should not be classed as a munitions industry. Unquestionably a small percentage of their nickel output, in common with other metals, entered into the manufacture of armaments, and a war would temporarily increase demand for supplies of this character. Such a demand would be temporary only, and might be followed by a disastrous interruption of the company's well-established efforts in the great fields of peace-time industry. The experiences of this company in the aftermath of the world war need only be recalled to realise that war demand was neither desirable nor profitable for the nickel industry.

Sanctions prohibiting the sale of nickel to Italy have been imposed by Great Britain and Canada, and your company accordingly took prompt steps to avoid any breach on its part of such sanctions.

From the report submitted it was evident that the company had made substantial progress. This progress had been due to active sales development and research, supported by well-equipped mines and modern plant facilities directed by an experienced organisation. The nickel industry, from the standpoint of diversified usage of the metal, was comparatively new and its field for further expansion was still extensive. General business in the countries which provided the company's best outlets for nickel was improving and the copper industry as well was recovering from a long period of depression. Thus it would appear that to-day the prospects for a continuation of the company's growth were as promising as at any previous time in its history.

GENERAL REFRACTORIES, LIMITED (SHEFFIELD)

A YEAR OF CONTINUED PROGRESS

RECORD PROFITS

DIVIDEND INCREASED TO 15 PER CENT.

MR FRANK S. RUSSELL'S REVIEW

The thirty-sixth annual general meeting of General Refractories, Limited, was held at Sheffield, on the 31st ultimo.

Mr Frank S. Russell (chairman and managing director), in the course of his speech, said:—The year under review has been one of continuous progress, resulting in a record profit of £55,392, with sales 25 per cent. higher than ever before. I will, on this occasion, proceed first to review the accounts, though indeed they are presented in such full detail that there is very little to be added.

THE ACCOUNTS

The profit compares with £42,672 for last year, an increase of £12,720. The nominal capital was increased during the year by £100,000—mainly to provide shares and cash for use in the acquirement of other businesses—and stands in the balance sheet at £350,000. The issued capital was increased during the year by £94,000 to £325,000, 100,000 shares being offered to and taken up by the shareholders at 18s. 6d. each. Not all the new capital was employed for the full year, and in several cases the concerns purchased with it have not during 1935 advanced their re-equipment programme in time to pay dividends to us. We are looking for substantial yields in 1936.

The sums payable by the company are shown this year at £77,522 and—for the first time—have the final dividend, £22,669, included. Deducting this, the total is £54,853, which compares with £45,302, an increase of £9,451. The difference is a reflection of the larger trade done during the year and a small set-off against the increase in the sums due to the company. The reserve accounts now total to £119,856, as against £65,938 last year.

The profit and loss account shows a credit balance of £20,983 after deducting £12,000 appropriated to reserve accounts, as against £9,000 last year, and also—for the first time—the final dividend, £22,669. It compares, therefore, with £15,265 last year. Our land, buildings, plant, etc., now stand at £182,470, as against £155,093, £27,377 having been spent mainly on new plant and machinery, land and buildings. Investments and endowments, which stood last year at £80,644, are now more than doubled at £178,512, principally by the acquirement of the shares of further subsidiaries. "Sums receivable by the company," which stands at £129,174, as against £90,254—an increase of £38,920—is to a large extent another reflection of the enlarged sales made during the year.

The "Cash Account," which stood last year at £16,823, now stands at £24,015. The stock-in-trade has only increased from £28,118 to £29,190. We aim to keep stocks of goods ready for instant dispatch. Our ability to give quick delivery has secured many important orders. The "Balance of Assets over Liabilities," which was quoted last year at £94,630, is now £140,839, after regarding the final dividend as a liability. This year's balance is £68,878 higher than last year's.

FINAL DIVIDEND FOR 1935

The board recommends the distribution of a final dividend of 9 per cent., less income tax, making, with the interim dividend, 15 per cent. for the year, as against 12½ per cent. for 1934.

This has been decided. I shall issue a progress report on July 31st next, and the grammes in it are that we shall be able to accompany it with an to any ordinary dividend.

Practical application. I am interested to know that our combined output of wireless services, for the bricks of all kinds is now no less than 26,000,000, a figure which has been a matter of works, mines, quarries, etc., we control is. The report of this Committee is, and that the expenditure by the group on seen therefrom that was not less than £102,320, as against £73,246 last

that our expenditure in this direction consideration by the railway companies of refractories, and I take this

opportunity of thanking them for their considerable support in this way during the year.

This seems an appropriate moment to point out that we are wholehearted supporters of rail transport. Our expenditure on road haulage is a triviality, and I wish to place on record our appreciation of the efficient service rendered us by the railways during the year.

NO PRIOR CHARGES: A TRIBUTE TO THE BANK

Before leaving the accounts I will just point out that they show no debentures nor preference shares, no item of goodwill, and no indebtedness to our trusted financial counsellors, the National Provincial Bank, to whom we shall always be grateful for their support of our enterprises.

It is a pleasure to acknowledge the helpful services that such a bank can and does render to industrialists.

CONSOLIDATION OF ACCOUNTS

We have under consideration the advisability next year of either presenting consolidated accounts of our group or accompanying our own accounts with supplementary consolidated accounts showing the position of the subsidiaries.

The importance of some of our recent mergers seems to render some such movement advisable, and it would enable the shareholders to realise that the sum we receive from a subsidiary by way of dividend may be vastly different from the earnings of that company. As a matter of fact, in the year under review our receipts from allied companies are little more than a third of their earnings.

BRITISH SUBSIDIARIES

You will be glad to hear that the progress exhaustively reported on July 31st last was continued during the latter half of the year. We have, within the last few days, completed negotiations for a merger with the world-famous Glenboig Union Fire Clay Company, Limited, of Scotland, and for the purchase of another silica brickworks with an excellent profit record.

NO MONOPOLY

The directory printed monthly in the *Refractories Journal* shows no fewer than 307 concerns engaged in the industry in the country, and of this total our group forms a very small proportion. Our customers need have no fear, therefore, of our establishing a monopoly.

There is probably no trade in this country which, in proportion to its size and importance, contains so many scattered units, many of whom would be better off in every way if associated with a central organisation.

POLICY OF THE COMPANY

Our policy is to help purchase and instal in the works of each of those who join us the best labour-saving plant available to assist in the selection of the best processes with which to produce the most useful articles that can be made from the raw material available, and to give them the benefit of our widespread sales organisation, and our central scientific, publicity, engineering, financial and technical service.

Having thus helped them to produce a really useful article economically, we assist them to make it known to the people who need it in their daily work, a service of equal benefit to consumer and producer alike. It is our intention to continue to work on the lines defined.

NEW PRODUCTS

A recent issue of the interesting technical journal, *The British Steelmaker*, contained a suggestion that the output capacity of British Open Hearth Furnaces is only limited by the quality of the refractory materials of which they are built.

This emphasises the need for continued research in our industry, and we can assure the steelmakers of this country that we are

leaving turned no stone that might be made into a still better refractory.

A NOTABLE ADVANCE IN BASIC REFRACTORIES

Our most recent contribution to the forward movement is the Saxpyre Brick—a brick of entirely new character that, while withstanding the most intense heat, will also resist the action of basic slags and corrosive atmospheres without spalling or cracking. It fills a want long felt by basic steelmakers and we commend it to their notice.

In "Fused Refractories" we have done useful work during the year.

In "Diatomite" products we have made progress. The re-equipment of our works at Ambergate for the production of "Insulite" bricks and cement is now almost completed, and we have for several months been producing insulating materials of the very highest quality.

REDUCING COSTS BY HEAT INSULATION? A REMEDY FOR DEAR COAL

There is no section of our business that has during the year shown more signs of progress than that of heat insulation. Slowly but surely users of heat are beginning to see the folly of allowing the heat to be wasted by escaping into the atmosphere instead of doing the work for which it was intended. The actual and expected increases in the price of coal have had a remarkably stimulating effect in this direction, and have produced a great spurt in the interest shown in the use of insulation for reducing the consumption of fuel.

The fact that the presence of a layer of Insulite bricks behind a wall of firebricks saves as much as 20 per cent. of the coal, gas, or oil used in the furnace is so obvious and important that it is beginning to be regarded as a matter of course that insulation should be used. It is plainly wise for a user of expensive fuel to provide himself with the means of keeping his heat—which has cost so much—in the actual space where it can do its work. Why make it merely to waste it? There are no bricks in the world which prevent the passage of heat better than Insulite bricks do. Low-grade insulating bricks cost just as much to instal and do not save fuel like the highest grade bricks of all—"Insulite Bricks."

INTERNATIONAL DIATOMITE COMPANY, LIMITED

In my review of a year ago I said that we had secured rights over an important deposit of Diatomite and that arrangements had been made for the formation of a company titled as above, having for its object the exploitation of Diatomite for purposes outside the sphere of our own company. I referred to its value for the making of partition slabs, plaster boards, and the like, because of its extreme lightness and its sound and heat insulating properties, and to the wide field open for such products. During the year the best investigations into the available sources of supply of various types of diatomite have been made, and have resulted in the discovery of a further and more cheaply worked deposit of apparently suitable quality.

International Diatomite Company, Limited, has been registered as a pioneer company to study further developments in this field. Negotiations with regard to this inexpensive additional source of supply are in hand, and it is proposed to proceed with this enterprise if, and as soon as, satisfactory arrangements can be concluded.

OVERSEAS EXPANSION

We have been active during the year in the appointment of agents abroad, and are now newly represented in Newfoundland, India, Yugoslavia, Barcelona, Italy, Sao Paulo, Palestine, and Jamaica. The sales of our overseas department again constitute a record.

The works of our Belgian subsidiary are being extended to produce more varieties of refractories, and are being very well supported. They have now commenced to show a profit, and we are looking for good results this year. In Greece we have formed a subsidiary company to take charge of our many interests there, and particularly of the supplies of raw materials we draw from that pleasant country.

REARMAMENT AND WAR SCARES

I referred last year to the "armaments race" which was obviously commencing, and said that the consequent activity could not do other than increase the demand for steel. We now know that the nation is to spend £300,000,000 on its protection, and a large part of it will be spent on steel in various forms. There is no steel without refractories, and the demand for our output must in consequence be increased.

It is a matter of regret that this additional demand for their products should have been made upon our good friends the steel-

makers just at a time when they are so fully occupied with civil work, but "needs must when the devil drives." The great resources of our company—constantly being expanded—with its immense reserves of raw materials, efficiently organised and properly equipped, are at their service, and provide a unit under one control in every way more powerful and effective than any in operation during the Great War.

BUY BRITISH REFRACTORIES

We had all hoped gradually to be allowed to forget that calamity, but it appears that Europe will not allow us. A well-known writer says: "The memory of the Man in the Street is proverbially short, and one advantage of the recent incident is that it serves to remind us of the wisdom of encouraging the production of all essentials at home." With this we can only agree very heartily and draw the attention of British buyers of refractories to the fact that heavily protected industries owe to home producers—who help to consume the buyers' output—a positive duty of support, and to the further fact that the British refractories industry is not protected against foreign competition and that it can provide everything refractory that the nation needs.

THE OUTLOOK

In my opinion the prospects for this year are good. The business done in 1936 is well in advance of that done in the corresponding period of last year. Several subsidiaries which yielded us nothing in that way last year are expected to pay us dividends this year.

The selling prices of several of our products, which have for several years been sold at a very small margin of profit because of the unrestricted competition of a variety of small producers fighting for their existence in times of slump, have recently been advanced to a further level. Re-equipment and the installation of cost-saving plant and devices proceed on every hand, while the turnover of the business has now become so great that a small percentage of price increase or cost reduction has an important effect on annual profits.

Generally speaking, the outlook shows no reason for other than confidence, and I trust we may be spared to meet here 12 months hence to celebrate still another record year.

The Chairman concluded by moving the adoption of the report and accounts, which was seconded by Mr R. A. Kirby and carried unanimously.

At an extraordinary general meeting held subsequently the capital of the company was increased to £500,000 by the creation of 300,000 new shares, 70,000 of which are to be offered to shareholders on the register at March 31st on bonus terms in the proportion of one to 10.

Our New Information Service

The Intelligence Branch of the *Economist* has now been enlarged to meet the growing demand for economic and statistical information. The Department has been able to secure the services of a number of experts, and is prepared to supply information and reports on any branch of industry and finance as well as on international relations at a fee proportionate to the work involved.

Enquiries should be addressed to the
Intelligence Branch
THE ECONOMIST
8 Bouverie Street, London, E.C.4

LAW LAND COMPANY, LIMITED

INCREASED GROSS REVENUE

MR M. E. F. CREALOCK'S SPEECH

The fifty-third annual general meeting of the Law Land Company, Limited, was held, on the 1st instant, at Brettenham House, London, W.C.

Mr M. E. F. Crealock (the chairman) said: Ladies and Gentlemen,—It has probably proved a matter of interest to many shareholders to account for a reduction in the balance available of some £10,000 compared with last year in spite of an increase in gross revenue and the fact that the Board recommends no addition to the general reserve from this year's profits, this reserve being considered adequate at 50 per cent. of the total capital. The explanation is simple. I have to account to you for roughly £30,000, which is arrived at as follows:—Increase in gross revenue, £17,000; expenditure carried to suspense, £3,000; difference in profit, £10,000.

The items which go to make up this total are increases in repairs and renewals, £10,500; service and lighting expenses in connection with new and old properties and other matters, £7,500; rates, taxes and insurance, £6,500; interest, finance costs, revaluation and ground rents, £5,500.

As you see, the largest item to be dealt with is that of the cost of Repairs and Renewals. Your Directors have always paid special attention to the necessity for heavy expenditure under this heading and I have frequently directed your attention to this point and explained our policy which leads to an increased expenditure almost annually, but we look forward to having to do slightly less work in 1936—since 1935 was an exceptional year, during this period we had a number of leases expire entailing exceptional expenditure on the premises. I can assure you that we have no intention of allowing our properties to become old-fashioned or out of date in any respect. We could have taken some portion of our expenditure from the special reserve for depreciation of flat properties, but we have no hesitation in recommending to you the advisability of not only leaving the account intact but of adding to it as much and as frequently as possible until it has reached a more substantial figure.

RATING INCREASES

The next figure to be referred to is that relating to Rates, etc. It will be remembered that the London County Council some twelve months ago made enormously increased demands of local authorities and consequently local rates went up. This item alone cost us over £4,000 and we are now faced with a further substantial rise. The remaining £2,500 is due almost entirely to our new properties.

A considerable part of the higher Service expense is also due to the new properties, but in addition we have improved our service arrangements and are employing more men and women. It is increasingly difficult to find boys or very young men suitable for our work, consequently we have to employ older men at higher wages, but we are fully maintaining our standard of employees, which is a high one, although at a slightly higher cost.

You will, I hope, agree that enough has now been said of the past year and I will, therefore, proceed to tell you of our hopes for the future.

In the first place perhaps I should say that the result of the recent Quinquennial Valuation is as satisfactory as could be on the whole have been anticipated. Mr Ford has given very special and careful attention to this subject and the effect of his efforts will be felt very strongly for the next five years. His skill and experience have proved of great advantage to us and we owe him our gratitude for an enormous amount of work and its results. Considerable savings under this heading are assured.

EMPTYES ALMOST NEGLIGIBLE

Mr Durran and Mr Tarlton with their assistants have with considerable patience and tact, to say nothing of hard work, secured a great number of tenants of a very high standard. At the present time we have in our older office buildings so few emptyes as to be almost negligible and we are finding difficulties in providing additional accommodation for those of our tenants who are desirous of expanding. It is a very satisfactory feature that not only have we maintained our rents, but in a number of cases obtained higher rentals. Brettenham House is entirely let with the exception of a portion of the first floor. The shops as a whole must await the completion of Waterloo Bridge, though we have let those at the North end of the building which will not be very seriously affected by the work.

Of our Flat properties, I am very glad to be able to tell you that we have let to the best class of tenant and have very few on our hands, and the rents we are obtaining are satisfactory.

This state of affairs has only been brought about by carefully considered expenditure and admirable work. Although I have no wish to weary you with figures I feel sure that you will be glad to know that new lettings completed since we last met will bring in a total annual income of £55,598 and tenancies at rentals reaching £21,013 per annum have been renewed. Our properties are in great demand in spite of ever-increasing competition.

We need have no anxiety as to our income and with a close watch upon expenditure we can have no fears as to our dividend; though I have previously warned you that your Directors may not always be able to recommend a dividend at the present rate, the outlook at present is distinctly encouraging.

Just one word on the Balance Sheet. It will be observed that our properties have reached a figure of £1,985,205 6s. 11d. I should like to remind you that none of our properties have been "written up" and the figure at which the properties stand in the Balance Sheet may be taken as below the present market value. The Leaseholds Redemption Account is steadily increasing and is calculated to replace the purchase price of each building as the leases expire. The old mortgages are rapidly being paid off and the new ones will also be reduced each year. Temporary borrowing, particularly from our Bankers, has been on most reasonable terms and has enabled us to finance our new properties with unusual economy. It has not been necessary permanently to charge either Brettenham House or Carrington House and I am sure you will regard the Balance Sheet as showing a very sound state of affairs.

Finally, I want to express the very sincere appreciation of the Board to every member of the staff for their loyal work during the past year.

I may add that the call on employers to give facilities to their staffs to join Territorial and other defence corps which appeared in a number of newspapers had been contemplated by this Company a very long time before. We have always encouraged our staff in this direction.

The report and accounts were unanimously adopted, a final dividend of 5 per cent., making 9 per cent., the same as last year was declared, and the proceedings terminated with a vote of thanks to the chairman, directors and staff.

NUNDYDROOG MINES, LIMITED

DIVIDEND MAINTAINED AT 67½ PER CENT.

The fifteenth ordinary general meeting of this company was held on the 1st instant, at Southern House, London.

Mr V. Herbert Smith (the Chairman) said that an increased quantity of current ore was treated during the past year, amounting to some 17,000 tons; as the grade was 17 grains per ton, lower the production of gold from the current ore was practically the same. They were able to treat more than double the tonnage of old tailings, but the yield from this source averaged 21 grains per ton, compared with 35 grains per ton, and the production therefrom was only increased by 629 ounces. The total production from the mine showed a net increase of 621 ounces, being 111,7 ounces fine gold as against 110,536 ounces for 1934. In previous year's accounts, however, 1,577 ounces were included from the Balaghat reserves, only a portion of the profit from which belonged to the Nundydroog Company.

As a result of the better prices obtained and the small increase in production the value of the bullion produced was £23,081 greater, but the costs, largely owing to the increased tonnage were up by £24,060. It was satisfactory to know, however, that the cost per ton came out at 1s. less. A larger amount of development was done, the cost of which, compared with the quantity of ore milled, gave an increase of 4½d. per ton. The profit for the year was £317,563, a decrease of £3,312 on 1934. A final dividend of 4s. per share had been declared, payable on the 3rd instant, the total dividend amounting to 6s. 9d. per share, or 67½ per cent., the same as for the previous year. They had transferred £50,000 to income tax account, £15,000 to reserve fund, and £6,000 to insurance and contingency fund. Their subsidiary company, Indian and General Mining Trust, whose capital had been reorganised, reported a profit for the year 1935 and paid a dividend on the 27th ultimo of 6d. per share, free of income tax, which would be credited to the Nundydroog account for 1936.

Mr Kenneth Taylor gave a brief account of the development work done during the past year, and said that the net result of it had been the very satisfactory increase of more than 57,000 tons in the estimated tonnage of ore reserves.

The report and accounts were unanimously adopted.

ASSOCIATED ELECTRICAL INDUSTRIES, LIMITED

INCREASED PROFITS AND DIVIDEND

The thirty-sixth annual general meeting of Associated Electrical Industries, Limited, was held, on the 2nd instant, in London.

Sir Felix J. C. Pole (the chairman) said that a year ago he pointed out that the dividend of 6 per cent. was double the amount paid twelve months previously. This year the directors had the satisfaction of recommending a dividend of 8 per cent., after taking from the profits the sum of £103,635, being the whole of the premium paid on redemption of the mortgage debenture stock last July. The amount to be carried forward to the next account was also substantially greater.

With regard to the accounts, cash and Government securities now stood at £637,157, a decrease of £678,881, due to the necessity of providing funds for the redemption of debentures. The total amount of depreciation provided in 1935 by all the companies in the Associated Group was £349,593. During the past five years the Metropolitan-Vickers Electrical Company alone put to depreciation of plant a total of £420,000, or an average of £84,000 per year. The British Thomson-Houston Company's figure was even larger.

Shareholders might ask why such amounts as these were applied to depreciation instead of allowing them to remain in the profits available for distribution as dividends. The answer was that many years' experience in the engineering industry had shown that substantial depreciation of plant from year to year was essential, and that it was in the ultimate interest of the shareholders, and the directors were convinced that the carrying out of such a policy was a matter of supreme importance. The profit made during the year, including dividends from subsidiary companies, which dividends in the aggregate, after providing for contingencies, were less than the profits earned by the respective companies, amounted to £828,519, an increase of £241,637. The directors recommended a dividend on the ordinary stock at the rate of 8 per cent. per annum, less income tax, leaving to be carried forward £165,405, an increase of £52,069.

WORKS WELL EMPLOYED

All the company's works were well employed during the year. Output was maintained at a high level, and the volume of orders received was satisfactory, compared with previous years. Orders in hand on December 31, 1935, were on a higher level than at the end of 1934, and for the first three months of this year orders received were materially greater than in the first quarter of last year. The orders received by the Metropolitan-Vickers Electrical Company last year were the second largest in the company's history. At the point of view of money value the record year was 1920, at that time prices were much higher than they were to-day, here was no doubt that the amount of work actually turned out year constituted a record.

As regards apparatus of which manufacture was completed last year, special reference should be made to the 105,000 k.w. turbo-nator set for the Battersea station of the London Power Company—the largest ever made in this country, and it was interesting to know that the efficiency of the Battersea station had reached over 29 per cent. The 24,000 k.w. turbine, operating at a pressure of 1,900 lbs. per sq. inch, for the Thermotechnical Institute, Russia, had been installed and was operating satisfactorily. Two 75,000 k.v.a. transformers were completed for the Fulham station of the Fulham Corporation. These units were amongst the largest in the world. Many important orders were received during the year both at home and from overseas. The largest of these was the contract from the Brazilian Government for the electrification of a portion of the Central Railway of Brazil in and around Rio. From the South African Government they had had an order for 25 electric locomotives for the Natal Railway extensions. Business had been better at home and in the export market. This was especially the case in South Africa, while there was also an increase of activity in Australia, India and New Zealand.

In addition to making the largest apparatus such as turbo-alternator sets, etc., the companies of their group also made many varieties of electrical devices, including motors, welding equipments, electrodes, etc., and for domestic use appliances for refrigeration, heating, cooking and washing, and they had recently developed at Trafford Park a new material which should be extensively used in building schemes, in the manufacture of furniture and for other purposes. This was known as Traffolyte. Also they had three of the best-known and most popular brands of electric lamps on the market—Cosmos, Royal Ediswan and Mazda. Their lamp business continued to expand, and it was interesting to note that three out of four lamps installed in the s.s. "Queen Mary" were supplied by companies of the Associated Electrical Group.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the ten days ended March 31, 1936, amounted to £24,649,000, against ordinary expenditure of £13,396,000. After allowing for an increase in Exchequer Balances of £248,000, the operations for the week, as shown below, decreased the gross National Debt by £10,289,000 to approximately £7,909† millions.*

(000's omitted)			
2½% Funding Loan	+ 200	N. Atlantic Shipping Issues ...	— £ 28
1% Treasury Bonds	+ 50	British Shipping Issues	47
Treasury Bills	+ 1,506	Public Department Advances ...	— 14,320
P.O. and Teleg. Cap. Exptre....	+ 2,450	Treasury Bond repayments ...	200
National Savings Certificates ...	+ 100		
	9		
	+ 4,306		— 14,595

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appears below.

NATIONAL DEBT—(Million £)

	Aug. 1, 1914	Dec. 31, 1919	Sept. 30, 1934	Dec. 31, 1934	Mar. 31, 1935†	June 30, 1935†	Sept. 30, 1935†	Dec. 31, 1935†	March 31, 1936††
2½% and 2½% Consols	573	300	300	300	300	300	300	300	300
Term Annuities	30	20	12	12	12	12	12	12	12
4% Consolidated Loan	...	...	401	401	401	401	401	401	401
3½% Conversion Loan	...	...	742	742	740	740	740	740	740
Other Funded Debt	15	15	14	14	14	14	14	14	14
4½% Conversion Loan	...	...	375	375	375	375	375	375	375
5% Conversion Loan	...	...	323	323	323	323	323	323	323
3% Conversion Loan	...	...	302	302	302	302	302	302	302
2½% Conversion Loan	...	...	204	204	204	204	204	204	204
3½% War Stock	...	63	...	...	...	...	...	...	...
3½% War Stock, 1932	...	1,918	1,918	1,914	1,914	1,914	1,914	1,914	1,911
4½% War Stock	...	13	...	...	...	...	...	...	...
5% War Stock	...	2,047	...	...	...	...	...	...	...
National War Bonds	...	1,509	...	...	...	...	...	...	...
4% Funding Loan	...	409	361	361	361	361	361	361	364
3% Funding Loan	...	...	149	149	149	149	149	149	149
4½% Funding Loan	...	...	...	...	...	...	...	...	31
4½% Victory Bonds	...	360	204	204	204	204	204	204	204
Treasury Bonds	...	...	268	268	234	224	224	229	172
Exchequer Bonds	20	323	...	...	...	...	...	...	...
National Savings Certs.	...	267	393	397	396	396	396	395	396
Other Debt*	...	1,306	1,038	1,038	1,038	1,038	1,038	1,038	1,038
American Loan (Anglo-French)	...	51	...	...	...	...	...	...	...
Treasury Bills	15	1,107	823	900	799	877	899	866	763
Temporary Advances	1	243	50	27	34	25	8	64	17
	654	8,033	7,880	7,936	7,801	7,859	7,864	7,922	7,907
	57	46	208	208	102	102	102	102	102
Other Capital Liabilities									
Total Liabilities	711	8,079	8,088	8,144	7,903	7,961	7,966	8,024	7,909

* Includes debt to American Government.

† Revised figures.

†† Subject to Revision, owing to Sinking Fund Allocations.

REVENUE	Estimate for the year 1935-36	Total Receipts into the Exchequer			
		Year ending Mar. 31, 1935	Year ending Mar. 31, 1936	8 days ended Mar. 31, 1935	10 days ended Mar. 31, 1936
ORDINARY REVENUE					
Inland Revenue—	£	£	£	£	£
Income Tax	232,500,000	228,877,000	238,074,000	4,401,000	7,873,000
Sur-tax	51,500,000	51,165,000	51,020,000	2,220,000	3,190,000
Estate, etc., Duties	80,000,000	81,356,000	87,920,000	2,540,000	2,440,000
Stamps	25,000,000	24,110,000	25,800,000	1,380,000	2,150,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	2,300,000	1,300,000	800,000	300,000
Land Tax and Mineral Rights Duty	800,000	770,000	785,000	50,000	65,000
Total Inland Revenue	391,500,000	388,578,000	404,899,000	11,391,000	16,018,000
Customs and Excise—					
Customs	188,570,000	185,096,000	196,642,000	3,264,000	4,614,000
Excise	108,350,000	104,600,000	106,700,000	600,000	800,000
Total Customs and Excise	296,920,000	289,696,000	303,342,000	3,864,000	5,414,000
Motor Vehicle Duties (Exchequer Share)	5,000,000	5,100,000	4,977,000	...	...
Post Office (Net Receipt)	11,850,000	12,250,000	11,670,000	Dr 160,000	Dr 103,000
Crown Lands	1,330,000	1,320,000	1,360,000	50,000	40,000
Receipts from Sundry Loans	3,900,000	4,372,209	4,933,936	7,884	...
Miscellaneous Receipts	25,970,000	15,124,841	21,738,208	2,017,029	4,206,861
Total Ordinary Revenue	734,470,000	716,441,050	752,920,144	15,729,913	24,648,861
SELF-BALANCING REVENUE					
Post Office	66,220,000	61,750,000	66,080,000	2,500,000	2,380,000
Motor Vehicle Duties apportioned to Road Fund	26,230,000	26,438,000	25,775,000	242,000	176,000
Total Self-balancing Revenue	92,450,000	88,188,000	91,855,000	2,742,000	2,556,000
Total	...	804,629,050	844,775,144	18,471,913	27,204,861

EXPENDITURE	Estimate for the year 1935-36 (including Supplementary Grants)	Total Issues out of the Exchequer to meet payments			
		Year ending Mar. 31, 1935	Year ending Mar. 31, 1936	8 days ended Mar. 31, 1935	10 days ended Mar. 31, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	224,000,000	211,657,232	211,533,776	475,257	1,713,712
Payments to Northern Ireland Exchequer	6,750,000	6,817,754	7,204,550	1,012,591	1,519,976
Other Consolidated Fund Services	3,700,000	3,610,299	5,648,075	436,410	2,612,271
Post Office Fund	1,130,000	2,291,118	1,126,817	...	...
Total	235,580,000	224,376,403	225,513,218	1,924,258	5,845,959
Total Supply Services (excluding Post Office)	520,269,000	472,160,000	512,000,000	7,260,807	7,549,856
Total Ordinary Expenditure	755,849,000	696,536,403	737,513,218	9,185,065	13,395,815
New Sinking Fund (1928) (Finance Acts, 1928 & 1935)	...	12,342,768	12,466,224	647,408	515,831
SELF-BALANCING EXPENDITURE					
Post Office	66,220,000	61,750,000	66,080,000	2,500,000	2,380,000
Road Fund	26,230,000	26,438,000	25,775,000	242,000	176,000
Total Self-Balancing Expenditure	92,450,000	88,188,000	91,855,000	2,742,000	2,556,000
Total	...	797,067,171	841,834,442	12,574,473	16,467,646

The aggregate revenue and expenditure to March 31, 1936, is shown below:

FINANCIAL YEAR, 1935-36, APRIL 1, 1935, TO MARCH 31, 1936 (000's omitted)	
Expenditure	737,513
New Sinking Fund*	190
Plus	
Gross dec. in borrowing	2,751
Net surplus	15,217
	752,920
Revenue	752,920

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

POSITION OF THE FLOATING DEBT	
	Mar. 31, '35
Ways and Means Advances Outstanding—	£
Advances by Bank of England	£
Advances by Public Departments	£
Treasury Bills outstanding	£
Total Floating Debt	£
Includes £40,000, the proceeds of which were not carried to the Exchequer within the period of the Account.	

TREASURY BILLS BY PUBLIC TENDER
Tenders for £40,000,000 Treasury bills were opened on March 27, 1936, and the total amount applied for was £64,815,000. Tenders were accepted for Treasury bills at three months dated Monday at 99 17s. 5d., about 41 per cent., and above in full; Tuesday to Saturday, at 99 17s. 6d., and above in full. The average rate per cent. was 10s. 0.23d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934				
January 5	35,000,000	78,260,000	30,000,000	0 18 11.5
April 6	40,000,000	80,390,000	38,000,000	0 17 8.1
July 6	35,000,000	62,745,000	32,000,000	0 16 4.14
October 5	35,000,000	65,260,000	31,510,000	0 15 9.702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1.64
April 5	40,000,000	76,095,000	40,000,000	0 10 2.93
July 5	40,000,000	60,905,000	40,000,000	0 12 4.32
October 4	45,000,000	71,245,000	44,000,000	0 12 8.05
1936				
January 3	35,000,000	68,075,000	35,000,000	0 10 10.72
March 6	45,000,000	85,645,000	45,000,000	0 10 5.08
March 13	45,000,000	70,375,000	45,000,000	0 10 9.24
March 20	40,000,000	61,165,000	40,000,000	0 10 5.15
March 27	40,000,000	64,815,000	40,000,000	0 10 0.23

NATIONAL SAVINGS CERTIFICATES		
Total Sales of Savings Certificates	No. of Certificates	Value
Week ended March 7, 1936	731,459	548,594
Week ended March 14, 1936	688,785	516,589
February, 1916, to March 7, 1936	1,253,790,108	986,780,419

At the end of January, 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,531,076.

The OCEAN
Accident & Guarantee Corporation, Limited.
Head Office: 36-44 Moorgate, London, E.C.
FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, April 1, 1936

ISSUE DEPARTMENT

Notes Issued:—	
In Circulation	413,018,030
In Banking Department	47,831,851
Government Debt	11,015,100
Other Government Securities	247,091,194
Other Securities	916,820
Silver Coin	976,886
Amount of Fiduciary Issue...	280,000,000
Gold Coin and Bullion	200,849,581
460,849,881	460,849,881

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	95,874,996
Reserve	3,775,722	Other Securities:	
Public Deposits*	9,736,394	Discounts and Advances	10,108,293
Other Deposits:		Securities	14,582,833
Bankers	102,647,914		24,691,126
Other Accounts	38,469,428	Notes	47,831,851
		Gold and Silver Coin	784,485
			169,182,458

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

Both Departments		Amount, April 1, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation		413,018,030	+ 6,523,802	+ 26,027,210
Public deposits		9,736,394	+ 8,263,972	+ 812,903
Bankers' deposits		102,647,914	+ 19,030,453	+ 7,025,968
Other deposits		38,469,428	+ 1,510,700	+ 1,989,555
Total outside liabilities		563,871,766	+ 18,800,983	+ 16,198,884
Capital and res.		18,328,722	+ 26,758	+ 19,539
Government debt and securities		353,981,290	+ 16,171,134	+ 89,876
Discounts and advances		10,108,293	+ 5,145,512	+ 4,326,782
Other securities		15,499,653	+ 2,704,518	+ 4,339,594
Silver coin in issue department		976,886	+ 25,114	+ 1,023,198
Coin and bullion (bank's reserves)		201,634,366	+ 240,732	+ 8,485,369
Reserves of notes and coin in banking department		48,616,336	+ 6,283,070	+ 17,541,841
Proportion of reserve to outside liabilities				
(a) Banking Department only ("proportion")		32.2%	7.4%	8.9%
(b) Gold stocks to deposits and notes ("reserve ratio")		35.8%	1.2%	0.1%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936							
Mar. 11	460,613	404,537	14,239	91,570	36,064	0.5 in	2
" 18	460,613	404,368	16,891	90,849	37,203	Nil	2
" 25	460,615	406,494	18,000	83,617	36,959	1.7 in	2
April 1	460,850	413,018	9,736	102,648	38,469	2.35 in	2

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio		Govt. Securities	Discounts & Advances	Other Securities	
1936								
Mar. 11	257,177	1,781	201,357	36%	78,580	9,945	14,792	56,820 40
" 18	257,308	1,648	201,365	36%	80,160	8,606	17,463	56,997 39
" 25	257,505	1,493	201,394	37	80,305	4,963	16,711	54,899 39
April 1	258,106	917	201,634	35	95,875	10,108	14,583	48,616 32

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to March 18	7,231,092	447,445	771,560	8,450,097
Week ended March 25	590,902	36,370	58,534	685,806
Week ended April 1	698,261	38,926	61,851	799,138
Total to date, 1936	8,520,255	522,741	892,045	9,935,041
Total to date, 1935	8,537,709	491,014	811,853	9,840,676
Increase or decrease in 1936	- 17,454	+ 31,727	+ 80,192	+ 94,365
	- 0.2%	+ 6.5%	+ 9.9%	+ 1.0%
Total for year 1935	32,443,575	1,687,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	+ 5.5%	+ 7.2%	+ 8.1%	+ 5.8%

PROVINCIAL (000's omitted)

	Week ended March 28.		Month of March			Aggregate Totals January 1 to March 28.	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days:			26	26			
BIRMINGHAM	2,086	2,291	9,580	10,653	+ 11.2	31,688	34,540
BRADFORD	1,075	1,253	3,794	4,666	+ 22.9	11,871	13,191
BRISTOL	1,101	1,277	4,868	5,533	+ 13.6	15,153	16,631
DUBLIN	6,056	4,569	...	...	...	70,961	73,038
HULL	688	743	3,209	3,424	+ 6.6	9,630	10,579
LEEDS	1,041	774	4,280	3,874	+ 9.4	13,008	12,414
LEICESTER	622	719	2,792	3,114	+ 11.5	9,279	9,697
LIVERPOOL	5,849	6,088	25,824	27,526	+ 6.5	81,193	84,504
MANCHESTER	10,233	9,883	42,768	44,900	+ 5.0	129,021	131,375
NEWCASTLE	1,077	1,288	5,493	6,656	+ 2.9	19,317	16,654
NOTTINGHAM	358	463	1,982	2,116	+ 6.7	6,233	6,914
SHEFFIELD	633	814	3,452	4,289	+ 24.2	11,627	12,937
	30,919	30,163	108,060	115,751	+ 7.1	408,986	418,474

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Italy appeared in the *Economist* for November 9, Turkey, in January 4, Portugal, in January 18. International settlements, Denmark, Finland, Danzig in March 14. Norway, Reichsbank, Switzerland, Greece, Lithuania, Estonia, Sweden, Argentina, Egypt, Austria Czechoslovakia in March 28.

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

U.S.F.R. BANKS	Apr. 3, 1935	Mar. 12, 1936	Mar. 19, 1936	Mar. 26, 1936	Apr. 2, 1936
RESOURCES					
Gold Certificates on hand and due from the Treasury	5,593,720	7,667,830	7,667,340	7,665,840	7,665,340
Total reserves	5,847,480	8,028,010	8,028,430	8,034,340	8,030,250
Total cash reserves	236,130	344,930	346,080	353,630	350,040
Total bills discounted	6,390	4,920	5,630	6,070	7,250
Bills bought in open market	5,300	4,680	4,680	4,670	4,670
Total bills on hand	11,690	9,600	10,310	10,740	11,920
Industrial advances	21,070	30,190	30,320	30,500	30,360
Total U.S. Govt. securities	2,430,220	2,430,220	2,430,220	2,430,220	2,430,220
Total bills and securities	2,430,220	2,471,130	2,471,680	2,472,710	2,472,710
Total resources	8,891,390	11,116,540	11,237,630	11,137,190	11,164,390
LIABILITIES					
Federal Reserve notes in actual circulation	3,174,530	3,731,530	3,730,980	3,732,330	3,772,020
Aggregate of excess member bank reserves over requirements	...	3,010,000	2,390,000	2,310,000	2,310,000
Deposits—Member bank—reserve account	4,192,950	5,796,170	5,143,770	5,059,150	5,077,080
Government deposits	473,680	391,110	1,067,500	1,085,690	1,085,690
Total deposits	4,897,070	6,514,190	6,539,130	6,549,930	6,493,390
Capital paid in and surplus	306,650	302,650	302,750	302,740	302,730
Total liabilities	8,891,390	11,116,540	11,237,630	11,137,190	11,164,390
Ratio of total reserves to deposit and F.R. note liabilities combined	72.4%	76.4%	78.2%	78.2%	78.2%
U.S.F.R. BANKS AND TREASURY COMBINED					
Monetary Gold Stock	8,568,000	10,170,000	10,173,000	10,177,000	10,185,000
Treasury and National Bank Currency	2,548,000	2,503,000	2,503,000	2,502,000	2,504,000
Money in Circulation	5,497,000	5,840,000	5,841,000	5,837,000	5,884,000
Treasury Cash and Deposit with Federal Reserve Banks	3,404,000	2,909,000	3,587,000	3,667,000	3,614,000

NATIONAL PROVIDENT INSTITUTION
12, GRACECHURCH STREET, LONDON, E.C.3

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary					
					Amount	Amount	Rate				
Breweries		£	£	£	£	£	%	£	£	£	%
Royal Brewery, Brentford	Dec. 31	32,424	60,423	92,847	6,975	27,900	12	22,750	35,222	59,594	12
Electric Lighting, etc.											
South London Electric.....	Dec. 31	25,658	82,810	108,468	1,800	37,346	7	55,983	13,339	90,490	7
South Metropolitan Electric	Dec. 31	39,166	164,512	203,678	16,500	54,000	9	86,493	46,685	174,570	9
Financial Land, etc.											
Cordova Land Company	Dec. 31	44,984	13,133	58,117	...	16,257	2(a)	5,000	36,860	15,739	Nil(a)
North of Scotland Canadian Mortgage	Feb. 15	...	Dr. 8,002	Dr. 8,002	...	...	...	Dr. 8,002	...	Dr. 10,049	...
River Plate Trust Loan, etc.	Dec. 31	255,617	175,342	430,959	75,000	{ 60,000 30,000	{ 12A 3B	{	265,959	170,847	{ A12 B 3
Gas											
Primitiva Gas of Buenos Aires.....	Dec. 31	59,712	159,304	219,016	...	59,989	2†	90,000	69,027	154,012	2†
Iron, Coal and Steel											
Amalgamated Anthracite Collieries.....	Dec. 31	137,547	121,136	258,683	...	...	...	114,136	144,547	253,603	...
Baker (John) and Bessemer	Dec. 31	21,312	19,927	41,239	21,898(c)	...	...	6,000	13,341	20,522	...
Coltress Iron	Dec. 31	183,733	259,131	442,864	25,750	108,281	2/9 p.s.	120,000	188,833	217,850	2/3 p.s.
Edinburgh Collieries.....	Jan. 31	Dr. 116,500	17,724	Dr. 98,776	...	...	...	...	Dr. 98,776	1,536	...
Maclellan (P. and W.).....	Dec. 31	Dr. 170,932	2,760	Dr. 168,172	...	...	...	...	Dr. 168,172	165	...
Newport Abercarn Coal Co.	Dec. 31	Dr. 37,531	Dr. 48,932	Dr. 86,463	...	...	...	...	Dr. 86,463	Dr. 38,609	...
Projectile and Engineering..	Dec. 31	27,081	19,395	46,476	...	16,211	12‡	...	30,265	10,382	10
United Collieries	Dec. 31	10,086	50,225	60,311	...	...	...	60,311	...	5,000	...
Motor and Aviation											
General Aircraft	Dec. 31	...	d) Dr. 29,987	Dr. 29,987	...	...	...	...	Dr. 29,987	...	...
Morris Motors	Dec. 31	236,145	1,237,736	1,473,881	225,000	340,350	15†	670,000	238,531	552,858	10†
Rubber											
Batu Caves	Dec. 31	732	4,543	5,275	...	5,508	3	Dr. 1,233	1,000	9,344	5
Damansara (Selangor)	Dec. 31	5,604	8,111	13,715	...	7,875	2‡	300	5,540	10,075	4
Dennistown	Dec. 31	1,416	5,382	6,798	...	5,045	3	...	1,753	8,160	5
Gula-Kalumpang	Dec. 31	37,957	28,419	66,376	...	33,250	5	...	33,126	34,502	5
Java Amalgamated	Dec. 31	5,547	6,250	11,797	...	4,625	2‡	...	7,172	17,713	5
Sempah	Nov. 30	Dr. 1,375	167	Dr. 1,208	...	...	...	...	Dr. 1,208	2,389	...
Sungei Kruit.....	Dec. 31	3,449	4,831	8,280	...	3,900	6	115	4,265	8,566	10
Teluk Piah	Dec. 31	1,304	1,348	2,652	...	1,200	3	...	1,452	2,323	4
Shipping											
Elder Dempster Lines.....	Dec. 31	119,694	450,503	570,197	...	96,875	5	360,000	113,322	351,547	3
General Steam Navigation	Dec. 31	27,272	28,331	55,603	14,244	18,996	5†	...	22,363	43,005	5†
Royal Mail Lines.....	Dec. 31	59,301	634,935	694,236	...	108,500	3‡	573,600	12,136	437,961	Nil
Shops and Stores											
Barker (John) and Co.	Jan. 31	259,124	386,792	645,916	46,174	165,950	15	210,000	223,791	384,339	15
Bon Marché	Jan. 31	61,023	66,292	127,315	12,000	51,000	30	7,022	57,293	72,910	30
Meakers, Ltd.	Jan. 31	28,848	31,402	60,250	17,500	...	...	5,000	37,750	29,558	...
Stagg and Russell.....	Jan. 31	22,784	6,539	29,323	6,250	...	...	23,073	...	7,236	...
Upsons	Dec. 31	43,432	133,911	177,343	46,235	59,500	11	28,381	43,227	129,884	12(c)
West and Moultons.....	Jan. 31	1,541	22,091	23,632	...	19,688	17‡	1,500	2,444	14,752	9-58
Tea											
Dimbula Valley (Ceylon)....	Dec. 31	41	13,076	13,117	3,784	9,200	5	...	133	12,125	5
Poonmudi	Dec. 31	1,403	3,354	4,757	...	2,456	2‡	1,000	1,301	3,953	2‡
Textiles											
Hirst (Geo. H.) and Co.....	Dec. 31	2,195	4,520	6,715	...	...	...	4,601	2,114	4,196	...
Tramways and Omnibuses											
Potteries Motor Traction....	Dec. 31	22,699	75,620	98,319	...	43,300	10	30,000	25,019	29,226	6
Tynemouth and District Transport.....	Dec. 31	3,483	20,368	23,851	1,5-25	4,641	10	13,213	4,472	19,595	7‡
Trusts											
Scottish Capital Investment	Mar. 1	14,745	36,132	50,877	23,532	9,413	3	7,500	10,432	32,555	2‡
Other Companies											
Annandale and Son	Dec. 31	2,948	4,793	7,741	...	4,793	8†	...	2,946	6,487	10‡
Apollinaris and Presta	Dec. 31	49,750	3,278	53,028	...	...	...	...	53,028	Dr. 25,652	...
British Drug Houses	Dec. 31	10,172	43,998	54,170	13,138	20,000	5	10,000	11,032	42,054	5
British Quarrying Co.	Oct. 31	16,498	37,076	53,574	14,530	6,194	6	13,851	18,999	26,788	4
Daily Mirror Newspapers ...	Feb. 29	72,140	315,326	387,466	64,000	210,000	15	30,000	83,466	312,157	15
English Electric Co.	Dec. 31	Dr. 107,679	183,642	75,963	...	...	...	53,500	22,463	81,902	...
Foster (M. B.) and Sons	Dec. 31	80,548	39,075	119,603	...	32,937	17	...	86,666	27,775	13‡
Harding Tilton and Hartley	Dec. 31	559	43,724	44,283	959	13,078	22‡	27,425	2,821	34,360	52‡g
Lever Brothers	Dec. 31	306,779	6,901,118	7,207,897	338,0781	{ 135,7463 1275000	{ 20h 15	{ 800,000 ...	394,653	6,254,052	{ 20h 15
Morrison's (Gowns)	Dec. 31	1,756	4,556	6,312	2,400	...	...	1,000	2,912	2,870	...
Oxendale and Company	Feb. 29	3,936	25,396	29,332	2,131	23,250	10(h)	...	3,951	18,841	7‡h
Pettigrew and Stephens	Feb. 19	20,301	28,922	49,223	7,250	19,040	14	2,078	20,855	26,885	14
Pinchin, Johnson & Co.....	Dec. 31	68,144	302,130	370,274	30,940	259,497	20	...	79,837	265,084	17‡
Randall (C. W.) & Co.....	Dec. 31	21,979	10,806	32,785	6,271	2,500	25	...	24,014	8,080	25
Reynolds (A.) and Co.	Dec. 31	114,858	114,336	229,194	7,175	73,125	12‡	30,000	118,893	103,303	12‡
Rolls Razor	Dec. 31	2,241	46,602	48,843	11,625	19,375	100	15,000	2,843	43,484	(m) 250
Smithfield and Argentine Meat.....	Dec. 31	53,853	125,236	179,089	37,500	40,625	6‡	25,000	75,964	165,771	6
Slazengers	Dec. 31	12,986	19,262	32,248	6,000	11,555	6	2,525	12,168	27,126	9
Steel Brothers and Co.....	Dec. 31	40,134	228,492	268,626	183,000	20,000	9-6d.	38,663	26,963	284,613	1/7-2†
Sunday Pictorial Newspapers	Feb. 29	70,769	216,697	287,466	40,000	131,250	12‡	25,000	91,216	212,339	12‡
Travers (Joseph) and Sons..	Jan. 25	27,560	56,475	84,035	6,250	30,000	15	11,378	36,407	12,148	12‡
United Premier Oil and Cakes	Dec. 31	38,047	93,523	131,570	34,431	14,531	10 (s)	45,000	37,608	58,303	7‡

(a) On income stock. (b) Absorbed £51,000. (c) Two years to June 30, 1935. (d) From September 1, 1934, to December 31, 1935. (g) Absorbed £12,206. (h) Preferred ordinary shares. (m) Absorbed £27,708. (n) Also Bonus of 5 per cent. in ordinary shares. † Free of income tax.

UNION CORPORATION, LIMITED

(Incorporated in the Union of South Africa.)

ABRIDGED REPORT OF THE DIRECTORS

In submitting to the Shareholders the Accounts of the Corporation for the year ended December 31st, 1935, the Directors state:—
The accounts are drawn up in Union of South Africa currency, English currency being taken at par.

The realised net profit for the year is £604,920 6s. 4d., to which £126,175 6s. 0d. brought forward from 1934 has to be added, making a total of £731,095 12s. 4d. An interim dividend of two shillings and sixpence per share was paid on November 22nd last. The Directors have set aside a sum of £40,188 18s. 10d. to the credit of Reserve Account, thus bringing that Account to a total of £1,280,000, and they have declared a final dividend of five shillings and sixpence per share, making a total distribution of eight shillings per share, or £560,000 for the year, and the balance of £130,906 13s. 6d. is carried forward to new account.

In dealing with the accounts for the past year, your Directors have deemed it advisable to provide for contingencies by reducing the book cost of some shareholdings both below cost and below market price. Your Directors have also thought it desirable to set aside a sum of £25,000 as a Reserve in respect of the Staff Pension Fund and for cognate objects not covered by that Fund. Suitable provision has been made for liabilities and contingent liabilities in respect of taxation in the United Kingdom and in other countries.

Holdings of Shares, Debentures and other securities have been taken into the Accounts at cost or under, but in no case above the market price of December 31st last, or, where no market price exists, above the Directors' valuation. At present market prices, these holdings show a very substantial surplus over the amount at which they stand in the Balance Sheet.

The operating results of the EAST GEDULD MINES have been as follows:—

	Tons milled	Gold output (and per ton)	Average price per oz.	Working costs (and per ton)	Working profit (and per ton)	Dividends (and per share)
1934	972,500	2,289,679 (47/1)	138s.	885,411 (18/5)	1,394,268 (28/8)	691,875 (8/3)
1935	1,152,300	2,560,088 (44/5)	141s.	1,059,373 (18/5)	1,500,715 (26/0)	776,875 (8/9)

The ore reserves at December 31st last were again estimated on a price for gold of 130s. per oz. fine, and on this basis amounted to 9,000,000 tons assaying 5-2 dwt. per ton over a stopping width of 59 inches.

The results of development work continued to be satisfactory.

The Company has an important shareholding in the neighbouring Grootvlei Proprietary Mines.

The operating results of the GEDULD PROPRIETARY MINES have been as follows:—

	Tons milled	Gold output (and per ton)	Average price per oz.	Working costs (and per ton)	Working profit (and per ton)	Dividends (and per share)
1934	1,116,000	2,239,639 (40/2)	138s.	826,579 (14/10)	1,413,060 (25/4)	986,078 (13/6)
1935	1,160,300	2,303,587 (39/8)	141s.	837,533 (14/5)	1,466,054 (25/3)	1,022,600 (14/0)

The ore reserves at December 31st last were again estimated on a price for gold of 130s. per oz. fine, and on this basis amounted to 9,000,000 tons assaying 5-2 dwt. per ton over a stopping width of 57 inches.

In addition to the profits earned from its own operations the Company during the year

received revenue from other sources amounting to £314,162, which figure includes dividends on its shareholding in East Geduld Mines.

The operating results of the MODDERFONTEIN DEEP LEVELS have been as follows:—

	Tons milled	Gold output (and per ton)	Average price per oz.	Working costs (and per ton)	Working profit (and per ton)	Dividends (and per share)
1934	568,500	1,333,991 (46/11)	138s.	434,446 (15/3)	899,545 (31/8)	600,000 (6/0)
1935	573,000	1,080,723 (37/9)	141s.	466,800 (16/4)	613,923 (21/5)	450,000 (4/6)

The ore reserves at December 31st last were again estimated on a price for gold of 130s. per oz. fine, and on this basis amounted to 800,000 tons assaying 3-3 dwt. per ton over a stopping width of 59 inches. Included in the 800,000 tons are 84,000 tons of ore assaying 2-3 dwt. over 56 inches, which were developed on the Kimberley Reef from two shallow prospecting shafts.

OVER ONE HUNDRED YEARS OF SERVICE
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY
 ASSETS - EXCEED £16,000,000
 FIRE LIFE ACCIDENT MARINE
 Edinburgh: 35 St. Andrew Square
 London: 5 Walbrook, E.C.4, and 45 Pall Mall, S.W.1

City, or to the London office of the National City Bank of New York, 36 Bishopsgate, E.C.2.

A SOUTH YORKSHIRE COLLIERY MERGER SCHEME.—A scheme has been prepared for the partial amalgamation of six of the leading colliery companies of South Yorkshire. The companies involved are: Denaby and Cadeby Main Collieries, Rossington Main Colliery, Dinnington Main Coal, Maltby Main Colliery, Stratford Collieries, and Darton Main. The proposed new company will be known as Amalgamated Denaby Collieries. The scheme has been formulated by the six companies in conjunction with Yorkshire Amalgamated Collieries, which has a controlling interest in the first four companies mentioned. An application is being made to the Court of the Railway and Canal Commission for confirmation of the scheme.

KREUGER AND TOLL COMPANY.—A review of activities of Kreuger and Toll Secured Debenture Committee from April, 1932, to March, 1936, has just been issued. The secretary to the committee is Tristan Antell, 52 Broadway, New York, U.S.A.

ELDER DEMESTER LINES.—Gross profit for 1935, £615,288, compared with £522,103 for 1935. Expenses £155,561, against

£167,037. Depreciation provided for £275,000, against £240,000. Ordinary dividend 5 per cent., absorbing, £96,875 against 3 per cent. absorbing £58,125. To reserve, £75,000, against nil. Carry-forward, £113,322, against £119,694. The report states that the future for West Africa is more hopeful than it has been for many years.

AMALGAMATED ANTHRACITE COLLIERIES.—Trading profits of Amalgamated Anthracite Collieries amounted to £272,310 in 1935, after providing for profits and losses of subsidiary companies. This compares with £409,166 in the previous year and £361,517 in 1933. After paying debenture interest, etc., the net profit is £143,112, against £292,183. Provision for the redemption of debenture stock and funding certificates and interest on the funding certificates requires £136,112, leaving £144,547 to carry forward. The directors have decided not to pay any dividend on the preference shares for 1935. Meeting, Hotel Victoria, W.C.2, April 6th, at 12.15 p.m.

ROYAL MAIL LINES.—Gross revenue in 1935 of Royal Mail Lines showed an expansion from £792,467 to £936,414. After providing for expenses, fees, etc., profits were over £144,000 higher, at £534,935. Depreciation on the fleet of £343,600 has been allowed, against £331,025 in 1934, and, in addition, £130,000 is provided for fleet replacement "in view of the high average age of the vessels." A first dividend of 3½ per cent. is to be paid on the 4,000,000 £1 shares, and £12,136 is carried forward, against £59,301. Trade investments, in the balance sheet, have risen from £7,037 to £93,900, owing to certain trade investments formerly owned by Royal Mail Steam Packet Company having been acquired. Investments in gilt-edged and corporation stocks appear at £878,253, against £602,877. Cash has risen from £321,697 to £456,453.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE quietude which has recently characterised the majority of the principal commodity markets shows no signs of lifting, and trading was generally featureless this week. Price movements remained rather irregular, no general tendency being discernible.

Business in iron and steel continued active at firm rates, but quotations for non-ferrous metals were again irregular. Copper scored a marked improvement, mainly in consequence of a more active demand; while tin was again dearer owing to the continued scarcity of the metal; it appears that both Bolivia and Nigeria are still experiencing difficulty in producing their quota. By way of contrast, spelter suffered a setback this week on the absence of definite news regarding the resuscitation of the Zinc Cartel, and lead was slightly easier. The coal trade remained patchy, and conditions in South Wales and in Durham leave much to be desired.

The statistical position of rubber improved further, and trade demand was steady. But the uncertainties of the international outlook caused liquidation in some quarters, and prices consequently showed no net change on the week. The market in oils and oilseeds was dull, but the downward movement of prices was checked. Wool remained a firm market, and American cotton rose in price. Egyptian cotton, on the other hand, lost ground this week; quotations for other textile fibres were mainly unaltered.

The sagging tendency of prices on the London Provision Exchange was checked, bacon, butter and cheese being dearer than they were a week ago. The market in sugar was also strong, but considerable irregularity was displayed at the Mincing Lane tea auctions, and quotations for certain grades declined. Liverpool wheat futures are practically unchanged, although London spot quotations were rather lower. The rise in maize prices has halted.

Meanwhile American prices remained stagnant. Thus Moody's index of the dollar prices of staple commodities stood at 169.8 on Wednesday, against 169.6 a week earlier, 169.4 a month ago and 151.7 on the corresponding day last year.

COAL

SHEFFIELD.—The brisk call for best Yorkshire steams is a feature of the situation. Secondary quality steams are a little easier. Export demand for prompt shipment is quieter, but more forward inquiries are coming in, and it is hoped that these will materialise. Prices are not quite so firm as they have been. Sales of most classes of fuels continue on a heavy scale to the inland market, and there is no "free" blast furnace coke. The output of the ovens just suffices to meet requirements under contract. The quotas for April have been reduced by 2½ per cent. for output and inland trade and 5 per cent. for export.

Quotations:—Best South Yorkshire hards, 19s. to 19s. 6d.; Derbyshire do. 17s. 9d. to 18s. 3d.; screened gas coal, 19s. to 20s. 6d.; coking smalls, 14s. 6d. to 15s.; slacks, 10s. to 13s. (all f.o.b.);

best South Yorkshire house, 23s. to 24s.; Do., Derbyshire, 22s. to 23s.; blast furnace coke 18s. to 18s. 6d. (at pits and ovens).

NEWCASTLE-ON-TYNE.—Northumberland steam collieries are working regularly and have little coal available until the end of April. Large screened steam coal is in active demand from the Scandinavian countries and smalls have a ready sale to Public Utility Companies in the home market. The position of manufacturing coal produced in Durham is unfortunately much different, the trouble being that although the home market is very brisk and absorbing increased quantities, the export market is dead, and does not give any indication of improvement. Idle time, through lack of export trade, is now frequent among coking collieries. Coke continues to be a very firm market, and at the moment supply is below requirements.

Current f.o.b. prices for export:—**NORTHUMBERLAND.**—D.C.B. screened, 16s.: smalls, 13s.; Howards, Bentinck, Newbigin, screened, 15s. 6d.: smalls, 13s.; Tyne Prime, large, 14s. 6d.: smalls, 12s. 6d.; Hartley Main, large, 14s. 9d.: smalls, 12s. 6d. **DURHAM.**—Lambton/South Hetton, screened steam, 15s.: smalls, 13s. 6d.; Special gas, 15s.; Holmside, Ryhope, Best, unscreened, 14s. 8d.; second-class gas, 13s. 6d.; coking, unscreened and/or smalls, 13s. 3d.; prime unscreened bunkers, 15s.; second-class unscreened bunkers, 14s.; prime foundry coke, 24s.; Newcastle and District gas coke, 24s. 6d.

GLASGOW.—A bright feature in the Scottish coal market during the past few days has been the firmness of washed nuts. Foreign buyers have been showing increased interest in these qualities, and as inland and coastwise demands remain brisk, high prices are secured for any business arranged, the collieries being reserved in contracting far ahead in view of pending selling arrangements. Little fresh export business is passing in round coal, but here also home requirements are still good, and the position all round is fairly satisfactory, although Lothian producers would welcome orders.

Shipment prices f.o.b. district ports:—**LANARKSHIRE.**—Ell best, 17s. 6d. split best 19s. 6d.–20s.; splint second, 17s.–18s.; navigation, screened, 15s.–15s. 6d.; navigation, unscreened, 14s.–14s. 6d.; steam, screened, 15s.; trebles, 15s. 6d.; doubles, 16s.; singles, 15s. 6d.; pearls, 13s. 6d.–14s.; dross, 12s. 6d. **FIFE.**—Best unscreened navigation, 13s. 3d.–13s. 6d.; unscreened navigation, 13s.; first-class steam, 14s. 9d.–15s.; third-class steam, 14s.–14s. 6d.; trebles, 15s.–16s.; doubles, 15s.–15s. 6d.; singles, 14s. 9d.–15s.; pearls, 13s. 6d.–14s. **LOTHIANS.**—Best splint, 14s. 6d.; prime steam, 13s. 6d.–14s.; secondary steam, 12s. 9d.–13s.; unscreened navigation, 14s.; trebles, 15s.; doubles, 14s. 3d.–14s. 6d.; singles, 14s. 3d.; pearls, nom. **AYRSHIRE.**—Best unscreened navigation, 15s. 6d.–16s.; steam, 14s.; trebles, 15s. 6d.; doubles, 15s.; singles, nom.; pearls, nom.; dross, nom.

CARDIFF.—There has been practically no change in the position on the Cardiff coal market during the past week, and again the restricted volume of business has been insufficient to absorb the quota allowances of the collieries. Many of the pits have been working part time. There is a glut of large coal, but the scarcity of small and sized grades has been accentuated by the reduced production of large coals, and quotations for these grades have further strengthened. The market for coke continues strong, and there is a moderate inquiry for patent fuel, but pitwood prices have eased under the reduced requirements of the collieries. The French import quota of 58.5 per cent. is to remain in operation during April. The French authorities have agreed to the transfer of the control of licences from Paris to London, and some of the practical aspects of this change in the administration of the licensing system are to be considered at a conference between representatives of British colliery owners and French importers in Paris on Friday. British exporters are perturbed by this new arrangement, and have appealed for the intervention of the Executive Committee of the

RAND MINES, LIMITED

(INCORPORATED IN THE UNION OF SOUTH AFRICA)

CONDENSED BALANCE SHEET, 31st DECEMBER, 1935.

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS	
To Capital Account—		By Freehold and Leasehold Properties, Reservoirs and Ventures at cost, less Depreciation.....	
Registered 2,200,000 shares of 5s. each.....	£550,000 0 0		
Less 74,005 shares of 5s. each in reserve	18,501 5 0		
Issued 2,125,995 shares of 5s. each.....	£331,498 15 0	„ Shares, Debentures, etc., at or below market value at 31st December, 1935, or where unquoted at Directors' valuation:—	£51,912 14 10
Notes.—I. Of the above Issued Capital, 30,844 ex-enemy shares are held by the Company.		Shares of	
II. The Directors have the power to increase the Capital of the Company from time to time up to a maximum amount of £650,000.			
Investment Reserve Account—			
As per Balance Sheet, 31st December, 1934.....	2,946,140 9 1	7,432 Cape Portland Cement Co., Ltd.	£1
Add—Amount realized by sale of Investments during year ended 31st December, 1935, less book value thereof (£232,971 14s. 2d.).		127,809 City Deep, Ltd.	£1
Funds transferred from Appropriation Account—For net amount of funds expended on new Investments purchased during the year ended 31st December, 1935, in excess of Investments sold, etc. (£106,014 5s. 4d.)	338,985 19 6	84,514 Consolidated M.R. Mines and Est., Ltd.	£1
	3,285,126 8 7	601,296 Crown Mines, Ltd.	10s.
Deduct—Net amount written off Investments, etc.	54,443 10 1	38,500 Daggafontein Mines, Ltd.	£1
	3,230,682 18 6	221,118 Durban Roodepoort Deep, Ltd.	10s.
Shareholders—		29,762 East Daggafontein Mines, Ltd.	10s.
For Dividends declared but unpaid.....	478,384 19 0	90,250 Do. Do. 1s. paid	10s.
Creditors and Credit Balances.....	546,989 18 7	18,036 Do. Do. (Options at 37s. 6d.)	10s.
	1,025,374 17 7	9,851 East Geduld Mines, Ltd.	£1
Balance of Appropriation Account—		94,466 East Rand Proprietary Mines, Ltd.	10s.
Unappropriated	383,696 17 4	34,141 Ferreira Estate Co., Ltd.	1s.
		54,054 Geldenhuis Deep, Ltd.	£1
		114,300 General Estates, Ltd.	13s.
		8,000 Grootvlei Proprietary Mines, Ltd.	£1
		32,507 Do. Do. 10s. paid	10s.
		20,207 Marlevale Consolidated Mines, Ltd., 1s. paid	10s.
		117,335 Modderfontein B. Gold Mines, Ltd.	5s.
		26,750 Modderfontein Deep Levels, Ltd.	5s.
		74,596 Modderfontein East, Ltd.	£1
		300,285 New Modderfontein G.M. Co., Ltd.	10s.
		195,113 North Venezuelan Petroleum Co., Ltd.	£1
		57,646 Nourse Mines, Ltd.	£1
		3,395 Palmietkuil G.M. Co., Ltd.	10s.
		17,029 Do. Do. 7s. paid	10s.
		51,380 Pretoria Portland Cement Co., Ltd.	£1
		23,167 Rietfontein (No. 11) G.M., Ltd.	10s.
		119,030 Rose Deep, Ltd.	£1
		56,250 Siparia Trinidad Oilfields, Ltd.	£1
		70,000 South African Coal Ests. (Witbank), Ltd.	£1
		23,989 S.A. Land and Exploration Co., Ltd.	3s. 6d.
		35,956 The Hume Pipe Co. (S.A.), Ltd.	10s.
		12,400 The Anglo-Spanish Construction Co., Ltd.	£1
		£248,000 The Anglo-Spanish Construction Co., Ltd. ((60% repaid)	6% Debs. Shares of
		50,550 Transvaal Con. Land and Explor. Co., Ltd.	10s.
		13,139 Transvaal Gold Mining Estates, Ltd.	£1
		41,250 Trinidad Leaseholds, Ltd.	£1
		95,000 Tucuyo Oilfields of Venezuela, Ltd.	£1
		23,585 Van Dyk Con. Mines, Ltd.	7s. 6d.
		92,145 Village Deep, Ltd. (in Liq.)	10s.
		19,625 Viakfontein G.M. Co., Ltd.	10s.
		59,375 Do. Do. 1s. paid	10s.
		500,568 Vogelstruisbult G.M. Areas, Ltd.	10s.
		41,618 Witbank Colliery, Ltd.	£1
		£10,575 Witbank Colliery, Ltd.	7% Debs.
		Sundry Shares, Debentures, etc.	446,870 4 1
		„ Rand Mines, Limited, Shares—	63,707 0 5
		30,844 ex-enemy shares at cost.....	
		„ Buildings, Plant, Stores, Vehicles, Furniture, etc.	6,610 12 4
		„ Debtors and Debit Balances—	24,495 1 9
		Advances to Companies	
		Payments on account of mining supplies in stock and in transit for account of sundry mining companies	14,170 15 11
		Current Accounts, Loans and Payments in Advance, etc.	26,542 7 8
		„ Deposits, Fixed and on Call	575,750 4 5
		„ Government and Municipal Stocks, etc.	258,501 0 5
		„ Cash at Bankers and in Hand	33,250 14 11
		„ Dividends to be received on Shareholdings	471,750 17 6
			£5,171,253 8 5

APPROPRIATION ACCOUNT.		Cr.	
Dividend Account—		By Balance Unappropriated—	
Dividends No. 64 of 75 per cent. and No. 65 of 80 per cent.	£811,871 0 3	As per Balance Sheet, 31st December, 1934	£400,553 12 5
Amount Transferred to Investment Reserve Account—		„ Balance of Profit and Loss Account—	
See Balance Sheet	106,014 5 4	For the year ended 31st December, 1935	900,499 2 7
Balance Unappropriated—31st December, 1935—		„ Forfeited Dividends Account.....	529 7 11
Carried to Balance Sheet.....	383,696 17 4		
		£34 12 5	£4,128,411
		2,19s	
		£1,301,582 2 11	

The Full Report and Accounts, with general plan of pr A. MOIR & CO., 4 London at 11.4.36, but lower grade teas were generally easier in price.

VEGETABLES.—At Covent Garden prices of vegetables have the London generally shown an easier tendency on heavier arrivals, states The Fruitgrower. This applies to cucumbers, which, however, continue to encounter a fair demand. Tomatoes have made a

FLOUR.—Prices show little alteration. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 29s. 6d. per 280 lbs., against 29s. 6d. a week ago; delivered London, 28s. 6d., as compared with 28s. 6d. a week ago. Manitoba patents, ex store, 26s. 6d. to 28s. 3d., against 27s. 3d. to 29s. a week ago. Australian, ex store, 22s. to 22s. 6d., against 22s. 3d. to 22s. 6d. a week ago.

BARLEY.—Prices of feeding barley have shown a tendency to harden this week. Supplies of English malting descriptions in growers' hands are now of small dimensions and business is therefore limited. "May" futures were quoted at 38½ cents per bushel in Winnipeg on Wednesday, against 38½ cents a week ago and 39½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 21s. 6d. to 23s., as against 22s. 6d. to 24s. a week ago; "English malting" at farm, 25s. to 40s. against 30s. to 40s. a week ago.

OATS.—Demand remains quiet, and prices have shown little alteration this week. On Wednesday, "May" futures were quoted at 25½ cents per bushel in Chicago, against 25½ cents a week ago and 28½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 17s. to 19s. per 336 lbs., against 17s. to 19s. a week ago; "English White" at farm, 17s. to 19s., against 17s. to 19s. a week earlier.

MAIZE.—Although demand has turned rather quiet, prices have again recorded an advance on the week. "May" futures were quoted on Wednesday at 60½ cents per bushel in Chicago, against 58½ cents a week ago, and 61½ cents last month. Quotations in London, Wednesday: "Plate," landed, 19s. 6d. per 480 lbs., compared with 19s. 3d. a week ago; "Plate," ex ship, 18s. 6d., as against 18s. 3d. a week ago; "Plate," March, 18s. 6d., as against 18s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £5 5s. per ton, as against £5 2s. 6d. to £5 5s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to March 28	155,384	152,463	265,111	251,142
30 weeks to March 28	7,194,318	8,781,136	10,808,425	11,024,102
Average price of English wheat per cwt.	s. d. 5 1	s. d. 4 4	s. d. 4 8	s. d. 6 5

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Mar. 26, 1932	Cwts. 81,082	Cwts. 42,701	Cwts. 29,198	s. d. 6 1	s. d. 8 1	s. d. 7 5
Mar. 25, 1933	155,384	94,059	37,902	5 1	6 3	5 10
Mar. 31, 1934	152,493	31,031	23,851	4 4	8 5	6 0
Mar. 30, 1935	265,111	89,553	38,449	4 8	7 4	6 11
Mar. 21, 1936	294,868	93,960	44,257	6 4	7 9	6 0
Mar. 28, 1936	251,142	101,407	37,553	6 5	7 7	6 0

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

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Apr. 3, 1935	Dec. 31, 1935	Mar. 25, 1936	Apr. 1, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	65½	82½	86½	84½	82½	81½
Chicago (No. 2 Winter) —Cents per 60 lb.	84½	98½	96½	101½	96½	96½

The visible supply of wheat in Canada amounts to 112,300,000 bushels, against 113,923,000 bushels last week, and 108,539,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—The official quotations were advanced all round last week-end, and demand has subsequently been rather quiet. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 87s. to 95s.; Canadian, 88s.; Danish, 96s.; as against 86s. to 94s. a week ago, respectively, a week ago. Arrivals in the market are rather light, but the market is not quite so firm as they have been. Sales of most of the week's output on a heavy scale to the home market, and the output of blast furnace coke. The output of the ovens just sufficient requirements under contract. The quotations for April have been advanced by 2½ per cent. for output and 5 per cent. for trade and 5 per cent. for export.

Quotations:—Best South Yorkshire, 19s. to 19s. 6d.; Derbyshire do, 17s. 9d. to 18s. 3d.; screened gas coal, 19s. to 20s. 6d.; washed coking smalls, 14s. 6d. to 15s.; sacks, 10s. to 13s. (all f.o.b.); appeals.

11s. 5d. in March and 11s. in the same month of last year. The curers will also pay to the Pigs Marketing Board 2d. per score or every pig delivered and accepted during this year, to form a pool out of which will be paid the bonus on pigs delivered during the first four months of the year, in accordance with the 1936 Bonus Scheme.

BUTTER.—Colonial makes have been less freely offered this week and have risen in price. Danish butter has, however, realised lower rates. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 87s.; Australian, choicest salted, 87s.; Danish, 112s.; compared with 80s. to 81s., 80s. to 81s., and 120s., respectively, a week ago.

CHEESE.—The tone of the market has been firm, and prices have scored a recovery. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 72s. to 86s.; Canadian, finest coloured, 63s. to 64s.; and New Zealand, finest coloured, 53s., against 70s. to 80s., 63s. to 64s., and 50s. 6d., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. In London Accra cocoa has been a steady market this week. On Wednesday, last, good fermented new crop, "April-May," was quoted 23s. 6d. per 250 kilos, c.i.f. Continent, against 23s. 4½d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 12,770 bags; delivered, for home consumption, 5,402 bags; exported, 109 bags; stocks, 137,984 bags, against 198,119 bags a year ago.

COFFEE.—The London spot market remains steady. In New York demand has been quiet, but spot quotations are unchanged on the week. On Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 32 cwt.; delivered, for home consumption, 106 cwt.; exported, nil; stocks, 11,600 cwt., against 13,664 bags a year ago. Central and other South American, landed, 11,246 cwt.; delivered, for home consumption, 2,855 cwt.; exported, 1,459 cwt.; stocks, 100,173 cwt., against 93,859 packages last year. Other kinds, landed, 9,415 cwt.; delivered, for home consumption, 3,501 cwt.; exported, 1,425 cwt.; stocks, 159,421 cwt., against 115,085 packages last year.

EGGS.—In Tooley Street on Monday the market was quiet. Prices were generally easier owing to an increased home production coupled with larger imports of cheaper varieties. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb. realised 8s. 6d. to 9s. per 120, as against 9s. 3d. to 9s. 9d. last week, while Danish (15½ lb.) made 8s. to 8s. 3d. per 120, against 8s. to 8s. 3d. last week.

FRUIT.—According to *The Fruitgrower*, a good demand has been experienced for all kinds of fruit at Covent Garden during the past week. Apples continue to receive most attention. The first consignment of Australian were in quite good condition and encountered a steady inquiry. South African apples are showing better form and colour this season. South African pears are selling at steady prices, while plums from the same source are not finishing. English forced strawberries, which are now of better size and colour, are realising from 12s. to 30s. per lb. Although selling at lower prices, South African grapes are a prominent feature. Bananas have improved in price, while quotations for grapefruit have also hardened. Lemons, in short supply, are very dear. Business in oranges remains active, but prices have eased on heavier arrivals.

MEAT.—Demand at Smithfield Market has been irregular this week, prices showing little alteration. On Wednesday last Argentine chilled hindquarters were quoted at 3s. 2d. to 3s. 6d. per 8 lbs., as compared with 3s. 2d. to 3s. 6d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. 2d. per 8 lbs., against 3s. 4d. to 4s. 2d. a week ago. According to the Smithfield Market office report, supplies during last week amounted to 8,915 tons, an increase of 546 tons on the corresponding week last year. Beef and veal accounted for 4,789 tons, mutton and lamb 2,512 tons, and pork and bacon 1,028 tons, as compared with 4,503, 2,522 and 1,089 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed 4 tons; delivered, 8 tons; stocks, 1,685 tons, against 2,307 tons a year ago. White, landed, 13 tons; delivered, 99 tons; stocks, 12,699 tons, against 19,404 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. ex warehouse on Wednesday, as compared with 8s. 6d. per cwt. a week ago. "April-May," in singles to Continer and U.K., was quoted at 7s. 7½d. per cwt., against 7s. 7½d. per cwt. for March-April a week ago. Movements in London during the past week were as follows: Landed nil tons; delivered 33 tons, stocks, 1,240 tons against 1,523 tons a year ago.

SUGAR.—A firm tone has been displayed on the London market this week. In New York a similar tendency was in evidence as prices have scored a substantial gain on the week. The spot price in New York on Wednesday was 3.75 cents per lb., as compared with 3.60 cents per lb. last week and 3.45 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "May delivery" at 4s. 10½d., against 4s. 9½d. to 4s. 10½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 9,976 tons, against 9,402 tons last week and 3,095 tons in the same week of last year; deliveries, 15,134 tons, against 15,155 tons last week and 17,500 tons last year; stocks, 230,912 tons, against 236,070 tons last week and 184,042 tons last year.

NEW STATE AREAS, LIMITED.

(Incorporated in the Union of South Africa.)

Issued Capital - £1,514,037 in Shares of £1 each.

DIRECTORATE.

J. B. JOEL, J.P. (Chairman). J. H. CROSBY (Deputy Chairman).
SIR REGINALD A. BLANKENBERG, K.B.E. DR. J. G. LAWN, C.B.E. G. J. JOEL, M.C.
W. S. WEBBER and G. H. BEATTY.

Extracted from the Annual Report to 31st December, 1935.

Tons crushed, 1,353,000, yielding 444,547.430 fine ounces of gold.

		Per ton, based on tonnage crushed.
Total Working Revenue	£3,160,763 3 5	£2 6 9
Total Working Costs	1,269,395 7 1	18 9
Working Profit	1,891,367 16 4	£1 8 0
Rents, Interest and Sundry Revenue	13,229 5 11	
Balance at 31st December, 1934, brought forward	126,543 5 10	£2,031,140 8 1
This amount has been dealt with as follows:—		
Government's Share of Profits (Estimated)	1,227,448 11 3	
Taxation—Union and Provincial (Estimated amount for 1935, plus adjustment for 1934, £1,901 16s. 4d.)	180,722 14 10	
Debiture Interest and Expenses	2,996 0 0	
Miners' Phthisis Sanatoria, Donations and Depreciation	2,328 14 3	
Contribution in respect of Outstanding Liabilities, Miners' Phthisis Compensation Fund	3,879 0 0	
Capital Expenditure	£84,216 11 0	
Debiture Redemption	46,850 0 0	
Dividends Nos. 21 and 22 of 12 per cent. each	130,866 11 0	1,926,750 16 4
	378,509 5 0	
Leaving a Balance carried forward of		£104,389 11 9

The payable **Ore Reserves** at the end of the year were estimated at 4,114,000 tons of an average value of 6.8 dwts. over a stopping width of 48 inches. The estimate of ore reserves is based on gold at 140s. per fine oz. and current working costs. The final redemption of Debitures was made on 31st December, 1935, the amount being £46,850, representing the balance outstanding at that date.

The full Report and Accounts may be obtained from the London Agents, **The Johannesburg Consolidated Investment Company, Limited, 10-11 Austin Friars, London, E.C.2**

VAN RYN DEEP, LIMITED.

(Incorporated in the Union of South Africa.)

Issued Capital: £1,196,892 in Shares of £1 each.

DIRECTORATE.

J. B. JOEL, J.P. J. H. CROSBY (Chairman).
SIR WILLIAM DALRYMPLE, K.B.E. SIR ABE BAILEY, Bart. DR. J. G. LAWN, C.B.E.
G. J. JOEL, M.C., and G. H. BEATTY.

Extracted from the Annual Report to 31st December, 1935.

Tons crushed 1,126,000, yielding 230,773.808 fine ounces of gold.

		Per ton, based on tonnage crushed.
Total Working Revenue	£1,642,387 5 2	£1 9 2
Total Working Costs	1,058,172 0 10	18 9
Working Profit	584,215 4 4	10 5
Rents, Interest and Sundry Revenue	6,090 11 8	
Balance at 31st December, 1934, brought forward	80,923 0 8	£671,228 16 8
This amount has been dealt with as follows:—		
Taxation—Union and Provincial (Estimated amount for 1935, plus adjustment for 1934, £1,325 11s. 6d.)	216,055 11 11	
Royalty on Ore	1,080 11 3	
Miners' Phthisis Sanatoria, Donations and Depreciation	1,991 9 7	
Capital Expenditure	33,506 5 7	
Dividends Nos. 44 and 45 of 15 per cent. each	359,067 12 0	611,701 10 4
		£59,527 6 4
Leaving a Balance carried forward of		

The payable **Ore Reserves** at the end of the year were estimated at 3,443,000 tons of an average value of 4 dwts. over a stopping width of 49 inches. The estimate of ore reserves is based on gold at 140s. per fine ounce and current working costs.

The full Report and Accounts may be obtained from the London Agents, **The Johannesburg Consolidated Investment Company, Limited, 10-11 Austin Friars, London, E.C.2**

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
1935	d.	d.	d.	d.	d.	d.	d.
1936	11-10	12-74	16-18	9-31	8-25	9-63	12-24
.....	13-12	13-14	15-02	10-74	10-55	12-03	13-40
.....	13-07	13-12	15-17	11-05	10-33	11-94	13-29
.....	13-23	13-17	14-93	11-09	10-53	11-76	13-50
.....	12-96	13-75	14-90	11-15	10-77	11-97	13-34
.....	12-97	14-05	15-45	11-06	10-73	12-04	13-49

The quantities catalogue for this week's public auctions at Mincing Lane included 47½ and for the Indian grades was only packages of Ceylon tea. Demand for medium and common sorts—fair and quotations—especially today's Ceylon auctions, considered were frequently lower. At Tu Best qualities were in demand at higher rates, but lower grade tea.

VEGETABLES.—At Covent Garden prices of vegetables have generally shown an easier tendency on heavier arrivals, states *The Fruitgrower*. This applies to cucumbers, which, however, continue to encounter a fair demand. Tomatoes have made a

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

LONDON, April 1st

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

CEREALS AND MEAT				POTATOES—				WOOL—			
GRAIN, Etc.				King Edward per cwt.				English Southdown, greasy, per lb.			
Wheat—				SPICES—				Lincoln hog, washed, 9s.			
No. 2, N. Man. 496 lb.				Pepper, per lb.—				Queensland, scd. super cmbg.			
Eng. Gaz. av., per cwt.				Black Lampong				N.S.W. greasy, super cmbg.			
Barley, Eng. Gaz. av.				White Muntok				N.Z., grsy., half-bred 50-56			
Oats,				Cinnamon—1st sort, per lb.				Tops—			
Maize, La Plata, landed,				Cloves—Zanzibar per lb.				Merinos 70's Average.....			
480 lb.				Ginger—per cwt.—				64's			
Flour, Lon. stan. ex mill,				African				Crossbred 48's			
280 lb.				Jamaica, ord. to good				48's			
Rice, No. 2 Burma, per cwt.				Mace				14's			
Tapioca, per cwt.—				Nutmegs, 65's							
Fair Flake, Singapore											
MEAT—				SUGAR—				LEATHER—			
Beef, per 8 lbs.—				(Duty, 11/8 per cwt.)				Sole Benda 8/14 lb.—			
English long sides				Centrifugal, 96% prpt.				per lb.			
Argentine chilled hinds				shipm. c.i.f. U.K./Cont.				Bark Tanned Sole			
Mutton, per 8 lbs.—				B.W.I., crystallised				Shoulders fm DS Hides			
English wethers				Java, white, c. & f. India				Do. Eng. or WS do.			
N.Z. frozen				Oct.-Dec.				Do. Bellies from DS do.			
Lamb, per 8 lbs.—				Refined—London—				Do. Eng. or WS do.			
N.Z. frozen				Yellow Crystals				Ro. Eng. Calif. 20/30 lb.			
Pork, English, per 8 lbs.				Cubes				Aust. Benda			
BACON—				Crushed				VEGETABLE OILS—			
English				Granulated				Linseed, naked, p. ton net			
Irish				Home Grown				Rape, refined			
Dutch				TEA—				Cotton-seed, crude			
Canadian				Indian—per lb.—				Coconut, crude			
American				Pekoe				Palm			
BUTTER—				Broken Pekoe				Oil Cakes, Linseed, Eng.			
Australian				Orange Pekoe				per ton			
New Zealand				Broken Orange Pekoe				Oil Seeds—Linseed—			
Danish				Ceylon—per lb.—				La Plata, p. ton, March			
CHEESE—				Pekoe				Calcutta—per ton			
Canadian				Broken Pekoe				Turpentine, per cwt.—			
New Zealand				Orange Pekoe				PETROLEUM PRODUCTS—			
Dutch				Broken Orange				Motor Spirit, No. 1, Lon-			
COCOA—				TOBACCO—				don			
(Duty, British grown,				(Duty, 9/6-10/6) per lb.				Petroleum, Amer. rifd.			
11/8; foreign, 14/- cwt.)				Empire growth, 7/5-8/3 (per lb.)				bri. London, per gal.			
Accra, f.f., per cwt.				Virginia leaf—				Fuel oil, in bulk, for			
Trinidad				Common to fine				contracts, ex instal.			
Grenada				Rhodesian leaf				Thames			
COFFEE—				Nyasaland leaf				Furnace .. per gall.			
(Duty, British grown,				strips				Diesel .. per gall.			
4/8; foreign, 14/- cwt.)				East Indian leaf				ROSIN—			
Santos supr. c. & f. cwt.				strips				American .. per ton			
Colombian, good				TEXTILES				RUBBER—			
Costa Rica, med. to good				COTTON—				St. ribbed smoked sheet			
East Indian				Mid-American .. per lb.				per lb.			
Kenya, medium				Sakellaris, f.g.f.				Fine Hard Para .. per lb.			
EGGS—				Yarns, 32's twist				SHELLAC—			
English				60's twist				TN Orange .. per cwt.			
Danish				FLAX—				SHELLS—			
FRUIT—Oranges—				Livonian ZK				W. Aust. M.-o.-P. ..			
Dania				Pernau HD				TALLOW—			
Jaffa				Slanetz Medium 1st sort				London Town .. per cwt.			
Lemons, Malaga .. cases				HEMP—				TIMBER—			
Sicilian .. boxes				Italian P.C. nominal				Swedish u/s 3 x 8 ...			
Apples: Amer. (var.) bbls.				Manilla, Mar.-May "J 2"				2 1/2 x 7 ...			
(var.) boxes				Sisal, African				2 x 4 ...			
Australian ..				JUTE—				Can'da Spruce, Dis.			
Onions—				Native 1st mks.				Pitchpine .. per load			
Valencia, case				c.i.f. H.A.R.B.				Rio Dals .. per std.			
Egyptian, bags				Apr.-May				Teak .. per load			
Grapes, Almeria barrels				Daisee 2/3 c.i.f. Dundee				Honduras Mahg. logs ..			
Grapefruit, Jamaica ..				Apr.-May				c. ft.			
Amer.				SILK—				African ..			
LARD—				Canton				Amer. Oak Boards ..			
Irish bladders				Tussah				Ash ..			
U.S.				Japan				English Oak Planks ..			

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

UNITED STATES

(New York quotations, unless otherwise stated)

	Apr. 3, 1935	Mar. 4, 1936	Mar. 25, 1936	Apr. 1, 1936		Apr. 3, 1935	Mar. 4, 1936	Mar. 25, 1936	Apr. 1, 1936
Wheat, No. 2, Winter, nearest future, Chicago, per bushel.....	95½	100½	96½	96½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3.20	3.45	3.60	3.7½
Maize, nearest future, Chicago, per bushel	83½	61½	58½	60½	Cotton, middling, spot, per lb.	11.20	11.20	11.47	11.5
Oats, nearest future, Chicago, per bushel	46½	28½	25½	25½	Rubber, smoked sheet, spot, per lb.....	11½	15½	15½	15½
Rye, nearest future, Chicago, per bushel	55½	57½	52½	52½	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	70½	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.....	7.15	8.72½	8.70	8.8
Coffee, Rio No. 7, cash, per lb.	7	6½	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.....	7.37½	8.95	8.92½	9.0
Santos No. 4, cash, per lb.	9	8½	8½	8½	Spelter, East St. Louis, spot, per lb.....	3.90	4.90	4.90	4.9
Cocoa, Accra, nearest future, per lb.....	4.68	5.14	4.90	5.02	Lead, spot, per lb.	3.65	4.60	4.60	4.6
					Tin, "Straits," spot, per lb.....	48.40	48.25	47.50	47.5

(a) Nominal

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Markets for oilseeds and products have a rather better tone, but business is still impeded by the unsettled political situation and the possibility of currency changes. Linseed has been in more active demand, particularly Indian, in which a fair business is reported. Plate linseed, however, is neglected, but is receiving support from Continental crushers. Prices are a shade lower on the week but are steady. Argentinian shipments are rather heavier and more is soon expected to be shipped by India now that the new crop is ready for export. A quantity afloat for Europe is 140,100 tons (including 21,100

better showing this week, while lettuce is an increasing item. Asparagus and house-grown beans are easier, while rhubarb has eased with larger arrivals of outdoor produce. Increasing supplies of spring greenstuff have brought prices down from the abnormal level of recent weeks. Meanwhile, Spanish and Canary Island new potatoes have become more prominent. Trading in old potatoes at the London market has been quiet and prices in some instances show an easier tendency. At the Borough on Tuesday, however, best siltland King Edward were unchanged at from 8s. to 8s. 6d. per cwt.

THE ECONOMIST

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reet seems to be something like this. In the first place he is vehement in his opposition to war. He is neither anti-German, nor anti-French, nor perhaps even anti-Fascist; but simply anti-war. He remembers the last war; and he is extremely doubtful whether anything at all was achieved by it. Secondly, he has a fervent belief in the abstract principle of justice and fairness. Almost certainly up to last summer the plain man believed that the League of Nations meant simply peace, and he signed the Peace Ballot in this belief. Similarly, the indignation aroused by the Hoare-Laval Plan seems to have been much more a protest against the gross injustice of a few Great Powers cynically dividing up a small and helpless country than the conclusion of a chain of reasoning establishing the validity of the idea of collective security. It was a feeling akin to that which Canning and Gladstone used to arouse.

The professional student of foreign affairs has long ago faced the practical problem involved, and has seen that war can only be prevented by a joint threat of forcible resistance against the aggressor. Among intellectuals therefore we find a division into a handful of extreme pacifists—like Mr Lansbury, Lord Ponsonby, Lord Arnold, Mr Aldous Huxley and others—on the one hand, who do not admit the legitimacy of force in any circumstances; and the majority, on the other hand, who believe that collective international force can alone prevent international disorder, just as collective domestic force can alone prevent disorder at home.

But the man in the street has not faced this issue. He has not even realised the acute danger that exists. He is enjoying his holiday and the return of spring and the prospect of better and better employment and continuing Budget surpluses. And when he does consider the situation for a moment, he finds himself sadly puzzled. For the militarists and isolationists are advocating "peace." The Labour Party is advocating sanctions and disarmament. And the Government seems to be advocating at once rearmament, sanctions, collective security and bargaining with the aggressor. Most of these apparent contradictions are, of course, the reflection of the underlying dilemma that peace cannot be achieved by a refusal ever to use force. But the ordinary man, not having faced this, is puzzled; and his bewilderment is paralysing an already irresolute Government. Only Mr Eden shows any convincing sign of resolution; and no Minister at this moment probably commands more respect in the country.

If, however, his resolution is to be translated into national action, the present perplexities will have to be unravelled; for international affairs will clearly dominate the scene for some time to come. We have all, therefore, Government and public, to make up our minds on the fundamental issue. In order to preserve international law and justice, are we, or are we not, prepared to accept the ultimate implications of adherence to the collective system? It is not a pleasant question to answer in the midst of an English spring.

POISONER OR POLICEMAN?

AN accident in the game of party politics in the House of Commons gave the opportunity for a debate on foreign affairs last Monday, on the eve of Mr Eden's departure for Geneva. That debate has served appreciably to strengthen Mr Eden's hands. The speeches opportunely brought to light a real division of opinion between a Prime Minister and Cabinet who have been making a virtue of irresolution, and a rapidly growing band of indignant and impatient critics who are convinced that this almost deliberate lack of a foreign policy is as dangerous for a great empire in the present state of the world as it is dishonourable for a great nation in any circumstances whatsoever.

In the attack last Monday, Sir Austen Chamberlain found himself fighting on the same side as Mr Churchill, as well as Mr Attlee and Sir Archibald Sinclair. Between them, these critics are widely representative. They may have struck a chord in the hearts of a majority of the Government's supporters. In that case we may hope soon to see some reconstruction of the Government which will give more power to Mr Eden's elbow by putting into other key positions new men who also have the will-power to choose a definite policy and carry it out.

Meanwhile, Mr Eden, now at Geneva, is making his voice heard in a controversy to determine whether Italy is to be regarded—and treated—as a poisoner or as a policeman.

The League's Committee of Thirteen has met this week to examine two things: the Ethiopian and Italian replies to the League's last proposal for conciliation; and the charge, under which Italy lies, of having broken yet another of her international engagements—the Treaty of 1925, under which she, like all the rest of us, has bound herself not to resort to poisoning as a method of warfare. Mr Eden has told us that this second question was put on the agenda, and an early meeting demanded, at the instance of the British Government; and Sir Eric Drummond is understood to have made representations on the subject to Signor Suvich last Monday. The Italian Government, on their side, have not denied the charge. It has been substantiated beyond any possibility of reasonable doubt. Instead, they only question the Committee of Thirteen's competence to deal with the matter, and have inquired at the same time whether the Committee are also proposing to take up the Italian charge that the Abyssinians have been using dum-dum bullets. The naked and unashamed resort by Italy to such atrocities has followed on her acceptance in principle of the League's request to her to enter into peace negotiations. In accepting "in principle," Italy has studiously refrained, so far, from giving the undertaking—for which she has been rightly asked—that she will negotiate within the framework of the League and on the basis of the Covenant. And, as if to taunt the League Council, Signor Mussolini convoked his Cabinet at the same time as the Committee of Thirteen met, and declared his intention to proceed forthwith utterly to annihilate Abyssinia's defending armies.

At the same time, "on the margin of" the Committee of Thirteen, there is to be a meeting of the Locarno Powers—other than Germany, but not other than Italy! This meeting is being held on the French Government's initiative, and M. Flandin's proposal was that it should be held in Brussels while the Committee of Thirteen was in session at Geneva. No doubt the choice of a different meeting place, but of the same date, was deliberate. Had the French proposal been accepted in its original form, it might have sensibly diminished the diplomatic pressure on Italy. It would at the same time have underlined the tacit French thesis that the Italian invasion of Abyssinia is no atrocity worth speaking of, whereas the German reoccupation of Western Germany is an atrocity about which one ought never to stop talking. This indecorous proposal was firmly quashed by Mr Eden; but the Foreign Secretary compromised by agreeing to a simultaneous meeting at Geneva. The compromise may have been unavoidable. The diplomatic paradox and the moral enormity remain. The man who is being put on trial as a poisoner in one room is being sworn in next door as a policeman. This is an outrageous and impossible procedure; and the time has come to tell our French friends so in blunt terms.

France, indeed, must understand that she cannot play fast and loose with the Covenant, the collective system, the sanctity of treaties, and the vindication of law, order and justice in international relations. If she wishes other nations to join with her in upholding the Covenant against Germany—supposing that Germany were to violate it—then she must join sincerely and effectively with other nations in upholding the Covenant against Italy, who is violating it here and now with all her might, and was duly declared an aggressor six months ago. If the Locarno Pact is to be enforced, then the Covenant and the Anti-Poison-Gas Treaty of 1925 must be enforced with equal energy. The French Government do not seem, even yet, to have faced this fundamental and vital point. To-day they are as eager to stop conciliation and start coercion against Germany as they are bent on watering down and staving off coercion against Italy by staging one conciliation scheme after another. Is this political realism? We hope that Mr Eden—who knows his British public, and understands what they can and cannot be induced to do—will have told M. Flandin this week, in plain language, that the policy of France is no more realistic than it is reputable.

This French policy is unrealistic because there is no practical possibility of persuading the British people to line up

on the broken Stresa front, side by side with Italians who are still prosecuting their war of aggression as hard as they can, and using methods of barbarism which they have pledged themselves never to employ. A restoration of the Stresa front on such conditions is a *tour de force* which is quite beyond the powers of the most subtle French diplomacy. We cannot stop France, if she so wishes, from doing everything in her power to help Italy conquer Abyssinia in violation of a Covenant which France has sworn to uphold. We could not even stop her, if she so chose, from taking off sanctions—as far as she herself is prepared to join in Ecuador's reported decision to that end. But if France does this, she destroys the League, explodes the sanctity of treaties, and makes nonsense of the idea of collective security.

The French Government must make their choice. If they decide that the military collaboration of Italy in a future Franco-Italian war with Germany is worth more to them than all moral considerations and material assets, then nobody can stop them from enlisting an outlaw and a poisoner to be their private hired assassin. But in that case they must put all their money on the chance of the hired assassin turning out a trusty servant; for they will have to rely on Italy alone. They will have destroyed the League; they will have driven Great Britain into isolation; and they will have forced Yugoslavia, and perhaps others among the present friends of France in Central and Eastern Europe, to follow in Poland's footsteps.

We speak plainly because we are eager to have the French pause and think before they take any such disastrous and irretrievable step. M. Flandin must surely see that the French policy towards the Italo-Abyssinian conflict stultifies, in advance, every item in his new agenda for the organisation of collective security in Europe. Does he not understand that he will never persuade the British to undertake fresh commitments in Europe if he turns the League into a farce? What is being asked of the British people in any case involves a reversal of traditional British policy. It is conceivable that we may bring ourselves to take this momentous new departure if we believe that we are contributing to a new constructive policy for handling the new international situation which has been produced by the formidable application of science to warfare. But we shall certainly not take the plunge as long as we think that the French request for further British contributions to collective security in Europe is really nothing but a demand that we should join in an anti-German military alliance in order to keep the balance of power in Europe permanently tilted against Germany.

Which of these entirely different things are the French asking us to do? In our eyes, the touchstone of French policy is the French attitude towards Italy. Are the French prepared to create the possibility of Franco-British co-operation in Europe by co-operating with us now to frustrate the Italian aggressor in Africa? There is still time, though it may now be the eleventh hour. Our common duty is not only to maintain the present sanctions but to intensify them. The oil sanction must be imposed at last; the shipping boycott should be added; and the poisoner should be effectively isolated. The sanction-taking countries ought to have broken off diplomatic relations with Italy last October. That weapon is still rusting in their armoury.

CHANGES IN BRITISH INDUSTRY

THE volume of statistics bearing on economic developments in the United Kingdom is slowly increasing. Until recently, for example, detailed information concerning changes in British industrial production has been available only at five-yearly intervals, whereas in the United States it has been the practice for some time to take a Census of Production in alternate years. Under the Import Duties Act of 1932, however, the Board of Trade is empowered to obtain information concerning (a) the quantity and value of output, (b) the quantity and cost of materials used, (c) the quantity and cost of fuel and electricity consumed, and (d) the number of persons employed, in the case of "goods of a class or description which, if they were imported into the United Kingdom, would be chargeable with a duty of

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customs under s. 9 of this Act." Under the Finance Act of 1933 the provisions of s. 9 of the 1932 Act were extended to certain classes of goods not dutiable under s. 1 of that Act. The Board of Trade has already made use of its powers under the 1932 Act, and the limited Census of Production taken in respect of 1933 and 1934 may thus be welcomed as a useful addition to knowledge of changes in British industry. The results of the 1933 Inquiry have already been published,† and some of the preliminary results for 1934 have been issued in recent numbers of the *Board of Trade Journal*.

The scope of the inquiry under the Act of 1932 is limited to factory trades. In order to facilitate comparison, the inquiries taken in respect of 1933 and 1934 were designed to correspond as closely as possible with those of the Census of Production taken in 1930. Returns were required only in respect of concerns at which more than ten persons were employed, on the average. Moreover, of the total number of trades engaged in the manufacture or processing of goods, listed for the purposes of the 1930 Census at 107, only 71 are covered by the Board of Trade Inquiry for 1933. The following trades were not included in the 1933 Inquiry:—

INDUSTRIES EXCLUDED FROM INQUIRY*

Motor vehicles.†	Tobacco.
Shipbuilding.	Petroleum refining.
Carriage, cart and wagon.	Match.
Watch and clock.†	Printing, bookbinding, stereo-
Flock and rag.	typing, engraving, etc.
Textile packing.	Printing and publication of
Fellmongery.	newspapers and periodicals.
Tailoring, dressmaking, mil-	Manufactured stationery.
linery, etc.	Cardboard box.
Fur.	Pens, pencils and artists'
Bread, cakes and pastries.	materials.
Cocoa and sugar confectionery.	Furniture and upholstery.
Bacon curing and sausage.	Cane and wicker furniture and
Sugar and glucose.	basketware.
Fish curing.	Wooden crates, cases, boxes and
Ice.	trunks.
Brewing and malting.	Coopering.
Spirit distilling.	Manufactured fuel.
Spirit rectifying, compounding	Scientific instruments, appli-
and methylating.	ances and apparatus.†
Aerated waters, cider, vinegar	Musical instruments.†
and British wine.	Cinematograph film printing.†
Wholesale bottling.	

* The cycle, biscuit and coke and by-products trades, which at the Census were combined with three of these trades, are included in the 1933 Inquiry.

† Trades included in the 1934 Inquiry.

The information required from certain trades, finally, related only to part of their total output. While the limited annual Census of Production thus by no means affords a complete picture of industrial changes in the United Kingdom, it is most useful as an indication of developments in some of the principal industries. The trades included in the 1933 Inquiry covered about 62 per cent. of the value of the total net output (excluding excise duties) and 69 per cent. of the total number of persons

† Report on the Import Duties Act Inquiry (1933); 2 vols., H.M. Stationery Office, 9s. net.

employed in the factory trades of the United Kingdom in 1930. The results of the Inquiry, together with comparable statistics for 1930, are shown below. The aggregate figures recorded at the 1930 Census in respect of those trades which were omitted from the Inquiry are given in italics:—

BRITISH INDUSTRIAL PRODUCTION

Industry	Gross output (selling value of goods made and value of work done)	Cost of Materials used and amount paid for work given out	Net output (excess of Col. 1 over Col. 2) (b)	Average number of persons employed (except out-workers)	Net output per person employed
	£'000	£'000	£'000	No.	
Iron and Steel	1930 237,906 1933 201,637 1934 250,365	146,014 117,046 146,710	91,892 84,591 103,655	494,295 445,387 497,564	186 190 208
Engineering and Vehicles	1930 269,981 (a) 390,672 1933 205,992	123,741 107,385 89,407	146,240 183,287 116,585	685,080 83,092 578,114	213 214 202
Non-ferrous Metals	1930 98,613 (a) 911 1933 138,314	75,204 416 116,080	23,409 495 22,234	107,153 2,680 97,214	218 185 229
Textiles	1930 413,476 (a) 19,917 1933 383,700 1934 401,639	266,737 17,279 237,094 251,594	146,739 2,638 146,606 1,025,918	1,045,140 17,746 1,009,618 1,025,918	139 149 142 144
Leather	1930 32,705 (a) 3,312 1933 27,955	23,100 4,737 18,900	9,605 1,575 9,055	43,378 2,768 43,703	221 268 207
Clothing	1930 62,063 (a) 118,318 1933 51,986	35,610 66,676 28,464	26,453 51,642 23,522	158,082 333,688 155,061	167 155 152
Food, Drink and Tobacco	1930 152,086 (a) 511,361 1933 134,428	112,788 290,434 91,342	39,298 148,907 43,086	123,383 349,568 133,243	319 426 323
Chemicals, etc.	1930 161,172 (a) 20,351 1933 153,025	94,466 9,082 82,649	65,566 7,709 69,566	167,719 9,643 164,303	391 747 422
Paper, Printing and Stationery	1930 40,180 (a) 137,193 1933 36,580	25,504 48,480 21,112	14,676 88,633 15,468	57,527 322,476 58,559	255 275 264
Timber	1930 17,963 (a) 50,745 1933 16,399	11,460 25,743 10,510	6,503 24,992 5,889	35,312 132,500 32,449	184 188 181
Clay and Building Materials	1930 70,591 (a) 1,209 1933 66,490	26,204 495 24,078	44,387 714 42,412	221,452 3,064 211,137	200 233 201
Miscellaneous	1930 68,118 (a) 23,750 1933 59,056	38,681 10,269 30,538	29,437 13,481 28,518	123,672 50,404 122,762	238 267 232
Total	1930 1,624,854 (a) 1,078,239 1933 1,475,572	979,509 579,036 867,220	645,345 499,203 608,352	3,262,193 1,613,597 3,052,055	197 262 198

(a) Figures recorded at the 1930 Census of Production in respect of trades which were omitted from the 1933 inquiry. (b) Excluding estimated Excise duty.

It may be recalled that 1930 was the first year of the depression and 1933 the first year of recovery. The value of the net output of the industries covered by the 1933 Inquiry was 6 per cent. below the level of 1930. This figure compares with a decline in our index of business activity (published in our Monthly Trade Supplement), of 5.2 per cent. during this period. Our index, however, is designed to measure quantitative changes in general business activity, whereas the Board of Trade Inquiry is limited to certain factory trades. Industrial efficiency appears to have been slightly increased during this period, for the average number of persons employed fell by 6.4 per cent. and the net output per person employed rose from £197 in 1930 to £198 in 1933.

With the exception of the food, drink and tobacco, chemicals, and paper, printing and stationery industries, the value of the net output of the related groups of trades shown in the table all registered a decline between 1930 and 1933. The decline was most marked in the capital equipment trades, namely, engineering and iron and steel, where production had fallen to a lower level than in the consumers' goods trades. In 1934, however, the net output of the iron and steel trades rose well above the level of 1930. According to the preliminary report of the results of the Import Duties Act Inquiry for 1934, the value of the net output of the iron and steel industry in that year amounted to £103.7 millions, compared with £84.6 millions in 1933 and £91.9 millions in 1930. Despite the increase in the output of the iron and steel industry, the average number of persons employed in 1934 was only 497,564, compared with 494,295 in 1930. As a result the net output per person employed rose from £186 to £208 during the period under consideration.

Apart from iron and steel, textiles are the only other group for which the results of the 1934 Inquiry are available. Exclusive of excise duty, the net value of the output of textiles, after declining from £145.1 millions in 1930 to £143.5 millions in 1933, rose slightly to £147.9 millions in 1934. On the other hand, the average number of persons employed in the textile trades in 1934, at 1,025,916, was still slightly lower than in 1930, when 1,045,140 persons were employed. So far as changes in industrial efficiency are concerned, variations in the net output per person employed in the twelve industrial groups were by no means uniform. Seven of the groups registered an increase, but five, including engineering, leather, clothing, timber and miscellaneous trades, showed a decrease.

In general, the results of the Board of Trade Inquiry for 1933, though illuminating, do not throw much light on the profound changes which have occurred in the structure of British industry since 1929. Those changes, however, should become more clearly discernible when the results of the complete census of production in 1935 become available a year hence. Meanwhile, it is to be hoped that the Board of Trade will be able to hold such inquiries every year.

PROGRESS IN AUSTRALIA

AUSTRALIA is one of the few countries that took counsel with their economists in the depression and followed their advice. One of the first to enter that depression, Australia was among the first, if not the first, to emerge from it. From 1929-30 to 1931-32 the sudden fall in export prices, the cessation of overseas borrowing and heavy Government deficits reacted so unfavourably upon Australia's national income and balance of payments that widespread default on public and private indebtedness, both at home and overseas, was threatened. The retail prices of manufactured goods which primary producers had to pay in face of a steep decline in export prices were unduly high. Moreover, the onset of depression put a stop to the financing of Australia's interest payments by fresh overseas borrowing and compelled her to find the funds out of the proceeds of her exports, themselves falling rapidly in value.

The table below shows the magnitude of the fall in values of production and export, and the growing burden of overseas interest payments during the worst period of the depression, in comparison with 1928-29:—

(Values in £ millions sterling)

Year	Production	Exports of Merchandise	Overseas Interest Payments	Per cent. Interest to Production	Per cent. Interest to Exports
1928-29	447.8	138.6	27.5	6.1	19.8
1929-30	389.5	98.2	27.5	7.1	28.0
1930-31	319.7	76.6	28.3	8.9	37.0
1931-32	305.0	75.5	28.6	9.4	38.0

It has been estimated that between 1928-29 and 1930-31 the national income fell from £645 millions to £459 millions, and it fell further in 1931-32. Unemployment among trade union members rose from 11 per cent. in 1928 to a peak of 30 per cent. in the second quarter of 1932.

The first attempts to deal with the crisis were a series of emergency measures. In order to redress the unfavourable commodity balance of trade, Customs duties were increased, some imports being altogether prohibited; the exchange with sterling was unpegged, the official rate rising to 130 in January, 1931, to be stabilised at 125 at the end of the year; and gold was exported from reserves. These expedients, though they helped to solve the more pressing problems, were inadequate in face of further falls in export prices, continued drift in public finance, rigid costs, and rising unemployment. These burdens showed little sign of lifting when the Premiers' Plan, on which subsequent policy was based, was formulated and adopted in June, 1931. Under the Plan the principal measures, designed to bring about the gradual balancing of Budgets, and to distribute more equitably among all sections of the population the fall in national income, were: (a) reduction of 20 per cent. in all "adjustable" Government expenditure, (b) conversion of the internal debts of the Governments on

the basis of a 22½ per cent. reduction in interest, (c) increase in taxation for revenue purposes, (d) reduction in bank rates, of interest, and (e) relief to private mortgagors.

One of the most useful results has been an improvement in the financial position of primary producers, through the narrowing of the "spread" between prices of primary and secondary commodities, and the reduction of their interest burdens. The improvement in the budgetary position can be seen from the following table:—

COMMONWEALTH AND STATES—DEFICITS BEFORE AND AFTER THE PLAN

(Values in £ millions Australian currency)

	1930-31 Actual Deficit	1931-32 Estimated Deficit (a)	1931-32 Actual Deficit	1932-33 Actual Deficit	1933-34 Actual Deficit	1934-35 Actual Deficit
Six States.....	14.6	20.6	20.8	8.0	6.7	3.8
Commonwealth	10.7	20.4	+1.3	+3.5	+1.3	+0.7
Total	25.3	41.0	19.5	4.5	5.4	3.1

(a) Before Melbourne Conference.

Signs of recovery are to be found in the increase in railway revenues. Net earnings have risen to £10.3 millions, or 3.17 per cent. of capital costs in 1933-34, compared with 2.12 per cent. in 1930-31. There has also been an increase in new building permits; a steady fall in unemployment figures; and increasing numbers have been taken on in factories, together with a rise in the volume of output and in industrial profits. Between 1931-32 and 1933-34, the number of factory hands employed rose by 69,300, or 20 per cent.; the value of output by 17 per cent.; and the estimated net profits of 32 representative manufacturing firms by 40 per cent. This development, however, has not been wholly beneficial. The increase in the number of small manufacturing units during the depression—a movement encouraged by the high tariff still in force and by the protective effect of the exchange discount—casts some doubts upon the efficiency of these new small concerns.

Of more importance, however, at the moment is the position of those industries which have played a large part in restoring the favourable trade balances of the years 1933-34 and 1934-35—£30½ millions and £9½ millions sterling, respectively. Chief of these are the wool, butter, meat, wheat and flour, and gold-mining industries. In 1934-35 these accounted for three-quarters of total exports from Australia.

Since 1929 there has been a substantial increase in the livestock population. The total of sheep rose from 104½ millions to 114½ millions in 1934; and of cattle from 11.2 millions to 13½ millions in 1933. This has enabled pastoral industries producing for export to take immediate advantage of the upturn in prices which began in 1933, gathered force in 1934, and, with some setbacks, has continued up to the present. Wool, butter and frozen meats accounted in 1934-35 for 54 per cent. of all exports. The table below shows the slow growth in wool exports, and the striking increases in butter and meat, which have taken place during the depression period. The export price index is estimated to have fallen from 100 in 1928-29 to 45 in 1932-33, rising to 59 in 1933-34 (sterling values); which gives some measure of the slump and recovery:—

AUSTRALIA—EXPORTS OF PASTORAL PRODUCTS (Quantities in thousand centials)

Year	Volume				Value	Per cent. of Total Exports Merchandise
	Wool	Butter	Mutton and Lamb	Beef	Wool, Butter and Meats	
1928-29	8,105	1,024	849	1,890	£4. mn.	53.4
1929-30	7,443	1,076	1,004	1,567	48.3	49.6
1930-31	8,145	1,631	1,092	1,558	44.3	49.5
1931-32	8,340	2,016	1,832	1,658	47.1	49.4
1932-33	9,276	2,363	1,667	1,539	49.6	51.9
1933-34	8,141	2,442	1,745	1,730	70.6	63.0
1934-35	8,576	2,625	1,961	2,120	55.6	54.0

The increase in butter and meat exports has been accompanied by a growing dependence on the United Kingdom market as other European countries restricted their purchases. In the 1934-35 season, 94 per cent. of butter exports, 91 per cent. of beef exports, and 98 per cent. of mutton and lamb exports went to the United Kingdom.

EXPORT

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A factor of great importance for the future of the Australian cattle industry, the magnitude of which it is difficult to gauge at the present time, is the shipment of chilled beef from Australia (and New Zealand) which has recently been made possible by technical improvements. Before full advantage of this discovery can be taken, improvements in breeding and in methods of grazing and fattening must be made. Yet in the 1934-35 season, imports into the United Kingdom of chilled beef from Australia amounted to 134,000 cwts., compared with only 6,400 cwts. in the previous year.

Wheat growers have gone through a more difficult time than the pastoralists; and, as a result, wheat now occupies a somewhat less important place in the export trade than in the years preceding the depression. Unremunerative prices since the 1928-29 season, and poor prospects in the future, have resulted in the curtailment of acreage sown to wheat. Growers have had to be assisted by Government subsidy. Since the peak year of 1930-31, the acreage under wheat has fallen from 18.1 millions to 12.4 millions in 1934-35, and to 11.9 million acres in the 1935-36 season. Since 1931-32, some £12½ millions have been distributed in direct relief to wheat growers, up to and including the crop year 1934-35. The difficult financial position of wheat farmers has been analysed in the Reports of the Royal Commission on the Wheat, Flour and Bread Industries. In these, it is shown that the rural debts of wheat farmers amount to about £150 millions, and that even with the price of wheat at 3s. a bushel—the actual average for the 1934-35 season—only about 40 per cent. of the wheat farmers could carry on and pay interest in full. The Commonwealth has since made a further £12 millions available for debt adjustment; and other remedial proposals are being investigated.

Gold production has, through rising prices and increased output, been a source of additional help to the export trade in the past few years. Production has increased from just under £2 millions in 1929 and in 1930 to £7.5 millions in 1934.

Recovery, though more advanced in Australia than most other countries, is not, of course, complete. Part of it has been dependent upon the maintenance of internal Government borrowing in place of the former loans from overseas. This gives rise to some uncertainty whether the pace of recovery can be maintained if world prices and international trade do not show more of an upward movement. Between 1931 and 1935 the public debt (Commonwealth and States) increased by a total of £86 millions—the same increase as was recorded for the previous five years, 1926 to 1930. Uncertainty over the future is chiefly on account of Australia's markets, and particularly of the commercial and agricultural policy of the United Kingdom. The livestock industries, which are almost incapable of adjustment to short-term price fluctuations, and slow in adjustment to long-term trends of demand, need, above all things, greater

stability of prices and a minimum security of markets before Australia's undoubted capacity to produce more meat, wool and dairy produce than ever before can be realised profitably. Until these desiderata can be attained it would be unwise to view continuous internal borrowing for public works, including rural rehabilitation, as "sound finance."

EX CATHEDRA

(BY A CORRESPONDENT)

"Who are these ignorant clergymen who presume to give His Majesty's Government advice on foreign affairs?"—Mr Duff Cooper at Birmingham.

It is altogether fitting that one of our younger statesmen should assume the duty of putting certain impertinent intruders from Liverpool Cathedral in their place and of announcing to the world that the British Cabinet neither needs nor brooks advice from beyond its walls. The men who brought this dignified rebuke on themselves happened to be clergymen, but that was only accidental. Mr Duff Cooper declares himself a loyal member of the Church of England and to clergymen as clergymen he takes no objection. What he does resent is that one specialist should cross over into another specialist's zone and presume to give advice on what he finds when he gets there. Zones, in Mr Duff Cooper's view, are to be respected, and it is not right that an expert in one should handle matters that are the monopoly of a fellow-expert living in another.

He takes, in fact, the same stand as was taken some years ago by a gentleman who conducted a pea-nut stall in New York under the shadow of the National City Bank's building: "The National City Bank," said the pea-nut expert, "don't sell no pea-nuts. I don't lend no money." So Mr Duff Cooper to the Liverpool clergymen: "I don't sell religion. You don't sell foreign politics." And just as the pea-nut seller made it plain to the bank that a unilateral breach of their pact would provoke sanctions, and that if the bank started selling pea-nuts he would begin to lend money, so Mr Duff Cooper warns the clergy that an intrusion into the demilitarised zone lying between religion and politics cannot be tolerated, and if the clergy of Great Britain begin to talk politics to His Majesty's Government, His Majesty's Government will hold itself at liberty to talk religion to the clergy of Great Britain. There must be bilateral observance of the rules of the game and outsiders must not presume to advise His Majesty's Government on foreign affairs.

Mr Duff Cooper's argument promised to be both interesting and powerful, and it is a pity that he was prevented from developing it as it might have been developed in his Birmingham speech. God forbid that we should sink to the level of the Liverpool clergy and presume to give advice to a member of His Majesty's Government, but we should much like to try our hand at the argument ourselves and so help to fortify Mr Duff Cooper against the next time he reverts to this theme in a public utterance—to do for him, in fact, what Mr Pickwick did for Mr Peter Magnus. As Pickwick sketched out a scenario for Mr Magnus' proposal to Miss Witherfield, we venture on a scenario for the undeveloped portion of Mr Duff Cooper's Birmingham speech.

First, then, we should insist on the advantage that a professional has over an amateur and disparage the value of any views held outside, in contrast with those held inside, His Majesty's Government. To illustrate the point we should dwell on the success in the sphere of foreign affairs that has attended our professional politicians in our lifetime. We should not go back too far. We should not, for example, include in our survey the diplomacy that led to the war of 1914, and we would touch but lightly on the Treaty of Versailles, the American debt and our dealings with the Bolsheviks from 1918 to 1922. It would be enough to start from 1931 and emphasise the gratifying improvement that has taken place since Mr Baldwin and Mr MacDonald first pooled their professional skill and experience, holding up to the admiration of our audience the glories of our foreign policy in the years of Sir John Simon's secretaryship—Germany, Japan, Italy, Geneva—and contrasting the state of Europe trembling on the verge of war when he took office with the deep peace in which she slumbers to-day. This

would lead naturally to our main thesis that the duty of the common man is to be silent and admire the technique of the professionals until such time as the professionals call on him to enlist for active service.

It may perhaps be argued that advice from outside is salutary and necessary to ensure that all points of view are regarded and all opinions given their proper weight before a government finally determines its policy. Years ago that argument might have had some force, but, as modernists, we can dispose of it without difficulty. We should point out that the old-fashioned politician was the slave of what he grandiloquently called his principles, and the old-fashioned cabinet was composed of men all in slavery to the same set of principles. In any one cabinet only one point of view would normally find expression and one line of policy be followed from the beginning to the end of its career. But all that has been changed to-day, and the weakness of a servile consistency to principle has been eliminated. Under modern conditions not only is a cabinet's policy the product of many opposing and contradictory lines of thought within itself, but it is elastic and adaptable, varying from week to week or day to day as the wind inside the cabinet shifts a point or two from right to left or back from left to right. If any example were needed to enforce this clear and unmistakable argument, we could call in aid, amongst other matters, the various British attitudes to Russia and the smoothness with which a Foreign Secretary can first denounce trade relations with the Bolsheviks as a protest against the workings of Soviet justice and then a few months later renounce his own policy and bring the trade relations back without any known change having taken place in the Soviet's attitude towards its own Courts of Law. We would recall, too, our Abyssinian policy and the ease with which the professional statesmen were able first to swing over from their election speeches to the Hoare-Laval programme and then to jettison both Sir Samuel Hoare and M. Laval and re-orientate their own policy in less than seven days. What need have such statesmen for outside advice? In the multitude of counsellors there is confusion, and a modern cabinet can supply as much of that as is wanted without calling for amateur aid.

Later on in the speech we might be conscious of a logical difficulty, and in honesty and fairness we should somehow have to face it. Our difficulty is that sometimes when one wishes to support the professional who has a right to give advice, and silence the amateur who has none, it is not easy to make out which is the professional and which is the amateur. They are apt to look as though they had been mixed up—and never more so than when the politician takes a hand in other people's affairs and directs men in the management of their own business. Then we are confronted with the same perplexity that inspired the old rhymester:—

God bless the King, God bless the faith's defender.
God bless—no harm in blessing—the Pretender.
But who Pretender is and who the King—
God bless us all, that's quite another thing.

The thing that bothers us at the moment is the relation between the Treasury and the City. When the Treasury gives advice to the Money Market or the Stock Exchange, is it a professional advising ignorant amateurs, or an ignorant amateur presuming to give advice to professionals? The point is not easily determined, and in helping Mr Duff Cooper with his speech it has to be faced, because he himself only a short time ago was actively engaged in the work of the Treasury. Until he went there his chief contribution to the world's thought had been a brilliant biography of Talleyrand; and an old hand in the money market, irritated by the advice that flowed from Whitehall to Lombard Street, was heard to cry aloud: "Who is this ignorant biographer who presumes to give advice to the City on Finance?"

At the moment we are not clear how this difficulty will be handled; but the solution will come in time. And, meanwhile, England has the satisfaction of knowing that a member of the British Cabinet has allied himself with the great authoritarians of history—the specialists who tolerate no advice from the common man—Hitler, Mussolini, Lenin, Bismarck, Napoleon, the churchmen and the dynasties of the middle ages, right back to those professionals who asked the most famous question of all: "Who is this ignorant carpenter who presumes to give advice?"

NOTES OF THE WEEK

A Critical Week.—A week which might have been expected to prove a lull after the last three eventful weeks has turned out as decisive and critical as any. Question time in the House has elicited one clear assurance after another from the Prime Minister and Foreign Secretary that the consultations between the French, Belgian and British General Staffs, now fixed for April 15th in London, will be kept rigidly within the framework laid down by the Government; and Notes received from the Belgian and French Governments to H.M. Government clearly state that no political understandings or commitments are thereby to be implied, other than are clearly laid down in the Locarno Treaty. Parliament has manifested growing disgust at Italy's methods of warfare in Africa; and this reflects the swelling tide of popular resentment in the country at large. This indignation has been increased by yet another studiously moderate and moving appeal for assistance to the League from the Emperor of Ethiopia. Sir Thomas Inskip, Minister for Co-ordination of the National Defences, has been forced to make one or two attempts to answer searching inquiries about his powers and duties—unconvincingly and uninformatively. Members of Parliament have become concerned about our food supplies in wartime; and some have suggested that negotiations with Canada should be begun forthwith for the establishment of large wheat stocks in this country. And the Minister for War has announced that all three Services will closely co-operate in the spring manoeuvres this year. Meanwhile, Mr Eden left for Geneva on Tuesday, and Lord Halifax on Wednesday; and the Committee of Thirteen, convoked to examine Italy's methods of warfare and to discuss procedure, met on Wednesday morning, only to adjourn owing to M. Flandin's insistence that they should ask the Red Cross authorities about it, and examine Italy's counter-allegation that the Abyssinians are using dum-dum bullets. This unprincipled behaviour of the French has been aggravated by persistent rumours that Ecuador, a member of the Committee, has decided unilaterally to raise sanctions against Italy now that Italy has agreed to discuss the League's invitation to put forward conciliation proposals. Geneva is thus again at stalemate as a result of French manoeuvres.

The French Plan.—As we go to press the French plan for the establishment of European peace during the next 25 years has been published in Paris. It consists of 22 sections. The first part lays down five principles: equal national rights, respect for international engagements, respect for international law, absence of any national hegemony over the comity of nations, and guarantees of these fundamental principles of civilised society. The second part, entitled "Political Measures," is based on the principles of collective security, mutual assistance, disarmament and European organisation. This part proposes the establishment of a European sub-committee of the League for handling European affairs and the problem of European peace—a welcome reversion to M. Briand's conception of European unity; organised measures of mutual assistance in Europe to guarantee the 25 years of peace; the setting up of an international land, sea and air force at the disposal of the League Council, maintained in national units; and international control of national armaments. The third part proposes principles of international economic co-operation, including provisions for access to raw materials and colonial markets, the establishment of an exchange tribunal, monetary stability, extension of international credits, and expansion of markets. The plan is accompanied by a second document: a detailed reply to the German plan, in which the French epitomise the real European issue: "As a League Member, France is unable to conceive a settlement for Western security for which she has to ignore the security of the rest of Europe." Non-fortification of the Rhineland is made the touchstone of Germany's genuine acceptance of the principle of collective security; and the startling proposition is advanced that no territorial change of the European *status quo* should be made, even by consent, for 25 years. The French state that "fidelity to treaties is the fundamental principle of French policy."

But the French plan, in itself, only serves to emphasise the fundamental weakness of French foreign policy; the attempt to connive at the successful aggression on a League Member in Africa in order to keep the aggressor by the side of France in Europe. Such a two-faced policy prevents the French plan from commending itself, as a whole, to British public opinion.

Signor Mussolini's War.—Last week there was another prolonged pitched battle in Abyssinia—this time in the neighbourhood of Lake Ashangi. On the Abyssinian side the Imperial Guard was engaged, and the Emperor himself was in action. It was the Abyssinians who attacked—against the wishes of the Emperor, according to Marshal Badoglio. Tactically, no doubt, this was a serious error; for a pitched battle always gives the Italians an opportunity of getting the utmost advantage out of their overwhelming superiority in equipment. Though this battle seems to have been the hardest fought in the war up to date, it ended in the inevitable Abyssinian defeat with heavy losses. The Italians are making haste to represent this as the end of the war; and the French may be counted upon to echo the Italian claim. For the French are eager to dismiss the East African war as an unimportant passing episode, in order to give themselves an excuse for taking off sanctions, setting Italy financially on her feet again, and making sure (so they imagine) that the Italian army will fight on the French army's side in any future war in Europe. Every French move in this direction must be strenuously resisted by the Government of this country. It would be as stupid as it would be base to let ourselves be persuaded that we have already let the Abyssinians down so completely that we may as well now give up the whole business as a bad job. We have let them down, indeed. But the very factors in the situation which make it easy for the Italians to win victories make it difficult for them to finish the war off. They may perhaps now have made it impossible for the Abyssinians to fight another pitched battle or to dispute their advance. They may occupy Dessie and Harrar and Addis Ababa. But this will merely compel the Abyssinians to confine their operations, at last, to those guerrilla tactics which suit their own genius and the nature of the country. The Abyssinians can stand losses which would knock a European army out; and the Emperor's personal participation in the fighting will have raised his men's *moral*. If he can now induce them to lend themselves to de Wet's and Botha's tactics, he still has the whole vast south-west, from Gojjam to Kaffa inclusive, in which to manoeuvre. Signor Mussolini cannot win the war by defeating the Emperor in the field, nor even by taking his capital. He will not have won until he has (a) been able to bring home the bulk of his 300,000 men whom he is maintaining far from Italy at a terrific cost; (b) induced the League Powers to take off sanctions; (c) obtained a foreign loan to salvage his own wrecked economic and financial structure at home. If the Emperor can see to (a), the rest of us can see to (b) and (c). We surely cannot turn a deaf ear to the Emperor's latest moving appeal for effective sanctions. The aggressor can still be defeated on the sanctions front.

The Supreme Court Again.—The United States Supreme Court on Monday delivered another judgment on the legislation of the New Deal, which, though not of great immediate importance, may prove to be of considerable historical significance. The immediate case in question concerned the action of the Securities and Exchange Commission in summoning before it a certain Mr Jones who was seeking permission to trade in "oil royalty participation certificates." On receiving the summons to appear, Mr Jones had promptly withdrawn his application, but this had not deflected the Commission from its purpose of interrogating him. The Court did not question the advisability of investigating the nature of this gentleman's business, but it did deny the right of the Commission to hale

him, or any other citizen, before it without the option of declining the invitation. If the Commission thought such arbitrary action was necessary, it should have applied to the Courts for its exercise. The Supreme Court proceeded to generalise, and delivered itself of a root-and-branch condemnation of "administrative law," that is, of the interference by executive organs with "the fundamental rights, privileges and immunities of the people." This judgment will be very welcome to a certain powerful, if not overwhelmingly large, section of opinion, although the dissent of Justices Cardozo, Stone and Brandeis shows that it will not be palatable to the Liberals. If there is any one single factor which is more responsible than another for the blind, furious and largely incoherent opposition of "business" to the Roosevelt Administration, it is the fear that the rapid proliferation of "alphabetical agencies" at Washington, all of them with large undefined powers, is beginning to subject American business to the domination, not of laws, but of arbitrary and irresponsible bureaucrats. It may be that such a development is inevitable—after all, the "new despotism" is not confined to America—but that does not make it any the more agreeable to a community which has always prided itself upon its rugged individualism, upon being ruled by "a Government of laws, not of men." This latest judgment of the Supreme Court must, therefore, be taken as lending powerful aid to the conservative opposition, even though its practical effect in limiting the operations of the Administration will be very small. It is beginning to look, however, as if the opposition will need much more powerful aid than this if they are to defeat the President. Just as his stock was perceptibly, though inexplicably, falling at the end of last year, so it is now, by unanimous report, rising. The latest tax plan has evoked no enthusiasm either in Congress or in the public. But by the same token it has not aroused a storm of protest. If the President can, in election year, make a substantial gesture in the direction of a balanced budget, without estranging any large block of votes either by new taxes or by reduced expenditure, he will once more have demonstrated that he is a political strategist of no mean order.

Spain Drops President Zamora.—The political situation in Spain is still fluid and opaque. The electoral victory of Señor Azaña and his party over a month ago finally dissolved the almost universally hated, and in any case ineffectual, association of Lerroux Radicals and Right-wing C.E.D.A. groups led by Gil Robles. In the meantime, violence and sectionalism have reared their heads; the Azaña Government have hesitated to meet violence with violence; peasants' committees in many regions have confiscated and appropriated land; clear evidence of corrupt electoral practices by the Right-wing groups has accumulated; and the Right-wing C.E.D.A. have announced their policy of non-co-operation in the Cortes. The situation was rendered more complicated because President Alcalá Zamora's position had been brought into the political arena as a result of his having repeatedly delayed the exercise of his constitutional right to dissolve the Cortes a second time during his term of office. The Socialists had long clamoured for a second dissolution because of the ineffectual and reactionary coalition Governments of Radicals and Right-wing groups—the Radicals led by the C.E.D.A. President Zamora naturally hesitated; for he had previously dissolved one Constituent and one ordinary Cortes, and the Constitution only says that the President may dissolve "two Cortes"; so that it was not clear whether he could legally again dissolve the ordinary Cortes. On January 7th last, however, he did so. The success of Señor Azaña and his Popular Front at the polls, and the reactionary excesses of certain Right-wing elements, had their sequel on Tuesday night when the new Cortes—the C.E.D.A., Radicals and Catalanian *Lliga* abstaining—censured the President of the Republic by 238 votes to five, for the way he had been executing his powers. Under Art. 81 of the Constitution this vote immediately dismisses the President from office. Officials of the Cortes called at a late hour on the dismissed President to acquaint him of these events, but he refused to receive them then. They thereupon drew up a protocol of the facts, and the Cortes

elected their speaker, Señor Martínez Barrio, temporary President in accordance with the Constitution. It is too early to say how the news will affect Spanish opinion; but that opinion is at present so hopelessly disintegrated and sectionalised that the Government will probably gain on balance by this gesture of firmness and independence. Meanwhile the economic situation is deteriorating; and the *Frente Popular* Government will soon need funds for their development and agrarian reform schemes. How they will raise them is still problematical; for leading financiers and *rentiers* are likely to maintain their boycott of the Socialist Government. We hope that, after the last few weeks of chaos and disorder, some guiding lines of policy will be thrown out by Señor Azaña and his colleagues.

Conscription in Austria.—On April 1st Herr von Schuschnigg announced to the Austrian National Assembly that he was introducing a bill imposing compulsory service on all male Austrian citizens between the ages of 18 and 42. The bill was promptly passed by acclamation; but it remains to be seen whether the Austrian Chancellor may not have been making April fools of the Little Entente countries. For the new Act provides that the service is to be "with or without arms." Is it to be simply a compulsory labour service of the kind invented by Bulgaria and imitated by Germany? If no more than that, it would presumably remain within the letter of the Treaty of St. Germain, as the Austrian Government contends that it does. But the discretion given to the Government leaves open "a serious door" (as they say in Whitehall) for doubt; and the Little Entente have decided that this door must be walked through. Last Monday, the Czechoslovak, Yugoslav and Roumanian Ministers made a joint protest in Vienna; but this common action appears to cloak a certain diversity of views. The Czechoslovak Government, for example, began by taking a fairly tolerant attitude, whereas the Czechoslovak press, as well as both press and Government in the two allied countries, immediately took a more militant line—with which the Czechoslovak Government has since conformed for fear of opening a breach in a carefully preserved common front. Evidently the Czechoslovak Government, if it had only had itself to think of, might have been disposed to regard the new Austrian conscription Act as a bulwark against the danger of the *Anschluss*. On the other hand, the Yugoslavs and Roumanians regard it as a breach of treaty which may not be very objectionable in itself, but which offers a direct incentive to Hungary and Bulgaria to follow suit. As a matter of fact, Hungary is reported to have re-established compulsory military service long ago *de facto*, without trailing her coat by introducing any legislation for the purpose; and as for Bulgaria she is not yet in a militant mood. Nevertheless, the Yugoslavs and Roumanians are upset; and as evidence that they are justified, they can point to the fact that the Italians are gratified at what Herr Schuschnigg has done. Perhaps Signor Mussolini has hinted to his Austrian protégé that his motto must be *Austria farà da sé* now that Italy is so heavily committed to an African adventure. If Herr Schuschnigg really does conscript his young men wholesale, it will be a token of confidence that he has the country behind him. It seems more likely, however, that the conscription will be selective. For to arm and organise the Austrian Nazis would be to play Herr Hitler's game rather than that of Signor Mussolini.

On the Roads.—With the Easter Holiday there is a great rush to the roads, and this year the large number of "learners" is obvious for all eyes to see. How far is the Minister of Transport's eighteen months' campaign for road safety beginning to bear fruit? In the Ministry's road accident return of last week-end 90 deaths from accidents were shown, compared with 108 in the previous week and 100 a year ago. Since November the chart of road deaths has been continually lower than that of a year ago. In the last few weeks, however, it has begun to rise to last year's level once more. The reduction during the winter months seems to show that the campaign has had some substantial effect;

for the number of cars and lorries on the road is, of course, steadily increasing. Whether the highway code and the institution of driving tests has had any influence on the actual standard of driving, is very hard to estimate. Observation suggests that human nature among motor drivers is very hard to change. The great majority, of course, are careful; but the reckless and incompetent few still seem to be with us. Indeed, it may be doubted whether the accidents that occur on open stretches of road through faulty overtaking, and so forth, will ever be much diminished. Probably more progress has been made, and will be made, by the construction of pedestrian crossings and of adequate warning signs at blind corners and cross-roads. The Ministry has clearly been right to build numerous "roundabouts," and more will have to be built before long. The "major-road-ahead" sign has also been generally adopted, and should go far to reduce the most avoidable kind of accidents. In some cases where a very small road directly crosses a very large one, it might be worth altering the lay-out so as to prevent the small road from having a straight run across. This has already been done successfully in a few cases. There has also been some success in tackling the "dazzle" problem; but it is still a long way from complete solution. Altogether the Ministry must be congratulated on its persistent and well-directed efforts. One could only wish that as great an attempt had been made to protect the appearance of our country roads as to enhance their safety. The "Ribbon-building" Act ought to be applied with all possible speed if we are to preserve the national asset, and the opportunity for normal recreation, that road traffic offers.

Income-Tax Law.—Codification of our income-tax law is a task that might have appalled a Theodosius or a Justinian. In the 125 years which have elapsed since our income-tax legislation was first drawn up, over fifty separate Acts have been passed, embodying about 800 statutory provisions, and interpreted and encompassed by roughly 1,800 judicial decisions; these have come to comprise the law by which anything from one-fifth to two-thirds of a citizen's annual income may be appropriated by the omnipotent—and often omniscient—Commissioners of Inland Revenue. Indeed, evasion of income tax in this country is probably so rare, compared with other countries, because the law is so intricate, and the problem of worrying a hole in the net too troublesome and hazardous for the "small man." Codification was long overdue when Mr Winston Churchill, as Chancellor, appointed a Committee in October, 1927, to draft a Bill for it. By the beginning of 1932, the Committee's labours had involved the expansion of the Committee by the appointment of Lord Macmillan as Chairman. On Monday of this week they presented their unanimous report—an imposing document in two volumes, the first containing the 450 pages of the report proper (Cmd. 5131, 8s.), and the second, the draft of the proposed Bill (Cmd. 5132, 4s. 6d.). This is not the occasion on which to comment in detail on the results of their labours; we intend to revert to them in a forthcoming article; but Lord Macmillan's able chairmanship—already proved by the famous "Macmillan Report" on Finance and Industry, of 1931—has produced a laudable set of proposals for codifying the vast and amorphous mass of legislation, case-law, administrative orders and Inland Revenue practice which constitute our income-tax law, and replaced by fifteen classes of income. Income arising and "received" from abroad—a term subject to continually disputed interpretations—is to be clearly divided from income arising in this country. "Receipt," "total income," "assessment," and "residence" are other terms to which clearer—and, we trust, more durable—definitions are given. The way in which "trading profit"—a great bugbear to all industrialists, directors and accountants—is to be defined is laid down; and, most important of all, the Committee recommend (slightly, but commendably, beyond their terms of reference) that the allowance in respect of wear and tear of machinery or plant used in a business should be "treated as one of the allowable deductions in computing the statutory profits for the year of computation in which the wear and tear takes place." This

is notable advocacy of a reform which has often found commendation in these columns. Income-tax law in this country should be at least clearer, if not a model of clarity, once the Government proceed to implement the admirably detailed proposals of Lord Macmillan and his colleagues.

A New Cost of Living Index.—The very welcome announcement was made by the Minister of Labour in the House of Commons on Tuesday that his Department is to undertake the construction of a new cost-of-living index number. The preliminary inquiry into family budgets is to begin at once, and the Ministry of Labour is to be assisted in it by "a small advisory committee which will include representatives of employers and trade unions." This decision is long overdue. The existing index number is based upon a family budget inquiry which was made as long ago as 1904, and since the consuming habits of the population have been changing very rapidly in the intervening decade, the results shown by the official index can hardly fail to be gravely distorted. At the same time, there are almost insuperable difficulties in the way of any private organisation which attempts to construct a cost-of-living index. It is to be hoped that the new index will be a much more comprehensive and elastic affair than the present one, and that it will make provision not only for variations in consumption between different grades of the working population, but also for variations in the same grade from time to time.

Trend of Gold Production.—The annual report of the Union Corporation—which, in its investment aspects, is discussed in a Company Note on page 91—contains its usual and authoritative survey of the world output of gold. The total world production rose from 19,586,000 fine ounces in 1929 to 27,770,000 fine ounces in 1934 and to no less than 31,000,000 fine ounces in 1935. Moreover, this increase was entirely achieved outside South Africa, as the absolute output of the Rand has risen by only 362,000 fine ounces and its relative share in world production has fallen from 53.2 per cent. in 1929 to 34.8 per cent. in 1935. This is very largely due, as the report points out, to technical causes, and the increase in South African production as a result of the rise in the price of gold is still to come. The Union Corporation states that the increase should begin in 1937, and that within five or six years South African output may approach the 15,000,000 oz. mark, more than 4,000,000 above the 1935 output. In addition, large prospective increases in Russian production are claimed. If it be assumed that production increases as expected in these two countries, but not elsewhere, "then the world production of gold in 1940 may well exceed 40 million ounces per annum, as compared with about 30 million ounces in 1935, 20 million ounces in 1925 and 3½ million ounces in 1850."

Future Gold Supplies.—To appreciate the full significance of these figures, it is necessary to quote the conclusions of two further tables in the report. The first of these shows that, since 1929, net consumption of gold in the industrial arts has declined, while the net absorption of the East has been turned into a net release. The result is that the balance of the annual production available for monetary uses has increased from 13.6 million ounces in 1929 to 34.3 million ounces in 1935. The second table shows that the total world stock of monetary gold has increased over the same period from 553.6 to 734.3 million fine ounces. Moreover, the monetary value of each ounce

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(Established 1866)
Annual Income : : : : : £6,000,000
Funds : : : : : £25,000,000
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Chief Office: BROAD STREET CORNER, BIRMINGHAM

has, in the majority of countries, been increased, actually or potentially to the extent of some 60 or 70 per cent. by devaluation. If gold production increases as expected, it is to be presumed that the bulk of the increase will go into monetary use. We must therefore apparently look forward to a very rapid expansion of our stock of monetary gold. What a change has come over the outlook for gold production since the Gold Delegation reported only six years ago! The new figures must not be taken as demonstrating the incorrectness of the Delegation's estimates (which largely came from the same source); for if the price of gold had remained at 85s. an ounce, the Delegation might not have been very far out in their calculations of an approaching shortage of gold. What has been shown is the amazing elasticity with which the supply of gold responds to a change in its price. The monetary significance of the figures hardly needs to be pointed out. For, though gold has lost its dominance over the foreign exchange markets, the Central Banks of the world still avidly purchase the metal and use it as the quantitative base of the currency and credit structures. The existence of a super-abundant supply of gold can hardly fail to have its effect upon the quantity of money in existence and upon the credit policies pursued by the various national monetary authorities.

An Employment Record.—The state of employment at the end of March shows a very marked improvement compared with February and January; and unemployment is only a few thousands higher than at the beginning of December. This is rather more than a seasonal movement, although an improving tendency is always noticeable at this time of the year. Almost all branches of industry have shared in the increased activity. Building and allied industries show the most marked change, as a reaction from the deep depression which always characterises the winter months. But unemployment in the distributive trades and in the metal and textile manufacturing industries has also decreased very substantially. Coal-mining alone records an increase of over 14,000 in the number of insured workers unemployed. Even this, however, is 40,000 less than at the end of March last year.

INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN

	Mar. 25, 1935	Feb. 24, 1935	Mar. 23, 1936
Coal mining	243,468	189,121	203,258
Iron and steel manufacture	42,442	33,869	32,124
Engineering	96,818	73,698	68,980
Metal goods manufacture	77,625	69,044	66,039
Shipbuilding and repairing	68,749	54,047	52,755
Motor vehicles, cycles and aircraft ..	21,519	22,313	18,186
Cotton	101,937	75,292	73,733
Woolen and worsted	36,860	21,385	18,909
Hosiery	18,906	11,660	11,413
Tailoring	21,727	23,991	17,270
Brick, tile, pipe, etc., making	11,874	13,351	11,222
Pottery, earthenware, etc.	14,788	16,012	14,250
Printing and bookbinding	24,961	24,968	23,267
Shipping service	45,339	42,261	40,426
Hotel, boarding-house, etc.	71,444	77,913	74,544
Building	154,483	191,682	139,480
Public works contracting	123,192	129,764	120,745
Distributive trades	235,260	235,926	223,614

All industries (persons on register) ... 2,153,870 2,025,021 1,881,531

The changes noted above are also reflected in the geographical distribution of unemployment. Wales shows an increase of 1,451 since February, while all other divisions record sharp declines, ranging from 14,867 in the South-West to 30,013 in the North-East. The total decrease in the number of unemployed on the registers between February and March was 143,490, of which men accounted for 107,000 and women and juveniles each for about 18,000. It is estimated by the Ministry of Labour that there were 10,630,000 insured persons aged 16-64 in employment in Great Britain on March 23rd. This was 155,000 more than a month earlier; 411,000 more than in March, 1935; and is a new "high" record.

The Shrivvenham Accident.—The Ministry of Transport's official inquiry into the railway accident on the Great Western main line at Shrivvenham last January confirms much of what we suggested at the time. The brake-van and last five wagons of a goods train broke away and were

run into by an express train which was following behind. The inquiry established that the collision was due first to delay on the part of the guard of the goods train in going back to lay down detonators to protect his train; and second to the failure of two successive signalmen to observe that the goods train had passed without a tail-lamp. These last duties of course are elementary, but the inspecting officer was careful to say that once the first signalman concerned had realised his blunder he took prompt steps to stop a third train which otherwise might have added to the collision. The report points out that continuous track-circuiting throughout the whole section would have been the only certain safeguard, and confirms our earlier view that the Great Western system of automatic train control had no bearing on the accident. In view of the cost, the report does not recommend the universal adoption of continuous track circuiting, but its tenor suggests that the inspecting officer is not entirely convinced on this point. Another matter which he might have emphasised is that a signalman should be forbidden to answer the telephone while a train is actually passing his box. It is conceivable that a rule such as this might have prevented the accident.

The Jute Crisis.—The difficulties of the jute industry in India, described in the *Economist* of March 28th, have now come to a head; for the Indian Jute Mills Association has failed to secure the adherence of the "outside" mills to the scheme of restricting working hours. Consequently the members of the Association are now at liberty to carry out their threat of December 30th to increase working hours from 40 to 54 per week. It is understood, however, that the associated mills will regulate output in accordance with their order books. It is estimated, therefore, that production will be increased by about 16 per cent., compared with the level of output prevailing before March 31st. But while the estimated increase in the production of the member mills is below the expansion permitted under the agreement of December 30th, it will suffice to prolong the depression in the jute market and, incidentally, to reduce the profit-earning capacity of the jute manufacturing industry in this country.

Shipping Freight Index.—As measured by our monthly index the general level of whole cargo shipping freights fell by 0.9 per cent. during March, following a fall of 3.6 per cent. in February. The current figure of 89.8 compares with 82.1 in March, 1935, and 83.7 in March, 1934. Details of the index number are as follows:—

	Average, 1913	March, 1935	January, 1936	February, 1936	March, 1936
European waters	110.0	88.2	96.7	88.3	85.7
North America	113.1	81.4	92.8	89.0	90.4
South America	123.4	76.1	86.1	85.1	85.4
India	106.3	92.3	102.5	99.7	97.0
Far East and Pacific	117.4	81.3	93.5	90.9	87.9
Australia	127.9	73.0	92.6	90.8	92.6
Total	116.3	82.1	94.1	90.6	89.8

Business has been consistently dull throughout March. Hull reports restricted inquiry and easy rates. At Liverpool, homewards from the River Plate there has been a limited demand for early loading. Demand has decreased at Newport, while at Swansea exporters have placed very few orders for tonnage, and coasting inquiry has been small. Glasgow reports that a few orders are quoting from the Baltic at steady rates. Movements of the various sections are as follows:—

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade	79.4	-3.2	South America:—		
Bay—outwards	100.9	-1.9	Outwards	61.7	-0.2
Bay—homewards	87.1	-4.8	Homewards	109.1	+0.7
Mediterranean:—			India—Outwards	80.0	-4.2
Outwards	78.0	-3.3	India—Homewards	114.0	-1.2
Homewards	89.6	+1.2	Far East, etc.	87.9	-3.0
North America	90.4	+1.4	Australia	92.6	+1.8

Expressed as a percentage of the average for 1913, the complete figure of our index number for March is 77.2, compared with 77.9 for February and 70.5 for March, 1935.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

FRANCE

THE ELECTION CAMPAIGN

FRANCE will vote on April 26th and May 3rd. And a fortnight before the General Election the political and economic activities of the country are at a deadlock. The policy of the Government, is, on every issue, including that of the franc, no more than the strict maintenance of the *status quo*. But what will happen after the elections?

Recent speeches of M. Daladier, the leader of the great Radical-Socialist Party, have shown that the general division into a Left Wing and a Right Wing *bloc* in French politics has survived the "great reconciliation" of parties on December 6th and even the aggressive actions of Hitler. In these speeches M. Daladier argued that there have been two periods in the recent history of France—before and after February 6, 1934—with a favourable financial and economic evolution before that date and a catastrophic relapse thereafter—a relapse which could have been easily foreseen, in his opinion, as an inevitable consequence of the "stupid deflation." Yet the various Cabinets governing France before and after February 6th have had the same Ministers of Finance, men attached to the same deflationary policy—M. Germain-Martin and M. Marcel Régnier.

Right Wing candidates are answering this campaign in the same spirit, and the country is being invited to vote "bloc against bloc" at the polls. These circumstances partly explain the latest flight from the franc. Certain parallels between political events in Spain and in France have been depicted on the hoardings by disquieted capitalists, who already paint the future in the darkest colours. Hitler's coup precipitated the flight from the franc.

The Government is visibly resentful of M. Daladier's attacks. It sees itself as having taken the helm as a Government of "truce and union" for the period up to the elections; and though a few days after its formation it was supported in the vote on the Franco-Soviet Pact by the Communists, the leader of the first Republican Party in the Chamber is now making attacks which complicate the foreign and financial situation. To these attacks replies have been made by a leader of the Right Wing of the Radical-Socialists, the deputy and mayor of Reims, M. Marchandeu. He called for political "reforms" which would be supported not only by the Right Wing of the former Chamber but by sixty or seventy members of the Radical Party; and it seems that, if confirmed by the authority of M. Herriot, this campaign would render impossible the appearance in the Chamber of a Popular Front majority. This resistance to the Popular Front derives its strength from the farmers, as a result of the rise in agricultural prices, notably of wheat and wine, and perhaps also as a result of Hitler's move.

REACTIONS TO THE GERMAN PLAN

But it is difficult to estimate even approximately the opinion of a country which tends to vote against dictatorship, but at the same time for a *rapprochement* with Germany. The latest proposal of the Führer, however, to organise a plebiscite and a truce of the Press in France was badly received even in Conservative circles, so that the German dictatorship has provoked a Front Commun against itself. For this reason the French Government can hardly enter into new negotiations before the General Election is over and the public atmosphere cleared. The British Rhine guarantee has already been much appreciated in France. If, however, the French Press now admits more readily than a few days ago the necessity of negotiating with Berlin, it is observed that these steps must be very carefully weighed. To French observers English public opinion seems to be dangerously seduced by the German proposals to "humanise" war; others are reluctant to introduce into the negotiations Italy, whose

military successes are said to be arousing resentment in London.

The output of the French coal mines during February, 1936, was 3,928,304 tons in 25 working days, against 4,172,186 tons in January of this year (26 working days) and 3,803,793 tons in February, 1935 (24 working days). The average daily output was therefore 157,133 tons, against 160,469 tons in January and 158,492 tons in February, 1935. The number of men employed was 223,680 at the end of February, against 223,524 at the end of January and 230,827 in February, 1935. The output of coke in the coke plants of the coal mines was 329,786 tons in February, against 348,573 tons in January and 316,387 tons in February, 1935.

PARIS, April 6.

GERMANY

DR. SCHACHT'S POSITION

THE position of Dr. Schacht, and the future of his economic policy and of his Reichsmark, were again the subject of rumour and conjecture last week. Rumour said that Dr. Schacht was to go; his foreign trade and currency measures were to be abandoned or altered; the demonstratively advertised but entirely fictitious gold parity of his mark was to be thrown overboard. Dr. Schacht's enemies had triumphed.

The significance of these rumours is not easy to estimate. Political differences, which in most countries come to public knowledge through parliamentary or platform utterances or through the Press, in Germany never attain an overt existence. Officially, Germany has no politics but only policy. It is therefore concluded that the intrigues and animosities which have forced a Minister to take, in pre-war phrase, a "flight into publicity" must have gone very far. Several times of late Dr. Schacht has taken such flights into publicity; first, in declaring for a reconciliation with Russia; secondly, in avowing his dislike for the provocative Rhineland demilitarisation; now, a third time, in retorting to attacks made upon him by persons who are in touch with the very highest official spheres. This summary of Dr. Schacht's attitudes can be made, it must be admitted, only after a good deal of reading between the lines. Dr. Schacht does not sign the articles which he inspires. His flights into publicity proceed through a dim irreligious glimmer rather than through the fierce light that beats on Ministers in untolitarian lands.

Antagonism to Dr. Schacht among extremist Nazis, and that means most leading Nazis, is strong. It is not the Minister's errors, if he has any, but his merits and good fortune that provoke anger. The idealistic Third Reich is not entirely free from a very human desire for office and salary; and the Minister of Economy, by virtue of ability and industry in a world of vacuous demonstrations, has attained both, pushing into the background numerous aspirants of more moderate talents and less moderate ambitions. Partly by merit, partly through the particular character of his work, Dr. Schacht is the most prominent person in Germany. Where concrete achievements requiring ingenuity are concerned he overshadows Herr Hitler. Other Ministers display energy without effect, but Dr. Schacht's energy always has an effect. Other Ministers create labyrinthine bureaucratic organisations which regulate everything from the determination of ancestral blood to the registration of young ladies of twelve who play the game of ping-pong (a literal fact). But after a first appearance in the Press, filling colonnades of columns, the organisations and super-organisations retire into a monkish obscurity and few citizens ever hear anything more of them. Indeed, most of the millions of citizens whose affairs are so minutely regulated by Nourishment Corporations and Labour Fronts have no notion of what these giant organisations are.

Dr. Schacht's labyrinthine organisations are also not publicly understood, but at least they are always in the public eye. Accordingly, in the end, Germans get the impression that there is no Ministry of Finance, of Labour, or of Agriculture, but only a certain Economic Policy which is known to be the same thing as Dr. Schacht. Further, Dr. Schacht is necessary, in so far as any man is necessary; he alone can provide the ingenuity and suppleness which the typical Nazi magnate does not possess and at heart despises as mere intelligence. In short, the virtue of Aristides was not more offensive to Athens than the virtue of Dr. Schacht is to Berlin—and all this from a man who six years back was hand in glove with Manchester Liberals, Marxists and International Pacifists.

It is natural that stout Ministers in uniform who fifteen years back were fighting beside, or at least talking beside, the Führer should dream of Dr. Schacht's disappearance. That is the meaning of the Press attacks; for no Third Reich citizen would dare to write a book against a Minister unless some exalted rival of the Minister had given inspiration and promised support. In his retort in *Der Deutsche Volkswirt* Dr. Schacht minimises the attacks, but thereby he advertises them. The attackers, he says, criticise his Reichsbank policy, demand the abandonment of the fictitious gold parity, recommend "private clearing," which means the selling of the limited supply of foreign exchange to the highest bidder (that is automatic depreciation), and recommend the "debureaucratisation" of the trade control and currency control systems. Dr. Schacht rejects all these complaints and recommendations. He denies that any change in general policy is to be made, and denies in particular the story that he is to go.

Dr. Schacht's reasons against changing the currency and exchange regulations seem to be very sound. The overvaluation of the mark has very little, if any, influence on the trade balance. On the one side is the influence of the price subsidy system, which keeps up exports; on the other side is the New Plan which almost completely rations imports. In practice the trade balance is therefore virtually determined in advance. Against the decontrolling of foreign exchange, which naturally could not be achieved without depreciation, Dr. Schacht brings the new objection that 12,000 million to 20,000 million marks (probably an overestimate) of Jewish capital would flow out of Germany.

DEVALUATION OF THE DEBT

His adversaries retort that the export subsidy system constitutes a very heavy tax; and that it is not clear where, after the levy of 1935 has been exhausted, money is to come from. Another consideration is the public debt. The incidence of this, it is pointed out, depends on internal prices; when the Government reveals the amount of the debt, as it will some day have to do, there will be no way of meeting it so easily as by devaluation and a rise in prices. The extinction of the 90,000 millions war debt in 1919-23 is not forgotten. On this the comment may be made that the present German price level has hardly any relation to those of other countries. It is already on a depreciated mark basis, and it is therefore hard to foresee the effect on prices of formal devaluation. It is probable that the present devious currency system could be indefinitely maintained on the basis of the two factors: mark inconvertibility and control of foreign payments; and the system presents certain specious advantages for State finance. The threat to Dr. Schacht lies therefore not in the alleged failure of his system, for which his critics have no practicable alternative, but rather in the very real animosity provoked by his prominence and power.

The Budget for 1936-37 is apparently to remain secret. The text of a brief Budget Law has appeared. It prescribes that the Budget Law of March 29, 1935 (for the financial year 1935-36), which also appeared without estimates of revenue and expenditure, shall remain in force for the new financial year with some minor alterations. The Minister of Finance is authorised to give guarantees for furthering foreign trade up to Rm. 200 millions, for the regulation of the egg market up to Rm. 40 millions, for the provision of credits for the flax and hemp industries up to Rm. 10 millions, and for work-creation measures on the land up to Rm. 100 millions.

A preamble to the law altering the financial relations between Reich and States gives as ground for reducing the States' shares in the tax yield the circumstance that current gross tax revenue much exceeds the estimate of February, 1935, when this matter was last regulated; and that the main cause of the increase was Reich expenditure on work creation and on re-armament, in consequence of which the Reich's current expenditure and debt have both risen.

Reichsbank credits and investments in the last week of March increased by the large sum of Rm. 615 millions, as against Rm. 513 millions in the corresponding week of 1935. The explanation, besides the normal heavy quarter-end demand, was the growing need of business, as the spring seasonal activity has set in rather earlier than usual. A substantial part of the cash raised was left on deposit, and total deposits rose by the large sum of Rm. 94 millions. The Reichsbank note circulation at the quarter-end was Rm. 4,627 millions, as against Rm. 3,664 millions last year; total circulation was Rm. 6,269 millions, against Rm. 5,846 millions. Immediately after the turn of the month money again became plentiful. The promissory note circulation on March 31st was Rm. 750 millions, against Rm. 716 millions a month earlier. Day loan rates declined to around 3 per cent. at the beginning of this week.

BERLIN, April 7.

SWEDEN

INCREASED DEFENCE EXPENDITURE

THE occupation of the Rhineland by German troops has naturally caused considerable excitement in the Scandinavian countries. The Press does not give very much attention, however, to discussions of the moral or legal aspect of Germany's act, but is chiefly concerned with ways and means of keeping the Northern countries out of political complications arising from the Locarno Treaty. As long as the British Government follows its present policy of mediation and conciliatory efforts, it will doubtless receive the whole-hearted support of the Scandinavian States. A policy foreshadowing possibilities of economic sanctions against Germany would, on the contrary, meet with very little success in these countries, which have obligations under no other political instrument than the Covenant.

The darker the political outlook grows the stronger becomes the agitation in Sweden for increased national defences. The Opposition political parties are criticising the Socialist Government's plan for the reorganisation of the country's defences, although that plan provides for military expenditure exceeding Budgetary provisions by Kr. 13.5 millions.

Foreign trade in February was still rising, with substantial increases both in imports and exports if compared with the corresponding figures for February, 1935. The value of Sweden's foreign trade during the two first months of the current year is shown by the following table:—

	1935 (In million kronor)		1936	
	January- February	February	January- February	February
Imports	208.1	99.0	248.5	115.0
Exports	163.4	80.0	195.7	90.0
Import surplus	44.7	19.0	52.8	25.0

The outlook for the principal Swedish staple industries is reported as favourable. Timber sales have further improved both in volume and value, and by the middle of March total timber exports of the current year amounted to 410,000 standards, against 250,000 standards a year ago. About 50 per cent. of Swedish timber exports were absorbed by the British market. The pulp market was still better, and about 85 per cent. of the current year's sulphite production and 90 per cent. of sulphate production have been already sold. Iron ore shipments in February considerably exceed last year's figure. The demand for pig iron and steel is satisfactory, particularly on the home market, with prices unchanged at home but rising on foreign markets.

Reports from the labour organisations reveal a decline in the number of unemployed during February from 62,000 to 58,000, compared with 90,000 a year ago. Good demand is reported from the workshop industries. The wholesale price level remained unchanged in February, while the cost of living displayed a slightly rising tendency, particularly for foodstuffs.

Money is still extremely abundant. Indeed, owing to increased demands for credit, there has been a substantial rise in advances to trade and industry. Deposits showed, on the other hand, a slight contraction, with a marked shift from sight to time accounts.

The Bank of Sweden's gold reserve, which during 1935 grew from Kr. 351 millions to Kr. 408 millions (gold kronor), grew further during the first quarter of the current year. On March 14th it was Kr. 445 millions. The total currency reserve of the Bank of Sweden and the joint-stock banks declined in February by a few millions, though the fall was partly offset by the rise of the gold reserve.

The bulk of Swedish joint-stock banks and a great number of Swedish industrial concerns have now published their annual reports, which in most cases reflect the general business expansion in Sweden during 1935. Business on the Stock Exchange has been brisk.

STOCKHOLM, April 6.

ROUMANIA

THE GOVERNMENT ACCUSED OF NAZI SYMPATHIES

THE latent dissension in the Liberal Party between the younger section, the followers of the Prime Minister, M. Tatarescu, and the old Liberals and supporters of the Party Leader, M. Constantin Bratianu, developed into an open quarrel on the occasion of the nomination of some high officials in the administration of the National Bank of Roumania at the annual general meeting of the bank. Although this split will speedily be bridged, it will undoubtedly weaken the Party. This lack of unity in the principal parties is obscuring the political horizon. The National Peasant Party has been victorious in a few by-elections, in which the Government was accused of having made common cause with pro-Nazi elements. The Party, however, is by no means as strong and united as it used to be, whilst its alliance with the Radical, Dr. Lupu, may give its policy a decided inclination towards the Left.

The British Board of Trade mission to Roumania, which arrived at the end of January to negotiate a new agreement for the payment of Roumania's commercial debts to Great Britain, left after a short stay without achieving any result. The Roumanian Government was not prepared to apply more than 5 per cent. of the yield of exports to the United Kingdom to the payment of the debt arrears; and this was considered insufficient by the British delegation. British interests insisted on the immediate payment of the £270,000 due on December 1st last under the old agreement, which expired at the end of January. Roumania, on the other hand, wished to apply the immobilised British balances in this country to industrial investment, a suggestion which was not within the competence of the British delegation. Nevertheless, the delegation gathered information which will be of assistance in the negotiations now being carried on in England for a new agreement. Meanwhile, hardly any permits for imports from the United Kingdom are being granted at the moment, except for essential raw materials.

Owing to the considerable decline in Roumanian exports to France during recent years, it has become impossible since August, 1935, to transfer sufficient funds for the payment of the coupons on Roumania's foreign loans, and the commercial arrears owing to France also remain unpaid. As, furthermore, Roumania intends to place large armament orders in France, it had become imperative to make a new arrangement succeeding the existing clearing system, which had proved unsatisfactory. A financial

agreement has at last been concluded. The agreement assures Roumania a slight increase in import quotas for barley, maize and some other agricultural produce amounting to about 6 million to 7 million francs per year. Roumania will also be permitted to export petrol for the use of French aeroplanes to the value of 12 million francs annually. The agreement is dependent upon the conclusion of a contract for the sale of the royalties due to the Roumanian Government from the petroleum companies for a period of 12 years, during which a maximum quantity of 750,000 tons of petroleum is to be exported annually to France.

ORDINARY BUDGET BALANCED

The ordinary Budget for the financial year beginning on April 1st is expected to reach about 22,000 million lei, a slight increase over the current year. The Minister of Finance is confident that the ordinary Budget for 1935-36 will be balanced, while the armament budget will show a deficit of only 30 million to 40 million lei. If it should be found necessary to increase the estimates for armaments further, as seems very likely in view of the German Government's denunciation of Locarno, the Government will be obliged to impose a fresh increase in indirect taxation.

The dry weather during the autumn has interfered with grain sowings. The area sown was as follows:—

Wheat ...	2,671,000 hectares or 91 per cent.	} of the average autumn sowings during 1930-34
Rye ...	314,000 " 83 "	
Barley ...	53,000 " 63 "	

The deficiency may be partly compensated for by the unusually mild winter, which has left the fields in an extremely favourable condition. Spring cultivation has already begun and promises well. Nevertheless, it is not expected that the harvest will exceed in quantity that of 1935; and the amount available for export will probably not show an advance on the last few years.

BUCHAREST, April 2.

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HEAD OFFICE: 38 BISHOPSGATE, LONDON, E.C.2

SOUTH AFRICA

THE NEW MINING TAXES

THE high hopes that had been centred in the Union Budget, with the assured prospects of substantial surpluses on both general revenue account and railways, have scarcely been justified. In each case the expected surpluses of over £3,000,000 were duly announced, but except for a few relatively insignificant reductions in Customs duties—altogether disproportionate to the expectations encouraged by the somewhat drastic findings of the Customs Tariff Commission which recently reported on the burden thereby added to cost of living—very little relief is afforded.

The gold-mining industry seems once more to have been handed the thick end of the stick. On an unbiased reading of the exhaustive report of the Departmental Committee which has investigated the incidence and economic effects of the former basis of mining taxation, there was every justification for expecting a substantial measure of actual relief, and indeed at a first reading of the Finance Minister's speech in introducing the new proposals they would seem to warrant the optimism that was reflected in the next morning's Stock Exchange operations. With more mature consideration, however, it was realised that what advantages the new scheme offered were in its administrative aspects and in a possibly more equitable allocation of the taxation as between mine and mine, though in the aggregate the Government would not be relinquishing any of the revenue derived from the gold-mining industry as a whole.

How large this contribution is, will be recalled from the year's figures recently published. But a computation embodied in the annual report of the Chamber of Mines presents the Budget's dependence on the gold mines in a new aspect in relation to the more fortunate experience of the gold producers of other countries. The comparison may be set out as follows:—

	Rate of Tax (% of Profits)
South Africa.....	42
Rhodesia	23
Australia	18
Canada	13-19
United States	14-18
West Africa	12

In general, the Union's Budget reflects the very satisfactory state of the country's finances, and indeed industrial development on every hand furnishes irrefutable evidence of the continued prosperity the country is enjoying.

Another significant figure is to be found in the latest returns of the Reserve Bank. At March 20th the gold holding had risen to the record high level of £29,162,485 valued at the statutory level; at the current price of gold the value would exceed £48,000,000. Government deposits had advanced in the week by nearly £600,000 to £7,657,692, and bankers' deposits at £26,201,991 also showed a slight increase.

JOHANNESBURG, April 1.

JAPAN

THE MILITARY INSURRECTION

THE Okada Ministry, which had obtained a fresh mandate in the General Election on February 20th, was forced to resign *en bloc* by a military insurrection which broke out in the early morning of February 26th and continued for four days. The *coup* was an outburst of the so-called "Young Officers' Movement," which has gained influence in military circles and aimed at a decisive repudiation of the "Elder Statesmen *bloc*," political parties, "new bureaucracy," and big business interests. The rebellion was suppressed, and the insurgent officers are to be court-martialled for high treason; but the mutineers' claims found expression in the Army's attitude towards the choice of

ministers in the succeeding Government. After four days' conversations with the military authorities, Mr Koki Hirota, the Foreign Minister, formed the new Cabinet on March 9th, himself holding the portfolio of Foreign Affairs together with the Premiership, and with Mr Eiichi Baba, Chairman of the Japan Hypothetic Bank, as Finance Minister. The two major Parties, the Minseitō and the Seiyūkai, are each represented by two members.

Despite the predominance of the Services in the new Government, no sudden radical departure in the general line of financial and foreign policies should be envisaged. But the Stock Exchange, which reopened on March 10th after a fortnight's closing, reacted on fears of increased taxation, although it was much less nervous on the following day. The money market, on the other hand, remained quiet throughout the incident and thereafter, and the commodity markets, reopened on March 2nd, have been placid.

The recent trend in foreign trade continues. The February returns show that, compared with the corresponding month of last year, imports, at 251,643,000 yen, decreased by 2,191,000 yen, or 0.8 per cent.; while exports, at 194,395,000 yen, increased by 15,883,000 yen, or 8.9 per cent. The chief declines in imports are in raw cotton, iron and steel, and machinery, whereas raw wool alone on the leading list recorded a notable advance. Although further gratifying progress was made by the export trade as a whole, the record of staple products, particularly textile goods, was generally disappointing, and the expansion was accounted for largely by a number of lesser exports. Cotton piece-goods exports were again substantially smaller both in value and volume. Raw silk increased slightly in value, but decreased in volume.

THREE YEARS' INDUSTRIAL ADVANCE

Other economic indices for February show the continuance of the trend in recent months. The Bank of Japan's wholesale index number for February registered a further drop of 0.4 per cent. on the month, mainly due to the continued depression in the grain and the textile groups. The price index for the month of February of all shares listed on the Tokyo Stock Exchange moved up by 4.3 points to 133.4, as against 129.1 a month earlier. Output of cotton yarn during February totalled 118,176,000 lbs., or an increase of 5,549,000 lbs. over January; while rayon yarn production during last month amounted to 18,514,000 lbs., or 191,000 lbs. less than in January.

There is further evidence of domestic recovery during last year. The official index of industrial production in 1935 shows a rise of 10.6 per cent. and 25.3 per cent. respectively as compared with 1934 and 1933. The following table gives a comparison of the index numbers (average of 1931, 1932 and 1933 = 100) for output of the principal products for the past three years:—

	1933	1934	1935
Cotton yarn	109.7	122.9	126.0
Raw silk	95.7	99.1	100.9
Rayon yarn	134.5	205.0	299.0
Cotton piece-goods	113.1	127.4	131.7
Rayon piece-goods	113.8	143.3	203.9
Pig iron	125.0	151.5	165.2
Steel products	124.5	156.0	181.9
Machinery and tools	121.9	159.5	187.7
Cement	118.3	118.5	132.1
Sulphate of ammonia	107.0	122.3	144.1
Caustic soda	143.9	222.0	287.3
Refined sugar	104.5	100.2	112.9
Total of manufacturing industries	113.3	129.1	143.3
Gold	106.5	114.7	140.7
Silver	107.8	124.3	147.5
Sulphur	132.1	160.4	192.9
Coal	110.1	121.0	127.9
Total of mineral industries	106.7	115.4	124.1
Grand total	112.5	127.4	141.0

All the staple products show an improvement compared with the preceding year. The expansion of production during the past year was most marked in the case of rayon, iron and steel, machinery and tools, and heavy chemicals, while the growth was not so large in the case of most textiles, with the possible exception of rayon yarn and fabrics.

TOKYO, March 20.

ARGENTINA

FALL IN EXPORTS

THE export figures for the first two months of 1936 compared with those for the same period of 1935 were as follows:—

	QUANTITIES EXPORTED, IN TONS		Per cent.
	First Two Months 1935	1936	
Livestock products	213,805	228,631	+ 6.9
Agricultural products.....	2,709,194	1,996,538	-26.3
Total (all products) ...	3,020,992	2,302,206	-23.8

	VALUES OF EXPORTS		Per cent.
	First Two Months 1935	1936	
Livestock products	\$ 103,727,539	\$ 122,752,664	+18.3
Agricultural products.....	189,718,729	137,715,716	-27.4
Total (all products) ...	306,810,888	273,030,442	-11.0

The volume of exports was the lowest since 1930, but thanks to better prices the value exceeded that obtained in 1931, 1932 and 1933. This heavy falling off in the export trade was due entirely to reductions in the amount of wheat, barley, rye, linseed and oats shipped. Some of these exports were reduced by over 80 per cent. Maize shipments are up by 76.7 per cent. There is no doubt that exports for 1936 will not approach the 1935 figure in tonnage, but with a continued improvement in prices the drop in values may not be very pronounced. Meat exports show an upward tendency, but the immediate future of the meat trade depends to a large extent on the outcome of the negotiations about the renewal of the Roca Agreement with Great Britain.

Harvest conditions in the south of the Province of Buenos Aires are favourable for wheat; but in many other districts wheat has been lost owing to drought. Linseed is expected to be considerably below last year's figure practically throughout the country owing to unseasonable weather and locust invasions. The one really bright spot in the harvest is the abundant maize crop which is now assured. It remains, however, to be sold; and this may prove none too easy unless a sacrifice in the price is made.

On the whole the harvest is disappointing. This is due in the main to the continued drought during the late winter and spring of last year, which in some regions left the ground so hard that ploughing was not possible.

The Ministry of Agriculture have recently published their first forecast on the maize harvest, which they estimate will yield some 9,650,000 tons. This is considerably less than was at first expected, owing to losses caused by drought and locusts, but it is none the less a very satisfactory harvest.

BUENOS AIRES, March 20.

LETTERS TO THE EDITOR

STALIN

TO THE EDITOR OF THE ECONOMIST

SIR,—The review of Sidney and Beatrice Webb's "Soviet Communism" which recently appeared in the *Economist* raised the question of Stalin's position in the Soviet State, discussing whether he is an "autocrat," a "leader" or simply a "member of a committee." That his position is a distinctly exalted one may be judged from the following typical excerpts from the never-ending stream of adulation in the Soviet Press. Stalin, according to a group of workers in a motor-car factory, is "our great sage, the leader, teacher and dearest friend of the people not only of the Soviet Union, but of all countries." A group of military cyclists address a letter to Stalin, "greatest thinker and leader of the Socialist era in the development of humanity." Other laudatory characterisations are "the greatest of all men," "the great leader of the people of the world," "the greatest leader of the greatest class" and "the greatest strategist of the world Communist revolution."

The prize for this sort of thing seems to belong to an author named Avdyenko, whose hymn of praise to Stalin reaches heights that may well be envied by the most perfervid eulogists of Mussolini and Hitler:—

"Centuries shall elapse and the Communist generations of the future will deem us the happiest of all mortals that have inhabited this planet throughout the ages, because it is we who have seen Stalin the leader-genius, Stalin the sage, the smiling, the kindly, the supremely simple. When I met Stalin, even at a distance, I throbbed with his forcefulness, his magnetism and his greatness. I wanted to sing, to shriek, to howl from happiness and exaltation."

To read Avdyenko is to be reminded of Byzantine and mediæval Russian models of court flattery and to recall the wise old proverb: "Plus ça change, plus c'est la même chose."

Tokyo, Japan.
February 22, 1936.

Faithfully yours,
WILLIAM HENRY CHAMBERLIN.

CHERRIES AND MR ELLIOT

TO THE EDITOR OF THE ECONOMIST

SIR,—You have frequently criticised the Minister of Agriculture and Fisheries as regards sugar, and I should much appreciate a word *re* cherries.

The working class cannot buy cherries at 1s. 6d. a pound, and this is what Mr Elliot's policy has achieved. What is this imaginary French cherry disease? Years ago, for at least a month, cherries could be bought in England at 3d. a pound, and each year in France and Spain delicious fruit can be had for this equivalent.

Who are the English cherry growers who are unable to supply their produce below 1s. a pound? Will protection—or prohibition—ever help them?

It is, in my opinion, high time the working classes were enabled to buy something better than tinned, bottled, dried or "preserved" fruits.

Yours faithfully,
178 Anlaby Road, Hull. H. G. WATSON.

BOOKS AND PUBLICATIONS

THE ST. LAWRENCE WATERWAY

PEOPLE in Great Britain—indeed, everywhere outside the economic basin of the St. Lawrence and Hudson River systems—often wonder why so much public concern, and so much political turbulence, have been caused by the project of constructing a deep waterway to carry vessels of ocean-going size from the head of the Great Lakes to the tideway. Mr C. P. Wright's book* answers their question many times over. The characters in this historical drama of modern capitalism are the giants of the stage we live upon—vested interest, sectional agitation, political corruption, the war between rival means of transport, between public and private control of utilities, and the friction engendered by jealous nationalisms.

* "The St. Lawrence Deep Waterway: A Canadian Appraisal." By C. P. Wright. (Toronto) The Macmillan Co. of Canada. 450 pages. 18s.

It is an almost incredible tale that Mr Wright tells. The possibility of building a deep waterway along the St. Lawrence, by canals and locks to circumvent the falls and rapids, was mooted as far back as the 'nineties and even earlier. Rivers have been the arteries of North America since the first settlements, and the history of Canada in particular is the tale of their exploration and navigation. It was natural that as the West was developed a demand should come for a means of transporting grain and other produce by water between the Great Lakes and the sea without transshipment. But it was not until just after the war of 1914-18 that the project as a whole was brought near to actuality. The sharpest stimulus at that time was the acute shortage of railway rolling stock and the consequent delays and losses when the crops were moved. Then came the collapse of primary prices, while transport costs remained disproportionately high.

Although these conditions were themselves evanescent,

practically the whole of the subsequent discussion of the project's economic merits was based on the facts and estimate of that period. Still more remarkable was the way in which the official investigations were instigated, and fed with evidence, by a propagandist organisation—the Great Lakes-St. Lawrence Tidewater Association. Later inquiries accepted and repeated much of the vital material of the earlier ones, and when at last a treaty embodying the project was signed, it was quite impossible to say that it had received either in Canada or in the United States the detailed and unbiased expert examination that so vast an enterprise demanded. Its most notable protagonist on the American side, Mr Herbert Hoover, was *parti pris* from the beginning.

In Canada there was never the same enthusiasm or agitation, and certain aspects of the scheme gave off an unpleasant savour to a public critical after the notorious Beauharnois Power affair. Hence Canadian opinion as a whole was not bitterly disappointed when the United States Senate rejected the treaty, although one of the most compelling reasons behind the Senators' vote was a jealous feeling that Canada had got the better of the bargain.

The fault of the treaty, on Mr Wright's showing, was that it was nurtured in prejudice; and prejudice of another kind secured its rejection. Mr Wright's trenchant and thorough book is constructive as well as critical, and anyone in authority who has to consider these questions in the future will be well advised to read it, and take its moral to heart.

SHORTER NOTICES

"Social Democracy in Britain." By H. W. Lee and E. Archbold. Social-Democratic Federation (London). 208 pages. 3s. 6d.

Many people may be surprised to hear of a social-democratic movement in Great Britain, yet here is a book with the subtitle "Fifty Years of the Socialist Movement," devoted to the history of the Social-Democratic Federation.

It is interesting to read again the history of the Labour Movement from the dogmatic angle. The name of the "S.D.F." goes back to 1884, an almost legendary period of Hyndman and William Morris. It began, typically enough, with a split. Morris threw his energies into the new Socialist League, and the Federation failed to see eye to eye with the Fabian Society—neither with "revolutionary action" nor with "permeation." About 1900 various socialist and labour societies, trade unions and other organisations met to form a "Labour Representation Committee" (L.R.C.) to attain common legislative and political ends. The S.D.F. could not induce this committee (the L.R.C.) to adopt the principle of recognising the class war, together with the other S.D.F. proposal that they should resolve to support any party that promoted legislation for the socialisation of the means of production, distribution and exchange. Instead, the L.R.C. accepted a more practical resolution of the I.L.P. to back a Labour group in Parliament. Thereupon, the S.D.F., at Harry Quelch's initiative, withdrew from the L.R.C.

In 1911 a new fusion took place whereby the S.D.F. became a part of the British Socialist Party. This was a disastrous step, for three reasons. The B.S.P. (they all had a passion for initials) was isolated by dogmatism from the general Labour movement, and in this isolation it attracted the outcasts of many sects—Anarchists, Syndicalists and Impossibilists. Secondly, the Labour Party had been recognised by the International Socialist Bureau as the only active proletarian participant in the class struggle, and this recognition removed in advance the *raison d'être* of the B.S.P. Thirdly, the Great War split the party.

The S.D.F. group thus left the B.S.P. in the bitter years of the war. The name "S.D.F." was not revived until 1920, and for four years they carried on under the now shameful name of "National Socialists."

No story could more precisely illustrate the difficulties of a left-wing organisation. On the one side reformers feel the danger that their initial idea will be destroyed by modification if they allow themselves to become implicated with men not previously of their own way of thinking. On the other side is the risk of never co-operating and so becoming an upright, narrow and ineffective clique. The S.D.F. had the peculiar misfortune to run on to not one but both horns of this dilemma, sometimes even at the same time. Nevertheless, it preserved an intellectual honesty that has made it one of the schools of British Socialism.

"The Theory of Monetary Policy." By B. P. Adarkar. P. S. King and Son. 125 pages. 7s. 6d. net.

The present work comprises a series of short discussions of the theorems of monetary policy which derives from the various concepts of "natural," "equilibrium," "normal" or "real" rates of interest. No attempt is made to build a systematic theory. The author takes a primarily Keynesian viewpoint on the subject. His own view of Mr Keynes's theory is, however, a very simplified version.

Mr Adarkar maintains that the "true natural rate" is that rate which equalises savings and investment in one of the Keynesian senses, or the supply of and demand for "current social money savings." This rate, he asserts, must maintain an equilibrium between costs and prices and thus prevent abnormal profits or losses. By definition, therefore, if the market rate (or complex of rates) equalled this natural rate, equilibrium would be obtained.

It is doubtful if this really advances our knowledge much farther. For the only way of knowing in practice whether the market rate of interest is diverging from the "natural" rate is to observe that costs and prices are out of equilibrium—i.e. that unemployment is increasing or decreasing. And when unemployment is increasing, alteration of the rate of interest is not necessarily the only remedy.

BOOKS RECEIVED

The New Industrial System. The Origin, Forms, Finance and Prospects of Concentration in Industry. By Hermann Levy. (London) Routledge. 282 pages. 10s. 6d. net.

Governing Palestine. The Case Against a Parliament. By J. M. Machover. (London) P. S. King and Son. 883 pages. 10s. net.

A Foreigner Looks at Australia. By Paul Staal. (London) Jonathan Cape. 237 pages. 7s. 6d. net.

Practical Banking: An Introductory Study of British Banking. Third Edition. By H. E. Evitt. (London) Pitman and Sons, Ltd. 231 pages. 3s. 6d. net.

The Functions of a Bank in Relation to the Capital Market. By F. W. Hooper. (London) Gee and Company (Publishers), Ltd. 61 pages. 2s. 6d. net.

Executors and Administrators. Fifth Edition. By G. F. Emery. (London) Gee and Company (Publishers), Ltd. 112 pages. 2s. 6d. net.

Das Doppelbesteuerungsproblem bei den Direkten Steuern. Dr. Armin Spitaler. (Reichenberg) Gebrüder Stiepel Ges.m.b.H. 678 pages. No price stated.

Les Dévaluations Monétaires dans l'Histoire. By A. Despauux. (Paris) Marcel Rivière. 31 rue Jacob. 456 pages. 40 frs.

Nationalsozialistische Finanzpolitik. By Graf Schwerin von Krosigk. (Jena) Verlag von Gustav Fischer. 16 pages. No price stated.

Boletim do Gabinete de Documentação Económica e Financeira Brasileira: No. 1 Janeiro de 1936. (Lisbon) Universidade Técnica de Lisboa. 51 pages. No price stated.

Le Landlord Tenant System. Essai sur la tenure du Sol en Angleterre. By J. Locquin. (Paris) Librairie Générale de Droit et de Jurisprudence, 20 rue Soufflot. 196 pages. No price stated.

Su Alcune Applicazioni della Formula Interpolatoria di Lagrange. By G. Veronese. (Rome) Tipografia Failli. 14 pages. No price stated.

Bericht des Verbandes mährischer Industrieller in Brünn über das Verbandsjahr 1935. (Brünn) Verlag des Verbandes mährischer Industrieller. 157 pages. No price stated.

Le Marche Monétaire de Paris. By F. Suzet. (Paris) Librairie Technique et Economique, 17 rue de Constantinople. 176 pages. 25 fr.

Nature's Budget of Land-rent for the People, with Improvements and Food and Industry Tax-free. By J. Dundas White. (London) Allen and Unwin. 159 pages. 4s. 6d. net. Another exposition of the ideas associated with the name of Henry George.

Journal of the Royal Statistical Society. Part I, 1936. (London) Royal Statistical Society, 4 Portugal Street, W.C.2. 245 pages. 7s. 6d. net.

OFFICIAL PUBLICATIONS

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

Air Ministry: Memorandum by the Secretary of State for Air to accompany Air Estimates, 1936. Cmd. 5111. 3d. net.

National Health Insurance Fund Accounts for the year ended December 31, 1934. 6d. net.

Seventy-Eighth Report of the Commissioners of His Majesty's Inland Revenue for the year ended March 31, 1935. Cmd. 5015. 1s. 6d. net.

Trading Accounts and Balance Sheets, 1934. 2s. 6d. net.

War Office: Report of the Military Manœuvres Commission, 1935. Cmd. 5103. 2d. net.

MONEY AND BANKING

DEVALUATION IN PRACTICE

(BY A CORRESPONDENT)

IN a recent number of the *Weltwirtschaftliches Archiv* of Kiel there appeared a symposium of the very greatest interest to students of monetary policy. Its purpose was to assemble data concerning the effects of devaluation in those countries which since 1931 have either chosen a new gold parity, or have joined the sterling *bloc*. To this symposium well-known writers in various countries contributed. The effects of devaluation in Britain, the Dominions, the Scandinavian countries, and the United States have been much canvassed and are by now fairly well known. The more recent and very interesting experiments in Czechoslovakia and Belgium have received less attention, but their results may easily be decisive in influencing countries with exchange restrictions on the one hand, and the gold *bloc* countries on the other hand, to follow their example. The following account of these experiences is based partly on the above-mentioned symposium and partly on independent data.

Towards the end of 1931 Czechoslovakia, like so many other Central European countries, adopted a system of exchange control, maintaining in no more than a purely nominal sense the gold parity which she had established only so recently as 1929. Under this regime her foreign trade suffered in exceptional measure the paralysis common to countries with blocked currencies. At the beginning of 1934 its value had shrunk to barely a quarter of the 1929 level. Industrial production had fallen by 40 per cent., the output of the metal industries and of textiles by two-thirds, and that of glassware by a half. Unemployment had very nearly doubled. In these circumstances, in February, 1934, Czechoslovakia decided to devalue by the arbitrary fraction of one-sixth, re-establishing practically overnight an effective gold standard at the new parity. The effect, both on internal activity and on foreign trade, was instantaneous. At the time there were many who prophesied that the prevalence and rigidity of import restrictions would be found to have rendered the ordinary methods of price adjustment, upon which, after all, devaluation relies, completely inoperative. These prophecies were falsified. The favourable trade balance, which had shrunk to zero in 1932 and 1933, at once recovered. In the ten months following devaluation, from March to December, 1934, exports exceeded imports by 17 per cent., while for the whole of last year the excess was 10 per cent. Moreover, the total monthly value of this foreign trade rose almost at once by about 50 per cent. An investigation of the directions in which exports expanded most is interesting. In 1934, compared with 1933, exports to the gold *bloc* expanded least, to the extent of only 4 per cent.; to the group of countries with exchange restrictions they expanded 17 per cent.; while to the sterling area they expanded 31 per cent. Part of this expansion, particularly to the second group of countries, may perhaps be accounted for not so much by the fact that Czechoslovakia was able to quote lower prices, as by the growing desire of Central Europe to re-arm, a desire which manifested itself about the time that Czechoslovakia decided to devalue.

A sharp rise in commodity prices was greatly feared as the consequence of devaluation but, during the following twelve months, wholesale prices rose by only 5 per cent. and the cost of living remained unchanged. The progress of internal recovery did not fully accord with expectation. Certainly, in the first few months after devaluation there was considerable improvement, affording clear evidence of release from deflationary pressure. Between February and July, 1934, industrial production rose by almost 10 per cent. and unemployment declined by a third. But recovery was uneven, and by midsummer, 1934, it had ceased and a new decline had set in. The consequence was that by February, 1935, things were back much where they had been at the time of devaluation twelve months before. Textiles were even worse off, though metal production

showed some improvement on balance, due no doubt to the demand for war material. A year after devaluation the foreign trade returns were the only economic indices which had shown sustained improvement. But Czechoslovakia had not much longer to wait. By the spring of 1935 recovery was again well under way, and the country has since enjoyed its full share of the revival in world activity. By the end of 1935 employment was about half-way back to normal.

In the case of Belgium it is too early yet to dogmatise about the results of devaluation, for the experiment is still barely a year old. The history of her case differs essentially from that of Czechoslovakia in that she maintained a fully effective gold standard at the old parity right up to the moment of devaluation. Measures against speculators there may have been, but the belga was always a free market for commercial transactions. It can hardly be said, however, that Belgium was forced off the gold standard, for when devaluation came the sight liabilities of her central bank were covered as to 65 per cent. by gold. Nor can it be said that public opinion demanded devaluation; indeed quite the reverse, for so successful had the semi-official propaganda against devaluation become that when devaluation was undertaken acute disgust was felt in many quarters. Nevertheless, the Belgian experiment must count among the most successful Europe has so far seen.

A number of circumstances combined to produce the measure of just over a year ago. The failure of the Banque Belge du Travail in January made it necessary for the Government to come to the rescue of the commercial banking system at a time when great anxiety was felt about the budgetary situation, and especially over the impossibility of reducing by conversion the interest burden of the National Debt. The last straw came in the middle of March with the refusal of the French to help Belgium's languishing export industries with tariff concessions. Devaluation was therefore decided upon. Practically overnight the gold content of the belga was cut by 28 per cent. The reasoning which lies behind this apparently arbitrary figure is interesting. The Belgian authorities performed a purchasing power parity calculation along the following lines. They assumed that in 1928 Belgium had been in equilibrium with world conditions, but that the pound sterling was overvalued by 20 per cent. at that period. They proceeded to measure the relative movement of the cost of living in Britain and in Belgium since 1928, and found that in order to make the relation between the two costs of living what it should have been in 1928, a devaluation of about 25 per cent. was indicated. The figure of 28 per cent. was chosen in order to be on the safe side. The profit on revaluation was used to establish an Exchange Fund.

The effects of devaluation, both on foreign trade and on the internal situation, have been very marked. Like Czechoslovakia, Belgium experienced a sharp recovery in foreign trade. Both imports and exports reached a minimum in the first quarter of 1935; the value of both had been reduced almost to a third of the 1929 average. Since devaluation, both have been increasing steadily, and in January of this year were still increasing. In the last nine months of 1935—the nine months immediately after devaluation—the total value of Belgian foreign trade had risen by 30 per cent. as compared with the last nine months of 1934. The trade balance, on the other hand, did not show the same improvement. Belgium normally has a slight excess of commodity imports, and for the year 1934 this excess was about 2 per cent. In the nine months following devaluation, however, this excess increased to 10 per cent, for while exports increased, imports increased still more. Last year invisible exports were, of course, much swollen by the Brussels Exhibition, so that the balance of payments did not suffer as much as these figures would suggest. Various reasons are given for the absence of

improvement in the visible trade balance. Home industrial activity needed increased raw material imports, while not only did the Government attempt to dissuade exporters from cutting prices in terms of gold, but many of Belgium's exports are cartelised. In Belgium, as in Czechoslovakia, a rise of internal prices was greatly feared. Between March and December, 1935, wholesale prices rose by 25 per cent. and retail prices by 14 per cent. This was evidently a more substantial rise than in Czechoslovakia, though by now the trend of world prices was upward.

As regards the internal situation, unemployment reached a maximum of 223,000 in January, 1935, immediately before devaluation, and has since declined to 170,000 in January of this year. Improvement in the home market industries was general and rapid, especially in textiles and building. It became possible to balance the Budget, and in May the interest on the National Debt was reduced from 6 to 4 per cent. Moreover, Belgium has not so far experienced any setback comparable to that experienced in Czechoslovakia some six months after devaluation. Perhaps this is accounted for by the fact that Belgium did not devalue until world recovery was already in full swing. It may be that devaluation allows a country to take advantage of any recovery which is in progress but is a less certain method of inducing recovery independently of conditions elsewhere. At any rate, the economic history of Belgium during the last twelve months has been in very marked contrast to that of her nearest neighbours, Holland and France.

FINANCIAL NOTES

The New Zealand Reserve Bank.—The Labour Government in New Zealand has now introduced its bill for the complete nationalisation of the Reserve Bank. It provides that the State is to buy the existing shares in the Bank at the price of £6 5s., plus accrued dividend, per £5 share. The Governor and Deputy-Governor will continue in office under the terms of their original appointment, but as the remaining directors retire in rotation their places will be filled by the Governor-General in Council. In order to carry out the monetary policy of the Government the bank is charged with the duty of regulating and controlling internal currency and credit, the transfer of moneys to and from New Zealand, and the disposal of moneys derived from the sale of New Zealand produce and for the time being held overseas. The bill also removes the existing limit upon the amount of Government securities purchasable by the bank; empowers it, with the authority of the Governor-General in Council, to underwrite any Government loans; enables it to grant overdrafts to the Government or to a statutory marketing authority to finance the purchase and marketing of new Zealand produce; and increases the amount that may be borrowed from the bank on Treasury bill security from six months' to a year's estimated revenue of the Consolidated Fund, exclusive of produce marketing overdrafts or purchased securities. The Minister of Finance is also given power to suspend absolutely or conditionally the duty of the bank to exchange its notes for sterling. The Governor of the bank is empowered, with the authority of the Minister of Finance, to vary the present requirements upon the trading banks to maintain balances with the Reserve Bank, provided that the present requirements of 7 per cent. of demand liabilities and 3 per cent. of time liabilities shall not be reduced. Mr Savage, the Prime Minister, had, prior to the introduction of the bill, disclaimed any intention of resorting "to the printing press," but the whole tenor of the measure is to emphasise the fact that monetary policy is essentially an attribute of the Government of the day. Yet the value of an independent central bank as a disinterested adviser to the Government is far from negligible. The fact that New Zealand now proposes to dispense with this safeguard makes it all the more necessary for her Government to follow a wise and consistent monetary policy.

Italy's Gold Reserves.—At last week's meeting of the shareholders of the Bank of Italy certain details were given of the Bank's position at the end of the year. These are reproduced below, together with comparative statistics for earlier dates:—

	Dec. 31, 1934	June 30, 1935	Oct. 20, 1935	Dec. 31, 1935
		Lire millions		
Gold	5,811	5,589	3,936	3,027
Foreign balances	72	295	379	367
Note circulation	13,145	13,029	15,271	15,457

October 20, 1935, was the last date for which the complete bank return was published. It was stated at this week's meeting that "the end-of-year requirements having been met," the note circulation had been gradually reduced to Lit. 14,490 millions by March 20th. Between October 20th and December 31st last year the Bank of Italy had lost Lit. 909 millions of gold. The outflow was at a slightly lesser rate than during the period from June 30th and October 20th. Since December 31st, Italy's losses of gold must have been considerable, and may amount to over Lit. 1,000 millions. On the other hand, it was announced at the Bank of Italy meeting that gold offered by the public and credits and foreign securities taken over under the September decree were held at the disposal of the Treasury and not by the Bank. Allowance must be made for these in estimating Italy's gold and foreign exchange reserves. At a rough guess, her total reserves are still well in excess of Lit. 2,000 millions, and so are not within sight of exhaustion.

March Clearing Bank Averages.—The March return of the ten English clearing banks again reflect the progress of revenue collection and seasonal redemption of Treasury bills. Deposits are reduced since February by £23.6 millions, cash by £11.8 millions, and discounts by £42.5 millions. Call and short loans, on the other hand, are higher by £5.2 millions, so that it looks as if a few more bills are being held by the discount market instead of by the banks.

(In £ millions)

	Mar., 1935 (a)	Jan., 1936 (b)	Feb., 1936 (a)	Feb., 1936 (b)	Mar., 1936 (a)	Mar., 1936 (b)
Capital and reserves	125.7	131.8	125.8	131.8	125.8	131.8
Acceptances, etc.	117.6	105.6	100.4	105.9	100.2	105.1
Deposits (including undi- vided profits, etc.)	1,885.2	2,127.1	2,015.5	2,085.2	2,001.6	2,071.6
Total liabilities	2,128.5	2,364.5	2,241.7	2,322.9	2,227.6	2,308.5
Cash	210.9	224.5	217.9	225.3	206.3	213.5
Cheques, balances and items in transit	47.5	53.9	52.2	54.0	56.3	58.1
Money at call	128.9	154.8	146.6	152.5	150.1	157.7
Discounts	205.3	344.4	286.7	292.9	247.0	250.4
Investments	597.7	614.6	585.3	613.7	590.0	619.8
Loans and advances	751.5	796.8	784.3	808.7	809.3	834.0
Investments in affiliated banks	25.2	25.1	25.1	25.1	25.1	25.1
Cover for acceptances, pre- mises, etc.	161.5	150.4	143.6	150.7	143.5	149.9
Total assets	2,128.5	2,364.5	2,241.7	2,322.9	2,227.6	2,308.5

(a) Excludes District Bank.

(b) Includes District Bank.

Evidence of a further increase in the rate at which money is circulating is found in the rise of £4.1 millions in the omnibus item "balances with other banks and cheques in course of collection." Advances have risen by £27.3 millions. This big increase is partly seasonal, as the building trade begins its year's borrowings in the late spring; but it is large enough to point to a further expansion in general trade. There is a small increase of £6.1 millions in investments.

The Floating Debt.—The following table shows the composition of the floating debt at the end of the financial year, on March 31st last, comparative figures being given for previous relevant dates. Treasury bills are divided into those issued by tender and those issued "through the tap," the latter going mainly to public departments and other authorities. The floating assets of

the public departments, etc., consist of the combined total of tap issues of Treasury bills and Ways and Means Advances from public departments:—

	Dec. 31, 1934 £ mill.	Mar. 30, 1935 £ mill.	Dec. 31, 1935 £ mill.	Mar. 31, 1936 £ mill.
Treasury bills outstanding:				
(a) Tender issues	449.6	360.4	565.0	498.0
(b) Tap issues	450.1	438.9	300.9	265.1
Ways and Means Advances:				
(a) By Public Depart- ments	27.3	34.1	33.0	19.1
(b) By Bank of England Floating assets	5.5	...	37.0	...
	477.4	473.0	333.9	284.2
Total, Floating Debt ...	932.5	833.4	935.9	782.2

During the past quarter the floating debt was reduced by £153.7 millions. A year ago the reduction was only £99.1 millions, but this year the seasonal collection of revenue has been reinforced by the new cash received on account of the debt refunding operations of last December. On the other hand, last quarter witnessed a substantial reduction of £49.7 millions in the floating assets of the public departments and other bodies, due partly to the Exchange Equalisation Account's purchases of gold and partly to the payment of calls on account of the new Funding Loan held by various public departments. Also on December 31st last £37.0 millions of the floating debt consisted of an advance from the Bank of England. The net result is that, in spite of the bigger reduction in the floating debt, the past three months' contraction in tender issues of Treasury bills was only £67.0 millions, against £89.2 millions in the spring of last year. Tender issues are now £137.6 millions greater than a year ago, although the total floating debt is £51.2 millions smaller.

The Money Market.—Money remains easy, and at the moment there is a good deal of outside money available at $\frac{1}{2}$ per cent. Although on April 3rd the final call of £73 millions on the new Funding Loan was paid, this did not occasion the slightest shortage of funds, and the market was of the opinion that much of this money was found by Public Departments. All this money has at the moment been used in redeeming Treasury bills, but once more the market remained unaffected. The tender issue has only been reduced from £498 to £493 millions and is rising again this week to £498 millions. The tap issue, on the other hand, has fallen from £265.1 to £203.9 millions, and this movement supports the view that the Funding Loan call has been largely paid from "inside." On April 15th, £44.0 millions will be disbursed in repayment of the 3 per cent. Treasury bonds, but matters are obviously being arranged so carefully that it is doubtful if this operation will affect the market.

	Mar. 19, 1936 %	Mar. 26, 1936 %	Apr. 2, 1936 %	Apr. 8, 1936 %
Bank rate	2	2	2	2
Clearing banks' deposit rate ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short loan rate:—				
Clearing banks	$\frac{1}{2}$ – $\frac{1}{2}$ *	$\frac{1}{2}$ – $\frac{1}{2}$ *	$\frac{1}{2}$ – $\frac{1}{2}$ *	$\frac{1}{2}$ – $\frac{1}{2}$ *
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates:—				
Treasury bills	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$
Three months' bank bills	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$

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

Last week's average tender rate for Treasury bills was 2.78d. per cent. £40.0 millions of bills were allotted. This week there was a good demand for May and June Treasury bills at the banks' minimum buying rate of $\frac{1}{2}$ per cent. By April 7th the banks were taking all dates until practically the end of June.

The Foreign Exchanges.—The Banque de France's return for March 27th showed gold losses for the week of Frs. 114 millions and a further increase of Frs. 125 millions in rediscounts. The note circulation rose by Frs. 516 millions. The following week's return was not available

when we went to press, but as it embraced a week of heavy pressure on the franc, it may well show gold losses of at least Frs. 1,000 millions, and an increase in rediscounts which may be as big as Frs. 2,000 millions. The franc has been offered all this week against practically every other stable currency. The British Control has given steady support and on Tuesday managed to pull the spot rate back from Frs. 75 $\frac{1}{2}$ to Frs. 74 $\frac{3}{4}$. The Paris-New York cross-rate has been kept just inside the gold point, but, it is suspected, only by French official sales of dollars against transfers of gold under ear-mark to the American authorities. Both the Swiss and Dutch exchanges have been at the export gold point, regarded from the French point of view. The present impression of the London market is that devaluation is not imminent, but this is mainly because the Banque de France is determined to maintain the gold standard, while the French Government has no settled policy. Meanwhile three months' francs were quoted this week in London at Frs. 4 $\frac{1}{2}$ discount, or 16 $\frac{1}{2}$ per cent. per annum, which shows the general state of nervousness. On Wednesday the pressure became a little easier and forward francs moved back to Frs. 3 $\frac{1}{4}$ discount, but the strain is by no means at an end.

The Bank of Scotland.—The accounts for February 29, 1936, show that deposits have risen during the preceding year from £36.1 millions to £39.5 millions, the latest figure being a record in the history of the bank. Advances have risen from £10.6 millions to £12.3 millions, but the report contains the warning that this increase may be of a temporary character, especially as other Scottish banks have recorded decreases. There is a big expansion in acceptances from £535,000 to £1,856,000, which illustrates the success with which the bank has extended its foreign exchange business. Investments have risen from £22.3 millions to £24.3 millions. Net profits for the year were £316,000, against £311,000, which is a very satisfactory improvement. The directors have also found it unnecessary to repeat the previous year's appropriation of £50,000 to inner reserves. Instead £30,000 is allocated to the officers' pension fund and £25,000 to heritable property suspense account. Altogether this bank has had a very encouraging year.

INSURANCE NOTES

Beacon Insurance.—The triennial valuation of the assets and liabilities of this company was made as at December 31st last, and the results are given below. The bases used in the valuation were the same as on the previous occasion:—

	1930–1932	1933–1935
Surplus earned	288,012	235,515
Investment profits realised	3,631	3,736
Brought forward	7,039	32,941
	298,682	272,192
Allocations:—		
To Bonuses to policyholders	238,241	241,977
„ Staff pension fund	15,000	5,000
„ Shareholders' account	12,500	10,000
„ Carried forward	32,941	15,215
	298,682	272,192

The rate of reversionary bonus has been reduced from 40s. per cent. for whole-life policies and 38s. per cent. for endowment assurances (both calculated on the sum assured) to 36s. per cent. and 34s. per cent. respectively. Even so, the payment of these rates has entailed a considerable draft on the carry-forward. The new business increased from £878,000 to the new record figure of £1,049,000 and the rate of interest fell by 3s. 6d. per cent. to £4 3s. 4d. per cent. Of the total assets of £4,440,000, the amount invested in mortgages in this country is £1,796,000; a large proportion of these mortgages have been effected in connection with the purchase of their houses by policyholders.

The investments are fully set out in the annual report, and during the year there has been no noticeable change in investment policy. In addition to life assurance, the company transacts a small fire and miscellaneous business, under which the premium income last year was £65,700, against £57,700 in 1934.

* * *

Provincial Insurance.—The underwriting results of this non-tariff company in the past two years are shown below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	23,889	13.1	25,261	13.4
Employers' liability.....	48,949	6.4	43,547	4.9
Marine	2,715	3.0	4,339	4.7
	70,123		64,469	
Less items debited to profit and loss	45,608		39,488	
	24,515		24,981	

In each of the three separate accounts—fire, general and marine—there was an increase in premium income, the total figures being £1,162,000, against £1,035,000 in 1934. Almost the whole of the increase took place in the general account; in view of the increasing importance of motor insurance it would be an advantage if a separate published account were given for this class of business. The marine fund now amounts to 108.5 per cent. of the premium income, compared with 107.4 per cent. in 1934. Some £40,000 has been transferred to general reserve, which now totals £400,000, contrasted with total assets of £1,793,000. The aggregate market value of the investments is stated to be largely in excess of the corresponding book value. The cost of the dividend, which has been raised from 25 per cent. to 35 per cent., is £13,562, compared with £9,688.

* * *

Scottish Amicable.—The 1935 Report contains a resume of the results of the quinquennial valuation of the assets and liabilities as at December 31st last. The rate of interest assumed in the valuation of the liabilities has been reduced from 2½ per cent. to 2½ per cent. for the life assurance contracts, and the opportunity has been taken to adopt the new mortality table published by the Institute and Faculty of Actuaries. The new valuation basis has resulted in a considerable strengthening of the reserves, but the exact amount is not given. The surplus shown below is, therefore, arrived at after meeting this cost:—

	1926-1930	1931-1935
Trading surplus earned during quinquennium	1,144,498	1,314,234
Brought forward	189,024	161,686
	1,333,522	1,475,920
Allocations:—		
To Bonuses to policyholders	1,071,836	1,188,679
„ General reserve	100,000	...
„ Writing down securities	...	120,000
„ Carried forward.....	161,686	167,241
	1,333,522	1,475,920

The rate of bonus has been reduced from 42s. 6d. per cent. to 40s. per cent. per annum, calculated on the sum assured and existing bonuses. From the figures given above it is clear that the same rate as on the previous occasion could have been declared, but the directors have felt that in the existing outlook in regard to the rate of interest it would be a sounder policy to make a moderate reduction. Their confidence in the maintenance of the bonus is expressed, however, in the interim rate of bonus, which will be 40s. per cent. in the case of claims by death or survivorship before December 31, 1940. The sum of £120,000 has been applied towards writing down all redeemable securities to their maturity values. The bonus record

of this society is exceptionally good, and the present distribution is in accordance with the tradition of the office. Last year's new business, at £1,964,000, established a fresh record for the society. The net rate of interest, at £4 os. 8d. per cent., is only 6d. per cent. below the 1934 figure. The amount paid in death claims is the smallest for many years and is stated to be only 77 per cent. of the amount expected under the new valuation table. This result must be considered extremely favourable. It is of interest that out of the 260 deaths during 1935, eleven took place at ages over 90 and fifty at ages over 80; the deaths over age 60 were 68 per cent. of the total, while the average age at death of the whole of the claims was just over 66 years. Total assets increased during the year from £12,113,000 to £12,464,000, but no particular change took place in the classification of the investments. The general reserve remains at £200,000 and the aggregate market values are stated to be substantially in excess of the corresponding values shown in the balance sheet.

* * *

Equity and Law Life.—This society is one of the most progressive of the life offices. Each year sees fresh record figures established in various directions. In the last ten years the total insurances in force have increased by more than 100 per cent. and funds have risen from £6,900,000 to £20,800,000. The total of the new sums assured last year was much the largest in the history of the society, and amounted to £3,931,000, against £2,910,000 in 1934. Consideration money for immediate annuities reached the formidable total of £2,399,000, compared with £2,056,000. Last year we dealt in some detail with the bold policy adopted by the society in the amount of annuity business transacted; before 1931 the annuity business was relatively negligible, but the amount now payable per annum in annuities exceeds £600,000. There is special interest in the chairman's statement that the experience of the last five years has justified the belief of the directors that the annuity business should prove profitable. The net rate of interest earned on the funds excluding reversions was £4 7s. per cent., compared with £4 11s. 8d. per cent. in the previous year. Total assets increased during the year from £17,832,000 to £21,559,000. Loans on property in this country rose by no less than £781,000 to £3,544,000, but policy loans fell sharply from £2,126,000 to £1,736,000. British Government securities fell, but India and Colonial Government securities were considerably greater. Exclusive of holdings in subsidiary companies, debenture, preference and ordinary stocks totalled £3,180,000, £1,927,000 and £3,271,000 respectively, compared with £2,415,000, £1,068,000 and £1,747,000, respectively, in 1934.

* * *

World Marine and General.—The premium income of this company, which belongs to the "Northern" group, was slightly greater last year than in 1934 in the fire and accident branch, but in the marine account there was a further fall from £114,000 to £107,000. The amount transferred from the latter account was £15,000, following six successive annual transfers of £20,000. The results of the last two years are given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire and accident.....	5,816	5.2	4,216	3.7
Marine	20,000	17.5	15,000	14.0
	25,816		19,216	
Less items debited to profit and loss account	1,701		7,500	
Net trading surplus...	24,115		11,716	

The dividend is again at the rate of 40 per cent., free of tax, costing £40,000, compared with interest income of £30,600. Total assets were practically unchanged at £986,000. The financial position is very sound. In addition to adequate departmental reserves there is a general reserve fund of £300,000; the market value, as at December 31st last, of the investments in the balance sheet is £155,000 in excess of book values.

THE STOCK EXCHANGE

BRITISH BUILDING SOCIETIES

THE special Survey of the history, achievements and outlook of the British building society movement, which is included with this week's issue of the *Economist*, needs no apology. It is by this time a commonplace that one of the main pillars of Great Britain's economic recovery in the last three years—which has brought so much additional grist to the Stock Exchange's mill—has been the phenomenal development of the building trades. In this development the building societies have played a leading rôle. They have effectively canalised a significant part of the nation's savings, and have re-lent them to potential house purchasers, mainly of the owner-occupier type. In the process, the size and scope of the movement itself have expanded out of all recognition. The first building society of which records exist was founded in 1781. By 1913, after 132 years, the movement had accumulated total assets of £65½ millions. To-day the total is in the neighbourhood of £600 millions. In other words, the movement has accumulated, in little more than a decade and a half since the war, ten times the resources which it obtained during nearly a century and a half. To-day it is the largest "thrift" organisation in the country. It controls an aggregate amount of money more than ten times as large as the total outstanding certificates of all the fixed trusts. Without the financial facilities which it has provided in so large a measure it is safe to say that much of the "unassisted" building of residential properties, during the last few years, would not have been undertaken. It has, in fact, been computed that, out of 2,484,848 houses built between the end of the war and September 30, 1934, at least 1,300,000 were erected or purchased with the help of building society finance.

The following table contains a few significant figures, culled from our Survey, which throw light on the extraordinary rapidity of the movement's post-war evolution:—

ALL SOCIETIES IN GREAT BRITAIN

	1913	1925	1929	1934
Number of Societies	1,550	1,092	1,026	1,007
Total assets (million £)	65.4	169.2	312.7	555.0
Total balance due on mortgage (mill)	61.6	145.9	268.1	475.7
Advanced on mortgage during year (million £)	9.1	49.8	74.7	124.2
Average shareholder's balance* (£)	...	...	210.2	242.1
Average depositor's balance† (£)	...	...	118.8	149.9
Average outstanding mortgage (£)	...	...	426.3	446.2
Proportion of Total Assets, held by Societies with Individual Assets of:—		(a)		
Over £10 millions (%)	...	13.7	38.3	55.4
Over £1 million, to £10 m. (%)	...	60.1	39.5	27.7
Under £1 million (%)	...	26.2	24.2	16.9
Proportion of Total Assets, held by Societies with Head Offices in:—				
North of England (%)	44.3	54.5	50.1	46.3
London and Home Counties (%)	27.1	20.2	23.1	32.9
Rest of England (%)	28.6	25.3	21.8	20.8
Proportion of New Advances, made each year by Societies with Head Offices in:—		(b)		
North of England (%)	...	55.5	40.5	46.5
London and Home Counties (%)	...	21.7	39.9	31.6
Rest of England (%)	...	22.8	19.6	21.9

* Including profits and reserves. † Including liabilities to other creditors.
(a) Figures below refer to 1924. (b) Figures below refer to 1925.

It will be seen that the total amount due on mortgage to the building societies throughout the country was £476 millions at the end of 1934 against £62 millions in 1913. In the pre-war year the societies advanced £9 millions on new mortgages; the corresponding figure for 1934 was £124 millions. This progress has been achieved, not by the establishment of new societies, but, for the most part, by the expansion and consolidation of the pre-existing institutions. Actually, the number of societies on the register fell by one-third between 1913 and 1934.

The average reader, after paying his meed of admiration to the energy and enterprise of the societies, will be inclined to ask two questions. How far has the rapidity of the movement's recent growth tended to produce, or to accentuate, any tendency towards unequal development

between its different parts? And how far is the movement prepared to cope with any future change, such as a downward turn in the "demand curve" for owner-occupied houses?

The answer to the first question is that inequalities within the movement have been accentuated rather than reduced during the last few years. The figures for 1934 (the latest available for the entire movement) show that, at the end of that year, one society held 18.5 per cent. of the movement's total assets. Two societies, between them, held 36.2 per cent. Eleven societies together held 55.4 per cent. of the whole, and 47 societies between them held 77.2 per cent. In other words, less than 5 per cent., by number, of the total societies held more than three-fourths of the total assets; and the remaining 95 per cent. held less than one-fourth between them. Although all societies have shared, to a greater or less extent, in the expansion of the last few years, its net result has been to make the large societies larger.

In the geographical sense, also, the development of the movement has been uneven. To-day a little under one-half the total assets, and approximately the same proportion of each year's new advances, are credited to the accounts of societies whose head offices are in the North of England—especially in the West Riding of Yorkshire and the industrial towns of Lancashire. About one-third of the assets, and of the advances, are credited to societies with headquarters in London and the Home Counties. Societies domiciled in all the other areas of the country hold only about one-fifth of the total assets between them. The figures, it is true, afford no conclusive guide to the manner in which building society business is spread over the country, for the great "branch building societies" have extended their operations through the length and breadth of the land. Nevertheless, it is evident that building society operations are far from being distributed in uniform fashion geographically.

Similarly, the advances made by building societies tend to be concentrated on the smaller and medium-sized types of mortgage. This fact, *inter alia*, is brought out by the following table, which summarises certain of the results of a detailed analysis of the latest figures for 98 societies (holding more than four-fifths of the movement's total assets) which appear in our Survey:—

FIGURES FOR SAMPLE OF 98 SOCIETIES
(Holding 84 per cent. of total assets of movement in 1934)

	1925	1929	1934	1935
Approximate Average Effective Rate of Interest on:—				
Shares (%)	4.38	4.51	3.69	3.55
Deposits (%)	3.85	3.92	2.80	2.97
Mortgages (%)	5.85	5.78	5.48	5.20
Proportion of Total Outstanding Mortgages:—				
Under £500 (%)	46.8	44.5	43.5	44.3
£500 to £1,000 (%)	30.7	36.1	42.3	41.4
£1,000 to £3,000 (%)	13.7	12.2	8.5	7.5
Over £3,000† (%)	8.8	7.2	5.7	6.8
Proportion of Repayments‡ to New Advances (%)	59.8	63.3	76.2	78.7

† Including other classes. ‡ Including certain amounts for interest.

It will be seen that, at the end of last year, some 44 per cent. of the total outstanding mortgages were for amounts under £500 and nearly 86 per cent. of the whole was composed of mortgages for under £1,000.

What does the future hold for the building society movement? Our investigations suggest that the rôle of low interest rates in the house-building "boom" may have been over-stressed by some commentators. The phenomenal rise in building society business antedated the present low interest regime by more than a decade. Low rates of interest may well have inconvenienced the societies by compelling them to find methods of checking the inflow of unwanted "bad money," seeking a temporary refuge. On the other hand, it has certainly compensated them by increasing their

potential margin between interest receipts and expenditure. According to the figures of the 98 societies summarised in the table above, the average effective rates paid on shares and deposits (subject to certain minor qualifications which need not be discussed here) have fallen to a greater degree than the average rate of interest obtained on outstanding mortgages. Between 1929 and 1935, according to the table, the average rate of "share interest" declined by 0.96 per cent. and the average rate of "deposit interest" by 0.95 per cent.; but the average rate earned on outstanding mortgages dropped only by 0.58 per cent. Further, a somewhat larger proportion of the total funds, held by the societies on behalf of the public, is in the form of deposits (carrying a lower rate of interest than shares) to-day, than in earlier years.

If, as is generally agreed by its own leaders, the movement may be facing far-reaching environmental changes in the next few years, it is conceivable that these will take two inter-related forms. In the first place, the demand for middle and upper working class owner-occupied dwellings may show signs of saturation. In the second place, the opportunities for intensive development of building society business in new fields—the finance of new "class C" houses letting at low rents, of slum clearance, of large urban blocks of flats, and of "business" properties—may claim an increasing share of the movement's attention. How far have the movement's past experience and present technique fitted it for extension into fields where the "risks" may be very different from those to which it has hitherto been accustomed? It is important that the movement's policy should continue to be governed, not by its ability to obtain new resources, but by its ability to employ them. A movement whose funds are withdrawable at relatively short notice must strenuously resist any tendency to "force" its new advance business, by resorting to devices which, directly or indirectly, may encourage an unsubstantial type of borrower. If demand from the owner-occupier were to show signs of flagging, there might be a strong case for consolidation, rather than for indefinite extension, of the ground which the movement has recently gained.

In such an event, it would be doubly desirable that canons of sound policy, agreed upon by representative opinion, should be applied by all societies, without distinction of size or domicile. The problem of securing effective unity of action may, indeed, be the most urgent question before the movement. So far, there has been little attempt to effect amalgamation. In its organisation, the movement resembles the British banking system of pre-war days; and the parallel in function, which still obtains, may suggest a parallel in control. The Clearing Banks Committee to-day sets a standard of procedure, affecting rates, etc., which is followed without question by bankers throughout the country. The National Association of Building Societies might provide comparable standards of practice, granted the willingness of the individual societies to acquiesce in concerted action. Not by threats or cajoling, however, is this support to be won; it can only be achieved by the realisation that the welfare of the movement is the welfare of each individual society. No friend of the movement would willingly see it pass through testing fires before co-operation is achieved. Nor is this inevitable, for the prestige of the larger societies, wisely employed, carries great weight in the counsels of the movement. Observers who have, in the past, been inclined to deprecate the slow advance towards co-operation will look for tangible signs of progress in the future, particularly in view of the support consistently and wisely given by the movement's leading personalities.

INVESTMENT NOTES

Advisory Committee for New Issues.—For some years past important sections of the London new issue market have been under effective official "control." Foreign loans were subject to a virtual "embargo" at the time of sterling's return to gold in 1925, and again in 1931. The system of regulation was extended to other branches of the market at the end of June, 1932, ostensibly

in voluntary compliance with the Chancellor's request for the avoidance of issues which might compete with the conversion of the 5 per cent. War Loan. Regulation was subsequently extended and modified from time to time. Actually, the market has been subjected to a species of financial dictatorship, for which the Treasury has had no shred of Parliamentary authority. It is now announced that a Committee will be set up to advise the Chancellor, both generally upon the scope of restriction and also upon particular applications. The Committee's personnel will be representative and well informed. Its chairman will be Lord Kennet, formerly Sir E. Hilton Young, who has been Financial Secretary to the Treasury and Minister of Health and has represented Great Britain on many missions and conferences, financial and otherwise. Its members will include Mr B. G. Catterns, Deputy-Governor of the Bank of England; Mr R. P. Wilkinson, the Deputy-Chairman of the Stock Exchange Committee; Mr A. A. Jamieson, director of a well-known merchant banking company, and, *inter alia*, a member of the London Committee on League Loans and a director of Vickers; Lieut.-Colonel J. Beaumont Neilson, chairman of the English Steel Corporation, deputy-chairman of Vickers and Vickers-Armstrongs and vice-chairman of Baldwins; Sir Austin Harris, chairman of the National Bank of New Zealand, deputy-chairman of Lloyds Bank, and a director of Commercial Union Assurance and Alexanders Discount Company; and Mr Thomas Frazer, secretary of the North British and Mercantile Insurance. The Committee will have an office in the City, where it will deal directly with all applications for new issue facilities coming within the scope of "regulation."

Implications of Treasury "Control."—Whether, in due course, the Committee will be empowered to consider any modification in the scope of "control" remains to be seen. For the present, however, a Treasury statement makes it clear that the new departure is not intended to relieve the market of its Old Man of the Sea, but only slightly to shift his weight. At present, restriction applies both to foreign issues and also to optional conversions of trustee securities involving underwriting or cash subscription from the public; while trustee borrowers generally are required to take their place in a queue at the Bank of England. The ban on foreign issues can be regarded, in a sense, as complementary to the work of the Exchange Equalisation Account. The regulation of the market for domestic trustee issues, however, has long been interpreted in the City as having wider implications, as an executive "arm" of the Treasury policy of maintaining cheap money. From this week's official statement, it would appear that the objectives of the foreign loan embargo are to be more sharply defined and, in the process, appreciably extended. The Committee, in forming an opinion on any application for a foreign loan, are to have regard to exchange considerations and the movement of international Stock Exchange securities between London and other markets. Control, however, goes much further. It is to be used, in fact, as an adjunct to politico-commercial trade policy. Empire borrowers are to have favourable consideration, and preference will be extended to loans which will finance additional British exports or assist British-owned enterprises abroad. "Capital required for development in the United Kingdom," however, is not to be "restricted by excessive lending abroad." That the embargo may even be designed as a retaliatory weapon is suggested by the direction to the Committee to take account of the "treatment accorded to British-owned enterprises by the foreign country concerned." On the whole, the City of London will welcome the substitution of considered decisions by a Committee drawn from its own representative institutions for the *ipse dixit* of a Government official. The decision, however, appears to contemplate the indefinite perpetuation of what has hitherto been, in theory at least, a purely temporary expedient. If so, it appears to us most desirable that the Government should secure Parliamentary sanction for a far-reaching departure from tradition and practice, in a market which has attained paramount international status under a regime of freedom. The Committee seems designed to serve as the counterpart, on

the financial side, of the Import Duties Advisory Committee in the industrial sphere. The latter's recommendations, however, are specifically subject to approval by Parliament. The time has come, in our opinion, for a comprehensive review of the entire system of capital regulation by the same tribunal.

The Stock Exchange Report.—A prominent feature of the Stock Exchange report is the absence of any significant increase of new members despite the improvement in business conditions which has been experienced in recent years. Net membership at the end of the financial year 1935-36 was only seven higher, at 3,995, than twelve months earlier. The number of clerks having admittance to the "House" also increased by the modest number of twenty-five to 2,103. Mere maintenance of membership, however, would be sufficient to produce an improving subscription revenue, for in each year that elapses the average subscription automatically increases. This results from the custom that members continue to pay annual subscriptions at the rate ruling when they originally took up their membership. Thus during 1935-36 there were still thirty twenty-guinea subscriptions, while at the other end of the scale there were 603 paying at the rate of 100 guineas a year, the present level for three-deckers. The present average subscription exceeds the lowest current level for new entrants—50 guineas—by a few shillings only. A large proportion of revenue, however, is represented by entrance fees, and these in 1935-36 showed a reduction of 14 per cent., being only £74,376, as compared with £86,241 in the preceding year and comparing with an average of £81,466 for the three-year period 1934-36. In fact, the 1935-36 level is only £2,989 in excess of the average for the three years ending March 25, 1934, which included a number of sub-normal years. As entrance fees account for 25 per cent. of net revenue, the reversal of the upward tendency of the four years ended March 25, 1935, is worth noting. Net revenue shows a credit balance of £291,839, an improvement of £4,682, which is due to a reduction by £5,000 (to £10,000) in the provision of buildings replacement. Total receipts at £484,640 were some £10,874 higher, but the improvement was offset by increased expenditure. Without taking credit for the buildings replacement allocation the £14 dividend was earned with a surplus of £11,838, representing a further 15s. per share, less tax.

Wall Street Movements.—The behaviour of the markets on Wall Street during the European crisis has encouraged the holder of American securities. The market has been well shaken out, and the response to Europe's complications has been mainly a contraction of activity. The phase of the crisis which is uppermost in the American mind is the prospect of a devaluation of the franc, followed by an outward flow of refugee funds. This is a movement of which statistical measurement is difficult to obtain, but it seems unlikely that in the long run it can have any serious effect upon the American market. The position is now technically very sound, and the buoyancy of the markets illustrates their eagerness to shake off European influences and continue their advance. The Dow Jones index of industrial securities closed nearly 5 points higher last week. Business indices continue encouraging, and Wall Street operators have been particularly pleased by the continued firmness of railroad stocks, combined with rising estimates of steel activity, and the prospect of increased spending by the beneficiaries of the veterans' bonus commencing in June. The chief political factor which may cause a disturbance is the new taxation programme which is making heavy way in Congressional Committees, although the prospect of forced distribution of surpluses by corporations is interpreted bullishly by the markets. The programme is rightly criticised since it makes no allowance for an equalisation reserve to even out good and bad periods; nor do the proposals allow companies to deduct previous

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losses, and the new programme may therefore tend to make booms higher and depressions deeper. Apart from European troubles, most arguments suggest a renewed upward movement in the markets before long.

Stock Exchange Official Year Book.—This indispensable volume* grows each year in size and usefulness. The work now runs to nearly 3,500 pages, full but never cramped, and this year's volume contains notices of nearly 400 new loans and companies not included in the 1935 Year Book. That it moves continuously with the times is shown by the fact that particulars of all the existing fixed trusts are included. The special chapters dealing with Government and Municipal finance in every part of the world are invariably of great service to bondholders and students of public finance. The present volume, in short, fully maintains the reputation of the work for authority and comprehensiveness.

Industrial Profits in March.—Last month, which contained its customary quota of important company reports, brought an increase in profits comparable with the advance of a year ago. The February set back in the rate of increase proved only temporary, as suggested here a month ago, for the percentage advance for 236 companies is 17.39 per cent. compared with 9.00 per cent. for 205 companies in February. Figures for recent months are set out below:—

Reports published in	No. of Companies	Rise or Fall in Profits*	Reports published in	No. of Companies	Rise or Fall in Profits*
1935—		%	1935—		%
January	111	+ 14.15	September...	77	+ 9.28
February ...	218	+ 8.43	October.....	166	+ 27.19
March ...	261	+ 22.54	November...	160	+ 17.47
April	242	+ 16.49	December...	159	+ 12.27
May	244	+ 11.07	1936—		
June	191	+ 21.72	January ...	128	+ 13.66
July	232	+ 13.44	February ...	205	+ 9.00
August	38	+ 5.93	March	236	+ 17.39

* After payment of debenture interest.

The reports of the month disclose net profits amounting to £33,391,656, compared with £28,443,308 in the preceding year. The iron, coal and steel group, including 20 companies, showed the greatest advance in profits from £2,980,154 to £4,293,085. A pronounced recovery is revealed by the finance and land group. The building materials and electrical equipment groups have again reported satisfactory profits, and the aggregate net revenues of eighteen electric power concerns increased by £381,000 to £6,821,000. Since as many as 51 companies in the

* "The Stock Exchange Official Year Book, 1936." Published by Thomas Skinner and Company. £3.

miscellaneous group out of the total of 236 companies have achieved an advance of £1,350,000 to £5,175,000, the advance has been widely spread. Of the remaining groups, however, it is remarkable that only one shows a variation running into six figures.

COMPANY NOTES

Multiple Store Companies.—The multiple store principle may be applied either to purely retail businesses or to the retail outlets of a concern which is primarily interested in manufacturing. Of the first class, Woolworth, International Tea Company's Stores, and Austin Reed are examples, since though each of these concerns may manufacture part of the goods sold in its shops, manufacturing is not their main business. Of the second type, the Cash Chemists subsidiaries of Boots Pure Drug, or the retail shops of Montagu Burton, or those of J. Sears boot and shoe group, are examples. J. Lyons and Company fall intermediately between the two groups since, though they manufacture the greater part of the goods sold in their shops, the essence of their business is in the retail refreshment trade rather than in manufacturing. Though the multiple shop business has grown very rapidly during this century and even during the past decade, the rapidity of its expansion has not been due to any exceptional openings for profits in the business, but rather to the fact that, once the principles of efficient shop management have been mastered in one or two centres, expansion of the business is a relatively simple affair of multiplying units. The inducement to "plough back" earnings into the business is

(Profits in £'000)

	1929	1930	1931	1932	1933	1934	1935
Austin Reed (Feb. 20):							
Earned for ord.	52.4	52.9	47.3	23.2	28.2	39.4	41.6
Earned %	39.7	40.1	29.3	13.7	17.4	24.7	19.1
Div. %	15	15*	15	10	10	12½*	10
Boots C.C. Southern (Mar. 31):							
Earned for ord.	N.A.	79.2	81.6	49.5	81.6	74.2	69.6
Div. paid	N.A.	30.0	30.0	10.0	20.0	Nil	6.0
M. Burton (Mar. 31):							
Earned for ord.	N.A.	155.0‡	164.6	187.8	139.2	212.6	260.4
Earned %	N.A.	9.9‡	10.6	12.5	9.3	13.9	16.8
Div. %	N.A.	Nil	Nil	Nil	Nil	6	6
Home and Colonial (Dec. 31 approx.):							
Earned for ord.	509.2	435.9	617.5	461.5	206.0	191.9	46.7
Earned %	33.9	28.3	32.6	23.1	10.3	9.5	Nil
Div. %	25	25	25	22½	10	10	Nil
International Tea (Apr. 30):							
Earned for ord.	450.6	510.3	526.0	575.9	483.0	514.1	545.0
Earned %	48.8	46.2	45.6	51.5	36.9	39.6	38.9
Div. %	30	30	30	30*	30	30	30
Marks and Spencer (Mar. 31):							
Earned for ord.	161.0	256.1	357.3	467.7	573.9	688.9	811.4
Earned %	34.5	44.2	54.8	66.4	75.4	81.8	74.1
Div. %	15	20	30	35	35	35	35
Woolworth (Dec. 31):							
Earned for ord.	N.A.	N.A.	3,474.2	3,296.1	3,172.9	3,559.8	3,933.5
Earned %	N.A.	N.A.	104.3	117.2	112.8	122.5	135.3
Div. %	N.A.	N.A.	70	70	80	80	100

* And capital bonus.

‡ Broken period equated to 12 months.

consequently much greater than in the case of manufacturing concerns which have to create new products, or new openings for existing products, before retained earnings can usefully be reinvested. This principle is best illustrated in the Boots Cash Chemists subsidiaries, which for a number of years past have distributed only a very small portion of their earnings to the parent company, applying the retained profits to the expansion of their chain, and borrowing to a moderate extent from the bank in anticipation of future retained profits. The qualities required for successful management of multiple store business include a knowledge of real estate, a sound eye for shopping centres and shop design, an efficient building and maintenance department, and a high degree of organisation, buying capacity and sensitivity to public demand. The recent meagre profits of even so large and strongly backed a group as the Home and Colonial Stores and its associates, contrasted with a

record of, say, International Tea Company's Stores, suggest that "management" is a highly important element in what is far from an easy trade. But once a concern has established the soundness of its management (of which the profits record is the best working index) its shares offer both the stability which is associated with retail distribution and the steady expansion which comes from profits ploughed back in a business particularly suited to reinvestment of earnings.

Railway Wages Concession.—The market in Home Railway stocks has been in quite good fettle this week, despite Mr William Whitelaw's statement of opposition to the proposals, reported in the *Economist* a week ago, for the restoration of a further portion of the wage and salary cuts imposed in 1931. The market takes the view that gradual concessions to the unions are necessary if the danger of trouble is to be avoided, and that consequently the present offer, which seems likely to be accepted, is a satisfactory way out of a difficult situation. It provides for the halving of the flat 2½ per cent. cut in all earnings to 1¼ per cent. The cut rates of payment for overtime, Sunday work and night work will, however, remain. The new arrangement should come into force on July 1st, and there would be no further alteration for another twelve months. The proposals mean, in effect, that in 1936 stockholders will secure most of the benefit from the rating reductions. In a full year, the cost of the offer is estimated at £1,200,000. In the current year, the concession would be approximately equivalent to one-quarter of 1 per cent. on L.M.S. ordinary, L.N.E.R. 4 per cent. second preference, and Great Western ordinary and rather less than that amount on Southern deferred. Making this allowance, and assuming that the companies will achieve savings on rating on the lines suggested by their respective chairmen, the present level of traffics suggests that earnings on these stocks are running at about ¾ per cent., 1¼ per cent., 2¼ per cent. and ½ per cent. respectively. Consequently, the covered junior preference and preferred stocks would still appear to have some prospects, particularly if the traffics can maintain regular increases on this week's impressive scale. It must be borne in mind, however, that these wage figures must be regarded as minima—they may yet be revised in an upward direction. Moreover, on a longer view it may be that the companies will be willing to make further concessions. The ability of the railways to raise new capital under Government guarantee may reduce, *pro tanto*, the incentive to safeguard earnings when wage negotiations are in progress.

Hadfields and Stewarts and Lloyds.—The results of two important steel companies have appeared this week—the full Hadfields' accounts, which provided a fillip for armament shares, and the preliminary Stewarts and Lloyds' profit figure, which was decidedly disappointing. Hadfields, as might have been expected from the big increase in the Admiralty expenditure on naval ammunition in 1935, and the rapidly growing demand for mining and other machinery, has had a very successful year. Gross profits, after "ample provision for depreciation," totalled £158,993, compared with the profit of £140,183 in 1934, which included no allowance at all for depreciation. It seems likely that, in fact, profits increased by about 75 per cent. Debenture interest, too, cost less than it did a year ago, so that net profits made the best showing since 1927. Earnings for the 10s. ordinary shares amounted to 14.7 per cent., and the dividend to 7½ per cent. less tax. These shares are quoted at 26s., at which level the yield is less than 3 per cent. This price, however, does not appear unduly to discount the obvious prospect of expanding profits when the "White Paper" programme gets properly under way. Stewarts and Lloyds, on the other hand, is essentially a "peace-time" company and is, moreover, largely dependent upon exports of tubes. The international tube market, however, is the one section of the steel industry which is not controlled by last year's agreement. The International Tube Cartel broke down a year ago, and efforts to revive it have failed. Export prices have consequently weakened, and the 1935 profits of Stewarts and Lloyds have had to bear the full

brunt of the decline. The dividend, therefore, has been merely maintained at 5 per cent., and profits, after payment of an extra £33,500 for debenture interest and provision for taxation, have apparently fallen from £1,004,982 to £800,534. The extent of the fall surprised the market, and the shares were marked down to 32s. In the long run the company's prospects are good, for by developing the Corby works it has secured a strong strategic position in the industry. In the short run, however, the prospects of increased dividends depend very largely upon conditions in the export market. The latest trade returns show no sign of improvement in tube prices, although the volume of exports is very well maintained.

Ford Motor Accounts.—The full accounts of Ford Motor have again produced a distinctly more favourable impression than the dividend announcement. Five per cent. for the second post-depression year is still a modest return, but the dividend is again conservative. Trading profit and other income (which, however, excludes the profits earned and dividends paid by subsidiary companies) has increased from £1,429,263 to £1,514,331, and net profits from £483,663 to £597,153. The latter figure is struck after providing £714,370 for depreciation and obsolescence, some £95,000 more than in the previous year. On balance, overseas conditions have been more favourable, and the latest accounts are free of those exceptional burdens which affected the 1934 results. The special provision of £152,755 for the Cologne company for 1934 was one of these exceptional items, but only £22,500 was required to meet the losses of the Near Eastern branch last year. Exchange losses, which required £84,830 in 1934, have, in fact, yielded a credit of £63,106 during 1935. The influence of these large items, therefore, greatly affects the comparison between the two latest reports. Two large compensating items, charges for adapting new plant (£92,044) and a new allocation to the Employees' Benefit Scheme (£71,500), have been brought into the year's accounts, which are analysed below:—

Years to December 31	1933	1934	1935
Trading profit and other income	943,070	1,429,263	1,514,331
Losses on overseas business	Dr. 14,250	Dr. 167,762	Dr. 22,500
Net trading profits	928,820	1,261,501	1,491,831
Directors' fees, taxes, etc.	23,321	37,771	72,929
Depreciation and obsolescence	526,091	619,301	714,370
Exchange	Cr. 443,650	84,830	Cr. 63,106
Supervision charges and plant adaptation expenses	18,530	12,059	92,044
Interest	62,312	23,877	6,950
Employees' benefit scheme	...	...	71,500
Ordinary shares :			
Earned	742,216	483,663	597,153
Paid	Nil	348,750	348,750
Earned %	11.4†	6.9‡	8.6§
Paid %	Nil	5	5

Carried forward 388,170 523,083 771,486

† 4.6 per cent. before crediting exchange profit.

‡ After loss on exchange and writing off German company's debt.

§ 7.7 per cent. before crediting exchange profit.

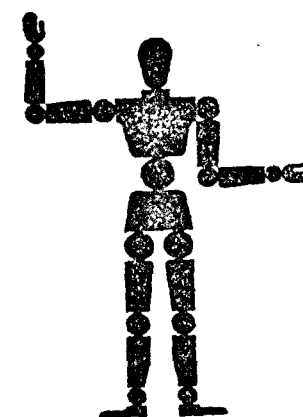
The desirability of a consolidated form of accounts is not reduced by the latest report, although it leaves a satisfactory impression regarding the position of the group. Liberal provision, for example, has been made for depreciation; home trade has expanded and a further improvement in efficiency has been realised. Despite obstacles, export trade has developed; the value of the investments exceeds the book value; the total volume of trade enjoyed by subsidiary and associated companies has expanded and profits have been satisfactory. Investors may conclude from these statements that the company and its affiliated concerns are enjoying the fruits of recovery on a satisfactory scale, but that these are slow to fall into shareholders' hands from the overseas groups. Exchange difficulties and the provision of adequate internal finance—as in Egypt and Roumania last year—evidently justify the company's caution. The ordinary shares are quoted at 33s. 9d. to yield £3 rs. per cent.

Rolls-Royce Profits.—The preliminary profits statement of Rolls-Royce is satisfactory, but hardly a resounding pointer for the short-period speculative follower of the shares. Total profits amount to £349,802, a figure which compares, it would seem, with £291,611 for 1934, after providing for depreciation, obsolescence and writing off capital provided for a subsidiary. The total dividend for 1935 is raised from 20 to 22½ per cent. by the addition of a 2½ per cent. cash bonus. The results are satisfactory, but perhaps less expansive than some optimistic quarters had been anticipating. The increase in profits—almost exactly 20 per cent.—is a "recovery" result rather than a "re-armament" bounty, on which hopes had been placed. The market must await the report and chairman's statement before the causes are established; meanwhile the results suggest that even engine-makers are subject to the same careful scrutiny by the Air Ministry contract officers. Since the £1 ordinary stock units are quoted at 168s. 9d., the present yield is only £2 14s. 5d. per cent. The further expansion in the Air Force foreshadowed in the White Paper suggests a further expansion of total profits and dividends, but a fairly considerable period may be involved.

Harland and Wolff and Colvilles.—Apparently recent activity in Harland and Wolff 6 per cent. first cumulative £1 preference shares has been related to the Colville deal. It is interesting to inquire how far the shareholders' position has, in fact, been affected. It was disclosed in the 1932 scheme that Harland and Wolff held 171,510 shares of £10 each in David Colville & Sons, Limited, now in liquidation. The liquidators of the latter company disposed of 2,929,969 shares in Colvilles, Limited, at 27s. 5d. per share, forming the principal part of the block recently offered for sale at 29s. David Colville and Sons has an issued capital of £969,000 6 per cent. preference and £2,700,000 ordinary, and the net amount realised from the disposal of the Colville shares was rather more than £4,000,000. An important holding still to be

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realised is that of Archibald Russell and Company, the colliers, the value of which, at one-third of the paid-up capital could probably be taken at £500,000 without involving a major error for the present calculation. Other net assets, including 65,000 Colville preference, 8,229 Union Castle 6 per cent. "A" preference, etc., could also be reasonably stated at £200,000. If £1,260,000 be deducted in respect of preference capital and gross accrued arrears the surplus of approximately £3,440,000 emerges for David Colvilles ordinary capital, representing between £12 and £13 a share, or approximately £2,250,000 for Harland and Wolff's interest. The market, however, does not appear to have given adequate consideration to the rather alarming toll of deferred creditors' certificates and *pari passu* liabilities. Deferred creditors' certificates outstanding at December 31, 1934, totalled £4,332,687, while matured bills of exchange and guarantees in respect of which holders or claimants were entitled to rank *pari passu* totalled £5,977,028. In addition to this capital total of £10,309,715 there were, at the same date, accrued arrears of interest at 5 per cent. from January 1, 1932, on these obligations, amounting to £1,448,006. At present the accrued liabilities ranking ahead of share capital may exceed £12,000,000. If account is taken of the company's parallel claims against associated companies and its participation in its own indebtedness, and excluding interest accumulations, the net liabilities figure must still be of the order of £10,000,000. The best figure for available profits in any of the five years ending December 31, 1929, was £216,747. Whether this reflects the company's earning capacity may be open to question, since before the R.M.S.P. collapse the company was "spoon fed" with group business and also subject to various group and related "disabilities" which may have impaired its open market efficiency. For all practical purposes, the business is still owned by the creditors, and the prospective proceeds from the Colville interests, substantial as they are, cannot radically change this position. In the circumstances a price which capitalises the Harland and Wolff first preference issue at £2,000,000 appears generous. The Colville deal is also significant for the Lampport and Holt debenture holders, who have a stake through a shareholding of approximately £400,000 in David Colville and Sons. An estimate on similar lines to those given above puts the eventual break-up value of the now outstanding remnant of the original issue at 75 to 80 per cent.

Rubber Share Outlook.—For some weeks rubber has been hovering uneasily around 7½d. a pound on Mincing Lane and market interest in rubber shares which ran high during the early part of this year has now almost completely evaporated. A number of special factors have contributed to the current dullness, apart from the inevitable reaction following a period of busy trading. The re-emergence of the perennial Dutch native rubber problem was attested by the considerable excess of native shipments in February over the permissible quota, and this factor administered the first significant check to upward moving rubber prices. More recently, much apprehension was aroused by unofficial reports that the present registration of native areas in the Dutch East Indies would reveal a potential capacity far in excess of previous estimates—the estimate of one million tons per annum being freely canvassed. On the consumption side, the strike at the Good-year Tyre Works seriously affected United States' demand and, as a partial consequence, end-month figures for world stocks outside regulation areas showed a small increase in February for the first time since last summer. The European political crisis, finally, completely discouraged all speculative activity, while the renewed pressure on the gold *bloc* again aroused fears of the possible consequences of guilder devaluation for Dutch support to the international restriction scheme. Despite this formidable array of difficulties the steadiness of the rubber market in recent weeks has faithfully reflected an underlying strength resulting from the excellent trade demand. Some improvement in the general situation has, moreover, already taken place. The threat of excessive Dutch exports has been adequately

met by a severe, if tardy, increase in the duty on native shipments. The accuracy of the alarming estimates of native rubber capacity has been completely denied in authoritative quarters, while assurances have also been forthcoming that individual restriction of native growers is to be introduced before the end of this year. Failing any real improvement in the international situation, however, a new advance in rubber prices is hardly likely till a further substantial fall in world stocks has taken place. For rubber companies, however, the most favourable prospect lies not so much in a further rise in prices as in an improvement in the statistical position which would allow an increase in export quotas above their present tightly restricted level of 60 per cent. of standard tonnages. The price outlook is already sufficiently favourable to suggest, in the absence of

Company and Share Denomination	"All-in" cost, Pence per lb. latest fin. year	1d. per lb. = % on Ord. Cap. (a)	Latest Dividend %	Current Price	Yield on latest Dividend %
Batu Tiga (£1)	4.04	4.17	7.5	1½	5.3
Bertam Consolidated (2/-) ..	3.02	3.65	11.0	4/1	5.5
Broome (2/-) ..	3.91	4.15	10.0(b)	3/1½	6.4(c)
London Asiatic (2/-) ..	3.58	3.71	8.0	4/8	3.8
Pataling (£1) ..	3.65	4.04	7.5	1½	4.8
Sungei Salak (£1)* ..	4.07	5.30	5	1½xd	3.2
United Sula Betong (£1) ...	3.40	3.92	12.5(d)	2½	4.7

(a) Based on output in latest financial year. (b) Before increase in capital. (c) On old capital. (d) 5 per cent. interim for 1935, against 6.25 per cent. for 1934. * 1935 results.

any untoward developments, a return at least 1d. or 1½d. a pound in excess of the realisations for 1935. "Highly-gear" companies, whose output of rubber per unit of capital is considerable, should show the most substantial gains from this improvement. At the same time, if conditions are thought suitable, later in the year, to call for an increase in the quota, companies whose costs are relatively low will reap the greatest benefits. The appended table gives a selection of companies which combine relatively low costs with a low capitalisation per unit output. It should be remembered that the yields shown are mainly based on dividends for 1934, and since in most cases 1935 results will probably be less favourable, it would appear that current prices already discount a fair improvement in earning capacity.

Textile Companies' Results.—Textile shares are still a dull market and prices have shown little life. The recovery which began in Lancashire last autumn has not been maintained. The future trend of cotton prices is still uncertain, and the Spindles Bill has concluded its passage through the House of Commons. At this stage its likely effects upon profits, cannot yet be predicted with any real assurance. The woollen and worsted trades, on the other hand, are decidedly making progress, but here again there are no new factors to attract attention. The prices of such shares as Salts (Saltaire) already discount any immediate increase in profits very adequately. This dullness of the share market has been encouraged by the appearance during the last few weeks of a series of company results which give

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the very definite impression that the recovery, so far, has had very little effect upon the fortunes of the shareholder. The following table shows the profits, after depreciation and debenture interest, of a number of concerns representative of a wide group of textile industries:—

Company (and accounting date)	Profits		Dividends		Stocks or Shares	Price Mar. 4, 1936	Yield %
	1934	1935	1934	1935			
Bradford Dyers (Dec. 31)	Dr. 9,332	Dr. 66,347	Nil	Nil	5% pref. £1 ord.	11/9 8/9	£ s. d. Nil Nil
McIntyre, Hogg & Marsh (Nov. 30) ..	37,519a	33,109a	15	15	£1 ord.	50/-	6 0 0
J. Crossley (Dec. 31) ..	79,434	56,588	6½	6½	£3 ord.	52/6	4 16 0
English Velvet & Cord Dyers (Dec. 31) ..	Dr. 31,996b	Dr. 25,977b	Nil	Nil	£1 ord.	3/9	Nil
William Hollins (Dec. 31) ..	17,887c	3,857	Nil	Nil	£1 ord.	13/9	Nil
Wolsey (Dec. 31) ..	860	34,028	Nil	Nil	£1 ord.	7/6	Nil
Woolcombers (Dec. 31) ..	125,504	123,135	26½	26½	£1 ord.	9	2 18 5
Mather and Platt (Dec. 31) ..	139,274	178,017	7½	10	£1 ord.	48/9	4 2 0

(a) In addition, a profit of £8,116 on the sale of investments in 1935, and £8,516 in 1934. (b) These losses were reduced by profits of £14,065 on the sale of investments in 1935, and £3,964 in 1934. (c) After transferring £19,500 from stock reserve to meet exceptional fall in wool prices.

Of these eight concerns, only *Mather and Platt* and *Wolsey* have done appreciably better in 1935 than in 1934. *Mather and Platt*, moreover, probably made its extra profit in its non-textile machinery-making business, which is substantial. The business of other textile machinists is not improving tangibly. With *Wolsey*, too, there are special influences at work. *Woolcombers* maintained a very steady level of profit, and paid the usual dividend and distributed the usual bonus. The other companies in the list are connected with various branches of the finishing trade. *Bradford Dyers* have failed to stem the gradual downward trend in profits, despite their new shrinking processes, and despite "recovery" in America. And the other three specialists, *McIntyre, Hogg and Marsh*, who make shirts and collars, *John Crossley*, the carpet manufacturers, and the *English Velvet and Cord Dyers' Association*, a producer both of luxury and of utilitarian goods, have either reduced their profits or again suffered heavy loss. The only bright spot, indeed, is the decidedly optimistic report of *William Hollins* (the makers of "Viyella" fabrics), which pointed out that conditions improved during the second half of the year and that the current year had begun well. If this is a sufficiently wide sample of the textile industry to enable a judgment to be made, the conclusion would appear to be that if there is any recovery in the industry, it will be a long time before any real benefit is felt by the various types of finishing concerns.

MINING NOTES

Union Corporation.—Brief reference was made last week to the report of this company, whose net profit for 1935 amounted to £604,920, compared with £565,820 in 1934 and £452,060 in 1933. After repeating the dividend of 8s. per share, and placing the increased sum of £40,190 to reserve, the balance carried forward is about £4,500 higher at £130,900. The position of the company's various Rand interests, except Van Dyk, was discussed on page 23 of last week's *Economist*. On resampling 15,870 feet of the old workings of the former Van Dyk Proprietary Mines, 45 per cent. were found payable, averaging 11½ dwts. over 22 inches. A main haulage shaft has now been started, and additional capital has recently been raised to provide for development. The Union Corporation balance sheet reveals the customary strong financial position, cash at December 31st standing at £4,230,200, as against £2,470,900 twelve months ago. The reduction in gilt-edged securities from £1,944,608 to £730,727 has attracted considerable interest. The report as usual presents an authoritative discussion on the world's gold position, to which further reference is made on page 73. The output for 1935 is estimated at 31 million ounces, against 27.8 million ounces for 1934, the British proportion of the total

again being lower at 55.3 per cent. and the South Africa at 34.8 per cent. Although the immediate repercussion of the higher price of gold was a reduction in the grade of ore treated, and consequently of aggregate Rand production, it is thought that by 1937 increased plant capacities and the first output of new mines will reverse this trend, and that within five or six years the Union output may approach 15 million ounces. On the basis of the dividends of the past two years the yield on Union Corporation shares is 4.8 per cent.

East Rand Proprietary.—Moderate progress was recorded last year by this undertaking, which is one of the largest producers on the Central Witwatersrand. Revenue and costs averages were little changed, and the increased treatment of some 200,000 tons of ore brought an increase of £97,500 in working profit. This amount, although by no means negligible in itself, was insufficient to permit any increase in dividend, which is maintained at 27½ per cent. Taxation absorbed £560,570, against £269,780, while capital expenditure amounted to £360,800, compared with £400,860. It will be recalled that last year an issue of 600,000 shares was made at 45s. for the purpose of carrying out a programme of plant extension and development. Out of net proceeds amounting to £1,310,800 some £582,280 of accumulated capital expenditure to December, 1934, was re-transferred to appropriation account, permitting a credit balance of £539,700 to be carried forward. The further amount estimated for completion of the present programme is £1,210,000. When the additions are completed the treatment plant will have a capacity of approximately 2,460,000 tons, or about 150,000 tons more than the amount treated last year. Following the example of Robinson Deep, the company is installing an air-cooling plant for the purpose of improving the working conditions in the lower levels. The report of the consulting engineer gives no confirmation of the rumours current some time

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ago regarding rich developments in the Cinderella section, and mentions merely a "slight improvement." In the central portion of the mine, however, results were again satisfactory, and a slight increase in values accompanies a marked expansion in the quantity of the reserves. On the basis of the dividends of the past two years, a gross yield of just over 4 per cent. is indicated. The company should benefit from the new taxation basis, but will be adversely affected by the provisions regarding amortisation of capital expenditure.

* * *

Robinson Deep.—The disappointment caused by the reduction in the June dividend to 1s. 6d. on Robinson Deep B shares compared with 2s. for each of the two previous distributions was accentuated by the further cut to 1s. 3d. in December, for no such reduction in payments had been suggested by the monthly returns. A larger amount was required for taxation, while the financial position, on which we commented a year ago, restrained distribution policy. Capital expenditure last year absorbed £118,480, against £140,090, while taxation required £429,880, compared with £361,150. Against a deficiency of £15,740 in the cash position at the end of 1934 there is now a surplus of £60,910. Progress during the past three years is analysed in the following table:—

	Years ended Dec. 31		
	1933	1934	1935
Tons milled.....	1,187,000	1,200,000	1,215,000
Yield, dwt. per ton.....	5.380	5.017	4.983
Working costs per ton.....	19/3	19/3	20/4
Working profit	£857,986	£925,051	£911,210
Dividends.....	£372,330	£440,950	£326,570
Rate per "B" share.....	3/3	4/-	2/9
Carried forward	£63,980	£37,080	£60,910
Development footage.....	55,838	57,138	55,870
Ore reserve, tons.....	4,565,000	5,846,000	6,032,000
Ore reserve, value dwt.....	5.3	4.9	4.9
Average net price for gold, per ounce	125/2	138/1	142/-

The small decrease in last year's yield in dwts. was rather more than offset by increase in the gold price, but as costs rose the profit fell off slightly, both in aggregate and per ton. The consulting engineer reports that development results during the year "continued to be highly satisfactory, particularly in the Western section of the mine." Exploration of the three subsidiary ore bodies is to be carried out. The air-cooling plant, which came into operation in August, has produced a slightly lower temperature at depth during the summer months than normally experienced during the winter. In view of the satisfactory position of the mine the capacity of the treatment plant is to be increased by 10,000 tons per month, calling for an issue of 170,250 "B" shares at a price to be fixed. The company should benefit from the change in taxation. Towards the close of this year the additional plant should be in operation, although this will be used mainly for the treatment of ore below the average of the reserves.

* * *

Kolar Group Results.—The operations of these four gold mining companies operating in Mysore brought rather mixed results last year. Increased dividends were paid by two companies, while one was unchanged and one was reduced. The earnings of the *Champion Reef* expanded satisfactorily, owing to the treatment of a larger tonnage and to the higher gold price realised—approximately 140s. 6d. against 137s. 6d. The depth of the mine is nearing 8,000 feet, for which the existing machinery and shafts were designed. The directors have decided to carry the workings down to at least 10,000 feet. The work outlined will occupy approximately four years and is estimated to cost £226,000, and accordingly an issue of 130,000 shares is to be made at 35s. A net cash surplus of £70,600 is indicated by the balance sheet. During 1935, *Mysore* improved its position, and paid £47,040 in royalties as against £43,130. The net cash balance at the end of the year

amounted to £292,600. Key figures relating to the four companies are given in the following table:—

	Working Dividends			Ore Reserves		
	Profit	Amount	Per cent.	Tons	Value	dwt.
<i>Champion Reef</i>	1933	121,560	84,500 32½	334,020	12.00	
	1934	148,160	104,000 40	405,490	11.77	
	1935	169,990	110,500 42½	448,240	11.86	
<i>Mysore</i>	1933	209,050	137,250 22½	406,000	14.72	
	1934	221,150	152,500 25	431,000	13.60	
	1935	254,450	167,750 27½	422,000	13.10	
<i>Nundydroog</i>	1933	390,490	240,550 85	473,500	14.42	
	1934	320,870	191,030 67½	435,210	14.59	
	1935	317,560	191,030 67½	492,660	14.07	
<i>Ooregum</i>	1933	34,020	30,040 5	130,710	9.99	
	1934	54,100	57,100 12½	139,400	9.38	
	1935	60,840	48,080 10	176,370	9.57	

The earnings of *Nundydroog* declined, but not in sufficient degree to involve any alteration of the dividend. The royalties were practically unchanged at £91,660. At the end of the year the company had a net cash balance of £218,000. Some disappointment was caused by the reduction in the *Ooregum* dividend. Apparently the point was overlooked that the 1934 revenue was swollen by a non-recurring item of £22,060 profit on sales of investments and shareholdings. Last year's working profit, in fact, exceeded that of 1934 by a small amount. As in the case of *Nundydroog* a considerable increase in the ore reserves is reported, and the cash balance amounted to £190,700. On the basis of current market prices and last year's dividends, the yield on *Champion Reef* shares is 8½ per cent.; on *Mysore* 10 per cent.; on *Nundydroog* 11½ per cent., and on *Ooregum* 10½ per cent. There seems nothing in the position of the mine to account for the exceptionally high return on *Nundydroog*; nor for the exceptionally low yield on *Champion Reef*. The latter offer the prospect of larger profits later on; but the directors do not anticipate more than maintenance of the recent rate of dividend on the increased capital during the period of construction.

* * *

Simmer and Jack.—Last year was again a period of transition for this company, for operations—in particular the working cost ratio—were affected by preparations for the increase in milling operations. A slightly larger tonnage was crushed than in 1934. Revenue averaged 33s. 9d. against 31s. 9d., the grade as well as price received being slightly higher than in the previous year. Owing to an advance of nearly 2s. per ton in expenses, however, the working profit was only a trifle higher at £548,000. The two half-yearly dividends of 3d. per share absorbed £150,000, against £137,500, additional capital ranking as from the middle of 1934. Following the issue of 1,000,000 shares made towards the end of 1934 the capital expenditure account now shows a credit balance of £98,040. Taxation for last year required £164,490, as against £138,380, and a slightly higher balance of £59,200 is carried forward. Despite the slightly increased development footage, a moderate decline occurred in the ore reserves, the value also being slightly lower than before. It is anticipated that the additional unit, bringing the milling capacity up to 110,000 tons per annum, will be in operation during May, when "profits on a substantially higher scale may be anticipated," to quote the consulting engineer's report. The current quotation of about 15s. 6d. for the 2s. 6d. shares, however, clearly discounts a higher dividend than that paid in recent years.

Other Company Results.—On page 108 will be found a summary table of the results of 41 other companies. Nineteen of these are in the rubber group, and most of the results reflect the difficult conditions of the past year. In many cases it has proved impossible to reduce working costs in spite of lower rubber prices in 1935 than in 1934, and companies have had to rely on increased profits from other lines of business to offset reduced rubber profits. Only six of the companies listed have been able to maintain

last year's rates of dividend, and for the others reductions range from ½ per cent. in three cases to 5 per cent. for *Sungei Salak*, whose profit is reduced from £11,351 to £5,917. The only increase in net profit is reported by *Ayer Kuning*, whose profit from palm oil and kernels amounted to nearly £3,000, compared with a loss last year of £400. The good retail trading conditions have enabled *United Drapery Stores* to increase their dividend to 4 per cent. compared with 3 per cent. last year. Reports of three more investment trusts show good results, and *Alliance Trust*, which alone does not raise its dividend, reports higher profits at £316,893. *Brown and Eagle*, wool and tea warehouse keepers and wharfingers, report lower wool stocks owing to increased demand and pay 10 per cent. dividend with a 20 per cent. capital bonus. Satisfactory trading results enable *British Timken*, ball and roller bearing manufacturers, to increase the dividend to 10 per cent. Although *Goldsmiths and Silversmiths* pay no dividend, profits are up from £9,747 to £16,963. *Jurgens and Van den Berghs'* results suggest interesting possibilities for the forthcoming Unilever accounts. The profits of *Edward Lloyd* have advanced from £195,155 to £250,036, the distribution being maintained at 7 per cent. tax free. *Marconi International* profits are reduced from £120,892 to £90,118. *Hudson's Bay Company* reports a substantial recovery in profits from £40,980 to £144,717. It is proposed to repay 30s. of each £5 preference share on July 1st next. The *Barry and Staines* dividend has been raised from 10 to 12½ per cent., and *British Celanese* announce the payment of one year's 7 per cent. preference dividend, bringing the payments up to October, 1935. *Spillers* maintain the ordinary and deferred dividends at 15 per cent. and *Bryant and May* pay 25 per cent., tax free.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Bank of Scotland, Wesleyan and General Assurance Society, River Plate Trust Loan and Agency, English Electric, Anglo-Portuguese Telephone, Vickers, Sunday Pictorial Newspapers (1920), Daily Mirror Newspapers, British Enka Artificial Silk, Apollinaris and Presta, John Barker, Mysore Gold Mining, and Moss' Empires. The chairman of the Bank of Scotland reviewed improvements in heavy industry business, and said that there was no evidence of any substantial increase in the general demand for loans. Mr G. H. Nelson reported on important orders received by the English Electric Company, and said orders since January 1st of this year were greater than for the corresponding period of last year. British Enka Artificial Silk Company obtained higher working profit last year by lower working costs. The chairman of Anglo-Portuguese Telephone Company discussed expanding business, and said the company expected to make additional capital expenditure of £800,000 over the next five years. Colonel J. J. Gillespie announced larger profits during last year for Moss' Empires, due to general prosperity and entertainment tax concessions. The Daily Mirror Newspapers made slightly higher profit than in the previous year, and the chairman said the circulation of the *Daily Mirror* on the King's funeral was a world record for daily newspapers. During the past year Sunday Pictorial Newspapers increased its holdings in Albert E. Reed and Company and in the Daily Mirror Newspapers. The chairman of Apollinaris and Presta discussed the arrangement now before the Courts for reducing the company's prior charges. Investments of the Wesleyan and General Assurance Company increased by over £600,000 in the year. Sir Sydney M. Skinner reviewed the rebuilding progress of John Barker and Company, and criticised increased assessments. Mr Walter W. Parish, at the meeting of River Plate Trust Loan and Agency, reviewed harvest conditions in Argentina. Sir Hubert A. Lawrence, at Vickers, Ltd., meeting, said the prosperity of the company was largely dependent upon its ability to secure armament work at home and abroad. Seventy per cent. of the turnover at their Sheffield works and 100 per cent. at Birmingham and Trafford Park was commercial. At the meeting of Mysore Gold Mining Company it was stated that the experience at the great depth of Kolar would be repeated in the Mysore mine.



THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
APRIL 21

ACCOUNT
APRIL 23

THE markets, having consolidated their technical position towards the end of the preceding account, opened the second week of the holiday account in a mood of quiet confidence. Speculative interest in the market was restricted, a natural accompaniment to the approaching holiday, but business in most sections of the market could fairly be described as steady. Last week's indications that the market was shedding some of its political anxiety were broadly confirmed this week, and neither the Geneva meeting nor Monday's debate was a market pointer of any great importance. The employment figures, therefore, were allowed to do their work unimpeded, and they produced some prompt movements in the building materials group.

The gilt-edged market was not active, but the underlying tone remained consistently firm, with War Loan attracting further support, while the "undated" group recorded modest fractional improvements. Home corporation issues were also firmer, after their period of several weeks' relief from new issues. Dominion stocks were not active, but Canadian Provincial and City stocks were marked down following the Alberta default and further developments in Montreal.

In the foreign bond market, Italian bonds made a nominal advance on her reported military achievements. Greek issues found supporters in anticipation of the debt negotiations. Brazilian loans were slightly higher, and the Japanese group also improved.

The home rail market at first remained firm without attracting a great deal of business, but the publication of some quite impressive traffics on Wednesday afternoon encouraged buyers, particularly of London and North-Eastern issues. The Argentine group remained lifeless, but American issues made a further advance.

Business in the industrial market remained on a limited scale, but the tone was firm. In the steel group, Hadfields responded to a favourable report, but Stewarts and Lloyds reacted on the sharp fall in profits. The results of these two companies are discussed on page 88. Among motor shares, Standard were an early feature, and interest broadened after the publication of the Ford report (analysed on page 89). Leyland were also in good demand in the commercial section. Electrical equipment issues, led by Enfield, were satisfactorily supported. The aircraft group claimed few consistent adherents, and Rolls-Royce (whose preliminary statement is discussed on page 89) fluctuated considerably when it was known that a share bonus was not to be distributed.

The leading stores shares received quiet support, and in the provision group Cerebos was prominent. Unilever, however, became slightly easier. In the breweries list, South African fluctuated after the directors' statement regarding the E. K. Green position. In the miscellaneous section, building issues responded promptly to the employment figures, with their further evidence of building improvement. Cement shares, as recently, took the lead, but London Brick began to lower their high-yield basis. Good features were evident in the light engineering section, J. Brockhouse responding to the resumption of interim dividends.

Activity in oil shares declined with the approach of the holidays, but the tone of the market remained good, and prices were very firm in anticipation of better results which are shortly expected from most companies. In the rubber share market business continued restricted, and company reports continue to reflect the poor conditions of the past

year. Selling of tea shares by the public continued, although on a diminished scale, but professional operators appeared willing to absorb most selling orders. The Indian group fared much better than the Ceylon, in which most price movements were downward.

Kaffir shares, which had been inclined to hold their ground at the end of last week, began to move downward this week, under the influence of sales from the Cape and indifference from Paris, but activity was slight. Finance descriptions were fairly steady this week, but there was a marked setback in Rand Mines. Business was equally restricted in West Africans, and profit-taking left Ashanti and Bibiani lower this week. The copper share market was firm, with many improvements, but tin issues continued irregular.

FOREIGN STOCK EXCHANGES

NEW YORK

The past week has shown a very encouraging resilience in American security prices. Apart from irregular movements last Friday the week closed with new highs in many sections, and on Monday, in spite of some profit taking, the upward movement continued. It was followed later by marking time, induced by renewed fears of devaluation of the franc. Industrials, utilities, railroad and steel shares all joined in the rise, although at the beginning of the week some ground was lost by liquor and rubber shares. The bond market continued firm, and the Norwegian Government \$31,500,000 4½ per cent. issue had a good reception. The political controversy over the new tax proposals has little reflection in the markets. The latter are in the mood to make the best out of everything if Europe will let them, and business reports are very satisfactory. Bank clearings in the week ended April 1st were 13.1 per cent. over the figure for a year ago, and there was an increase in brokers' loans to over the \$1,000,000,000 mark. Freight car loadings increased from the low level caused by the floods, but are still lower than for last year. Automobile output is up on the week, and estimates for April are slightly higher than for last year. According to income-tax returns, taxable corporate income for 1935 was 25 per cent. higher than in 1934.

PARIS

Business eased off at the end of last week, and rentes in particular lost ground on fears of devaluation, although easing of the pressure led to a slight improvement on Saturday. Internationals were good on Wall Street's strength, but domestic industrials reacted somewhat after their recent improvement. The new week opened dull, and weakness in Spanish issues—particularly Rio Tinto—overcast the market, although rentes continued to benefit from the slackening of pressure against the franc. Bank of France issues were adversely affected by the annual report. Sentiment improved later although internationals were quiet. On the Coudisse there was little activity, and diamond and gold issues were neglected.

BERLIN

The share market continued to be firm last week, favourites being Farbenindustrie, bought with blocked marks, Siemens und Halske, Mannesmann, and shares in the paper pulp and potash groups. Reichsbank issues rose slightly, but the commercial banks were little changed, and shipping shares were weak. The opening of the new week was irregular, with advances in electrical issues, in particular General Electricity, and in public utilities, and declines in some coal and steel stocks; and late on Monday prices in general tended lower. The slow advance in Reichsbank bonds which began early in March continued. Dollar bonds moved irregularly, but certificated issues closed last week firm. On Tuesday prices moved upward, and electrical issues were particularly strong.

AMSTERDAM

Last week closed very quietly, with practically no business, and no price movements, although previously Unilever N.V. had been a feature on the good dividends from Jurgens

and Van den Berghs. A further decline in Philips Lamps to 167½ exercised a very depressing influence on business this week, and movements were generally downward, with Unilever N.V. lower and Dutch Fords off 6 points at 217½. There was a similar lack of support for rubber, sugar and tin issues.

CAPITAL ISSUES

HOLIDAY influences have not prevented the ready—and even eager—absorption of this week's industrial new issues. The 5s. ordinary shares of *Pressed Steel Company* offered at 22s. 6d. attracted the greatest interest, and the offer was heavily "staggered." The company manufactures metal motor bodies and parts, and is progressive and prosperous. The ordinary shares have not received a dividend during the last three years, but earnings have steadily grown and last year were equivalent to 34½ per cent. on the ordinary capital. On the issue price, therefore, the earnings yield would amount to £7 13s. per cent. The presence of an item of £440,000 in the balance sheet for patent rights, however, may suggest the temporary possibility of somewhat limited dividend distributions, while purchasers should recognise that the issue price contains a goodwill component amounting to 350 per cent., apart from accumulated reserves. The *Blackburn Aircraft* prospectus primarily relates to an issue of 5 per cent. redeemable preference shares at 5 per cent. premium, but the marketing of a block of ordinary shares is also apparently contemplated. The proceeds of the preference issue will be utilised for the reopening of the Leeds factory, and the earnings cover for the issue, after making a number of specified adjustments, is not unduly large for this type of concern. The shares rank in a semi-speculative industrial category. *A. Peachey and Company* has been formed to acquire a building and public works contracting business which has shown characteristic expansion during recent years. The 2s. shares, issued at 2s. 3d., therefore carry a building equity risk. The only "statement for information" of the week has been published on behalf of *Newman Industries*, an engineering business established in 1924.

ISSUES OF THE WEEK

January 1 to April 4, 1936, including conversions, Old Basis, £110,011,600.			
January 1 to April 4, 1936, excluding conversions, Old Basis, £64,546,261.			
January 1 to April 4, 1936, including conversions, New Basis, £148,728,324.			
January 1 to April 4, 1936, excluding conversions, New Basis, £103,362,985.			
National Savings Certificates, Net receipts 4 days ended April 4, 1936, Dr. £150,000.			
	Nominal	Conver-	New
	Capital	sions	Money
To the Public			
Blackburn Aircraft, 200,000 5% cum. red. £1 pref. shares at 21/-	200,000	...	210,000
Peachey (A.) and Co., 520,000 2½ ord. shares at 2/8	52,000	...	58,500
Pressed Steel Company, 1,980,000 5/- ord. shares at 22/6	495,000	...	2,227,500
Total	747,000	...	2,496,000
To Shareholders only			
British Power and Light, 339,384 £1 ord. shares at 25/-	339,384	...	424,230
Ford (Louis G.), 217,405 1/- ord. shares at 2/-	10,870	...	21,740
Total	350,254	...	465,970
By Stock Exchange Introduction (at opening price)			
Associated Gas and Water Undertakings, £150,000 3½% deb. stk., 1951-61, at 98, opened at 100	147,000	...	150,000
Carrier Engineering, 360,000 5/- ord. shares 16/6, opened at 24/4½	297,000	...	447,500
Do., 50,000 6% cum. £1 pref. shares at 21/8	50,000	...	53,750
Kingsbury Collieries, 150,000 5% cum. £1 pref. shares at 20/9½	150,000	...	156,018
Newman Industries, 178,706 6% pref. ord. 5/- at 6/-	44,679	...	53,610
Do., 178,706 2/- ord. at 2/3, opened at 3/3	20,103	...	29,038
Steward and Patteson, 150,000 £1 ord. shares at 53/-, opened at 60/-	397,500	...	450,000
Total	1,108,282	...	1,339,916
By Permission to Deal			
During week ended April 4, 1936	620,188	...	1,288,938
Total Capital raised—			
Including Excluding			
Conversions Conversions			
January 1 to date—			
1936 (New Basis) 154,169,148 108,803,809			
1936 (Old Basis) 112,823,570 67,358,231			
1935 (New Basis) 144,964,893 77,965,254			
1935 (Old Basis) 98,851,437 28,953,605			
January 1 to date—			
1934 215,749,890 67,490,582			
1933 91,120,602 47,201,055			
1928 176,948,000			
Total Offered for Subscription—			
Including Excluding			
Conversions Conversions			
Whole year (Old Basis)—			
1935 548,351,393 236,147,637			
1934 410,980,300 169,108,700			
1933 467,921,500 244,789,500			
1932 2,699,684,265 188,909,963			
1928 693,100,056 369,058,073			
(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.			

Nature of Borrowing (Excluding Conversions)				
	Debentures	Preference	Ordinary	Total
January 1 to date—	£	£	£	£
1936 (New Basis)	52,268,369	11,902,234	44,533,206	108,803,809
1936 (Old Basis).....	46,119,830	5,289,201	15,969,200	67,358,231
1935 (New Basis)*.....	23,001,190	15,516,182	39,447,882	77,965,254
1935 (Old Basis).....	10,746,446	8,315,003	9,892,156	28,953,605
Whole year—(Old Basis)—				
1928.....	212,917,900	45,062,600	111,177,600	369,158,100
1933.....	222,064,300	12,733,700	9,982,500	244,789,500
1934.....	102,769,300	21,461,000	44,878,400	169,108,700
1935.....	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in fourteen weeks ended April 13, 1935.

* Including securities for which "permission to deal" was given in fourteen weeks ended April 13, 1935.

PUBLIC OFFERS

Blackburn Aircraft, Ltd.—Issue of 200,000 5 per cent. cumulative £1 preference shares at 21s. Redeemable in whole or part from September 30, 1941, on three months' notice, at 23s. per share. Acquires share capital of Blackburn Aeroplane and Motor Company formed in 1914 and North Sea Aerial and General Transport, Ltd. Fixed assets acquired, £304,966, exclusive of stock in trade and goodwill. Other assets, £134,536. Purchase price, 760,000 10s. ordinary shares and 50,000 5 per cent. cumulative £1 preference shares. Combined profits, after depreciation, years to June 30th: 1933, £38,116; 1934, £37,796; 1935, £40,443. Lazard Brothers have agreed to purchase 120,000 10s. ordinary shares at 20s. each free of stamp duty up to £1,200 and of transfer fees. Lists closed 9.5 a.m., April 6th. Oversubscribed.

Peachey (A.) and Company, Ltd.—Issue of 520,000 2s. ordinary shares at 2s. 3d. Acquires builders' and public works contractors' business of similar name, founded 30 years. Net assets acquired £54,732 for £48,000, £20,000 in cash and allotment of 280,000 2s. shares. Profits, before depreciation and income tax, years to April 30: 1933, £6,008; 1934, £11,393; 1935, £13,844. List closed 9.5 a.m., April 7th. Fully subscribed.

BY OFFER FOR SALE

Pressed Steel Company, Ltd.—Offer for sale of 1,980,000 5s. ordinary shares at 22s. 6d. per share. Incorporated in England 1926. Manufactures pressed steel parts and accessories for motor cars; owns patents and 34½ acres of freehold land at Cowley, Oxford. Total assets, December 31, 1935, £1,750,302. Profits after depreciation, before debenture interest: 1933, £136,373; 1934, £177,725; 1935, £244,390. Messrs J. Henry Schroder and Company acquired 1,330,380 shares at 21s. 4½d. and 649,620 shares at 21s. 2½d. They pay 6d. per share commissions and all other expenses. List closed 9.5 a.m., April 7th. Oversubscribed between ten and twelve times.

BY STOCK EXCHANGE INTRODUCTION

Newman Industries, Ltd.—Issued capital 450,000 2s. ordinary shares and 180,000 6 per cent. cumulative 5s. preferred ordinary shares entitled to share in any balance of profits up to an additional 2 per cent. Electrical and mechanical engineers with works at Yate, Bristol. Established 1924. Net assets (excluding goodwill) £53,079, acquired for £52,000, of which £25,000 will be paid in cash and the remaining £27,000 by allotment of 2s. ordinary shares. Profits, after depreciation, but before income tax, years: 1933, £3,451; 1934, £8,208; 1935, £11,643. Messrs. Moy, Davies, Smith, Vandervell & Co. have purchased 178,706 5s. preferred ordinary shares for cash at par and 178,706 2s. ordinary shares at 2s. 3d. per share payable in cash free of commission.

BONUS ISSUE

St. Austell and District Electric.—The directors of St. Austell and District Electric Lighting and Power Company have decided to recommend the issue of a free bonus to all ordinary shareholders of one fully-paid £1 ordinary for every five held.

ISSUE TO SHAREHOLDERS ONLY

Ford (Louis G.).—217,405 ordinary shares of 1s. are offered to ordinary shareholders at 2s. per share in the proportion of two new shares for every five shares held on March 23.

CONVERSIONS AND REPAYMENTS

Hudson's Bay Company.—The results for the year ended January 31, 1936, show a net profit of £144,717 (compared with £40,980 for the previous year), making, with the amount brought forward, a balance on profit and loss account of £214,451. The Governor and Committee will propose at the annual general court that there be repaid to the preference shareholders on July 1, 1936, 30s. of each of the 5 per cent. cumulative preference shares (£5 each), together with the full arrears of dividend on this repaid capital for the six years to June 30, 1936. This will involve a total repayment of

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capital of £600,000 from capital reserve account, and a payment of dividend less tax which (at the existing rate of 4s. 6d. in the £) would amount to £139,500 (net) or 6s. 11½d. (net) per share approximately.

It is anticipated that the report and accounts for the year to January 31, 1936, will be issued about the second week of May next, and that the annual general court of proprietors will be held later in the same month.

Bradford 6 per cent. Stock.—Bradford Corporation will redeem at par on July 1 its £2,000,000 6 per cent. redeemable stock, 1936-46.

Cammell Laird and Company, Ltd.—It is proposed to convert into ordinary stock on May 1, 1936, all the 6,300,000 ordinary shares in the company which at that date will have been issued and are fully paid up, and also to take powers to convert into ordinary stock all the unissued share capital of the company which may thereafter be issued in the form of ordinary shares as soon as it is issued and fully paid up.

Dominion Cannery.—Dominion Cannery is to redeem its outstanding \$892,500 6 per cent. first mortgage thirty-year sinking fund bonds on October 1, 1936, at 110 per cent. and accrued interest.

Mann Egerton and Co.—Shareholders have authorised the subdivision of the 64,611 issued shares of 11s. each and the 85,389 unissued shares of £1 each into 1s. shares.

State of Parana 7 per cent. Consolidated Bonds.—Lazard Brothers & Company, Limited, announce that certain sterling funds have reverted to the State, which has decided to utilise them for redemption by tender of its 7 per cent. consolidated bonds of the sterling and dollar issues. Tenders for the sale of bonds at a price to be stated in the tender must be lodged not later than noon, April 29, 1936 (1) if for sterling bonds at the offices of Lazard Brothers & Co., Limited, 11, Old Broad Street, London, E.C.2, or (2) if for dollar bonds at the offices of the Chase National Bank of the City of New York, 11, Broad Street, New York.

Taunton 3 per cent. Stock.—The Taunton Corporation will redeem its 3 per cent. redeemable stock on April 1, 1937.

Virginian Railway.—The Virginian Railway Company will pay on May 1, 1936, all the outstanding 5 per cent. first mortgage fifty-year gold bonds, series "A," and 4½ per cent. first mortgage fifty-year gold bonds, series "B," at 110 per cent. in the case of bonds, series "A," and 102½ per cent. in the case of bonds, series "B," together with accrued interest.

Japanese 5 per cent. Exchequer Bonds.—With regard to the conversion of 5 per cent. Exchequer bonds (internal loan), amounting to about 373,000,000 yen, which will mature in the course of the financial years 1936 and 1937, the operation will take place on May 1, 1936. The terms of the new bonds, which will be wholly accepted by the Bank of Japan, are as follows: Amount to be issued, 381,000,000 yen; rate of interest, 3.5 per cent.; period of redemption, 12 years; issuing price, 98 yen; yield, 3.7 per cent.

FORTHCOMING ISSUES

Preston Breweries.—It is expected that an issue will be made April 20th of 200,000 5½ per cent. cumulative 10s. preference shares at par and 500,000 4s. ordinary shares at 5s.

OTHER RESULTS OF ISSUES

British Bedaux.—Lists for issue of 300,000 5s. ordinary shares at 6s. closed 9.5 a.m. April 2. Heavily oversubscribed.

Bowmaker.—The issue of 500,000 5 per cent. cumulative preference shares of £1 each at par has been heavily oversubscribed. Subscription lists for town and country were closed at 9.5 a.m. April 3.

Cowburns and Scotts.—Lists for the issue of 525,000 ordinary shares of 4s. at 4s. 6d. each were closed at 9.5 a.m. April 3.

English Electric Company.—Lists closed for cash applications for £1,250,000 4 per cent. debenture stock at 9.5 a.m. April 2. Oversubscribed. Application for conversion will be accepted up to 4.30 p.m. April 16.

Gas Light and Coke Company.—Issue £700,000 3½ per cent. debenture stock 1956 at par. List closed 9.5 a.m. April 3. Oversubscribed.

Marshall and Sons (Successors).—Subscription lists for the issue of 1,600,000 shares of 5s. each at par were closed at 9.20 a.m. April 3 owing to over-subscription.

"Romac" Motor Accessories, Limited.—The directors announce that the recent issue to shareholders only of 56,000 shares of 5s. each at par has been heavily over-subscribed.

Trussed Concrete Steel.—Application lists for the offer for sale of 100,000 6 per cent. cumulative preference shares of 10s. each at 10s. 9d. per share and 220,000 ordinary shares of 5s. each at 7s. per share were closed at 9.5 April 3 owing to very heavy over-subscription.

CALLS DUE APRIL 13 TO APRIL 18, 1936

The grand total of calls in April, 1936, is £91,181,311, which compares with £7,848,585 in April 1935.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
Stock	Australia 3% Reg. Stock, 1955-58. (Issue of an amount sufficient to make up, with Stock converted, a total of £21,657,000, at £95½%)	£55%	April 15	All
£1	British Power and Light, 228,739 new Ordinary Shares, together with 109,384 existing un-issued Ordinary Shares, to Ordinary Stockholders registered on March 18, at 25s. per Share.	5/- p.s.c.	April 17	5/- p.s.c.
£1	Burton, Son & Sanders, 92,315 7½% Cum. Pref. Shares, at 30/-	£1 p.s.	April 16	All
Stock	Edmundsons Electricity, £2,000,000 3½% Deb. Stock, at £98½	£53½%	April 15	All
£1	Morgan Harris, 75,000 6½% Cum. Pref. Shares, at 21/-	11/- p.s.	April 15	All
2/6	Mount Morgan, 372,000 Shares, at 10/-	2/6 p.s.	April 15	5/- p.s.
10/-	Projectile and Engineering, 125,000 Ord. Shs., at a premium of 7/6 per Share.	7/6 p.s.	April 16	All
5/-	Purnell & Sons, Ltd., 100,000 Ordinary Shares, at 6/- per Share.	6/- p.s.	April 18	All
Bonds	Siamese Government 4% Sterling Conversion Loan of 1936. (Issue of an amount sufficient to make up, with the Loan taken in conversion, a total of £2,340,300, at £96%)	£91%	April 15	All
Stock	Southern Rhodesia 3% Inscribed Stock 1959-64, £1,250,000, at £99%	£25%	April 14	All
£1	Winn (P.) (Barking), 100,000 6% Cum. Pref. Shares, at par.	10/- p.s.	April 16	All

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended April 3, 1936.	(c) Week ended April 4, 1936.	Miles Open	Gross Receipts, week ended April 5, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (14 weeks) (£'000)				
			Passenger, &c.	Merchandise, &c.	Coal and Coke	Total	Total	Passenger, &c.	Merchandise, &c.	Coal and Coke	Total	Total
Great Western	1936 3,748	191	205	97	302	493	2,211	2,600	1,561	4,161	6,372	6,372
Western	1935 3,748	181	188	96	284	465	2,187	2,512	1,506	4,018	6,205	6,205
(c) L. & N.	1936 6,333	298	357	217	574	872	3,531	4,543	3,559	8,102	11,633	11,633
Eastern	1935 6,339	273	311	208	519	792	3,495	4,369	3,382	7,751	11,246	11,246
L. M. & S.	1936 6,917	446	522	238	760	1,266	5,283	6,532	3,852	10,384	15,672	15,672
Scottish	1935 6,925	412	477	240	717	1,129	5,216	6,267	3,683	9,950	15,166	15,166
Southern	1936 2,154	269	65	31	96	365	3,387	816	517	1,333	4,720	4,720
	1935 2,172	256	55	22	77	333	3,320	828	477	1,305	4,625	4,625
Total	1936 19,150	1,204	1,149	583	1,732	2,936	14,427	14,491	9,489	23,980	38,407	38,407
	1935 19,184	1,122	1,033	566	1,597	2,719	14,218	13,976	9,048	23,024	37,242	37,242
(b) Belfast	1936 80	1-8	...	0-6	2-4	23-7	...	...	...	7-3	31-0	31-0
& Co. Down	1935 80	1-7	...	0-5	2-2	23-7	...	...	...	6-6	30-3	30-3
(b) Great Northern	1936 543	8-3	...	11-8	20-1	101-5	...	...	...	128-3	229-8	229-8
	1935 543	8-0	...	10-1	18-1	98-8	...	...	...	120-9	219-7	219-7
(b) Great Southern	1936 2,076	30-8	...	44-5	75-3	351-7	...	...	...	543-9	895-6	895-6
	1935 2,124	30-0	...	44-0	74-0	342-2	...	...	...	519-8	862-0	862-0

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935

(000's omitted)				
	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1935, compared with first half-year 1934	£	£	£	£
Gross increase or decrease	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year, 1934				
Gross increase or decrease	+ 199	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year, 1935				
14 weeks to Apr. 5, 1936	+ 167	+ 506	+ 387	+ 95
Weekly average first half 1936	+ 11½	+ 36½	+ 27½	+ 4½
Latest week 1936 compared with 1935	+ 28	+ 77	+ 80	+ 32

LONDON TRANSPORT

		Compared with corresponding period of	
		last year	
Week ending April 4, 1936.....		*Takings	+ 22,700
Aggregate 40 weeks ending April 4, 1936.....		(£588,300	+ 421,900
		£21,725,100	

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

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

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
INDIAN							
Assam Bengal	49	1935 Mar. 10	1,330	Rs. 4,47,000	+ 1,00,494	Rs. 1,58,86,618	+ 21,20,664
Barsi L. Ry.	49	10	292	49,600	+ 14,100	17,87,800	+ 52,000
Bengal & N. Western	25	20	2,112	12,13,045	+ 1,66,980	17,72,12,884	+ 3,93,443
Bengal-Nagpur	48	Feb. 29	3,268	123,99,000	+ 3,86,933	7,84,96,968	+ 56,20,161
Bombay, Bar. & C.I.	52	Mar. 31	3,072	41,06,000	+ 9,68,000	11,22,28,000	+ 15,24,000
Madras & S. Mahr.	51	20	3,230	121,35,000	+ 1,46,442	6,98,23,656	+ 21,21,554
Rohilk'd & Kumaon	25	20	572	22,50,106	+ 14,958	35,17,562	+ 4,384
South Indian	49	10	2,525	113,69,941	+ 1,26,716	4,93,03,657	+ 27,18,682
‡ 10 days.				§ 11 days.		† 9 days.	

CANADIAN

Canadian National	13	Mar. 31	236,633	\$ 4,562,584	+ 110,242	\$ 40,279,771	+ 1,903,371
Canadian Pacific	13	Mar. 31	117,260	\$ 3,264,000	+ 329,000	\$ 29,284,000	+ 2,846,000
† 10 days.							

SOUTH AMERICAN

Antofagasta (Chili and Bolivia)	14	Apr. 5	834	£ 12,630	+ 1,720	£ 189,740	+ 20,120
Argentine N.E.	40	4	753	\$ 144,300	+ 12,600	\$ 5,305,800	+ 340,300
B.A. and Pacific	39	Mar. 28	2,806	\$ 8,478	+ 690	\$ 311,687	+ 21,493
B.A. Central	38	21	...	\$ 1,729,000	+ 11,000	\$ 54,582,000	+ 4,368,000
B.A. Gt. Southern	39	28	5,084	\$ 101,588	+ 11	\$ 3,206,445	+ 268,932
B.A. Western	39	28	1,930	\$ 74,200	+ 19,600	\$ 4,266,800	+ 55,100
Central Argentine	40	Apr. 4	3,700	\$ 12,699,000	+ 369,000	\$ 7,141,000	+ 9,003,000
Central Uruguay	39	Mar. 28	273	\$ 158,578	+ 22,853	\$ 5,119,075	+ 508,494
C. Urg. (East Ext.)	39	28	311	\$ 799,000	+ 101,000	\$ 29,498,000	+ 34,000
C. Urg. (N. Ext.)	39	28	185	\$ 46,945	+ 6,278	\$ 1,732,870	+ 5,969
C. Urg. (W. Ext.)	39	28	211	\$ 115,038	+ 251,900	\$ 81,878,950	+ 824,400
Cordoba Central	40	Apr. 4	1,218	\$ 11,957,950	+ 15,645	\$ 4,810,031	+ 72,022
Entre Rios	40	4	810	\$ 11,804	+ 437	\$ 424,233	+ 127,536
G. Westn. of Brazil	14	4	1,082	\$ 71,795	+ 316	\$ 78,384	+ 4,204
Leopoldina	13	Mar. 28	1,918	\$ 1,406	+ 83	\$ 54,946	+ 13,978
Leopoldina Termal.	13	28	...	\$ 792	+ 423	\$ 34,523	+ 3,735
Nitrate	39	31	401	\$ 389,000	+ 46,000	\$ 19,217,000	+ 168,000
Paraguay Central	39	28	274	\$ 222,860	+ 2,860	\$ 1,128,000	+ 9,010
Salvador	39	28	100	\$ 155,800	+ 33,200	\$ 7,396,400	+ 1,097,700
San Paulo	13	29	153	\$ 29,154	+ 2,023	\$ 434,498	+ 62,363
United of Havana	40	Apr. 4	1,353	\$ 7,500	+ 200	\$ 133,600	+ 9,800
				\$ 161,670,000	+ 56,000	\$ 20,611,000	+ 3,283,000
				\$ 18,902	+ 1,795	\$ 235,850	+ 5,487
				\$ 303,000	+ 12,000	\$ 4,281,000	+ 727,000
				\$ 48,496	+ 3,869	\$ 44,465	+ 9,347
				\$ 2,055,000	+ 466,000	\$ 81,662,000	+ 399,000
				\$ 32,000	+ 7,000	\$ 755,246	+ 45,256
				\$ 250,000	+ 582,000	\$ 29,640,000	+ 5,232,000
				\$ 28,229	+ 5,458	\$ 371,117	+ 85,012
				\$ 40,544	+ 11,684	\$ 918,382	+ 12,384

* Converted at average official rate during week ended Apr. 3—17-02 pesos to the £.
† Free market rate. ‡ Months. § Receipts in Argentine pesos.
¶ Comparative figures for 1934 converted at official rate ruling in 1935.
/ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta	12	Mar. 20	925	£ 76,218	+ 481	£ 244,311	+ 10,324
Light Railways	12	Mar. 26	...	£ 1,934	+ 189	£ 23,687	+ 886
Egyptian Markets	12	28	104	Ps. 31,889	+ 24,360	379,443	+ 233,875
Gr. Southern of Spain	12	31	483	\$ 135,800	+ 3,900	\$ 3,265,500	+ 229,400
Mexican Railway	13	31	...	...	...	...	...
† 10 days.							

SUEZ CANAL RECEIPTS

Suez Canal	13	Mar. 31	...	Fr. 127,700,000	+ 40,000	Fr. 226,110,000	+ 119,100,000
† 10 days.							

TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine	13	Apr. 1	328	\$ 627,003	+ 20,502	\$ 8,062,133	+ 124,587
B. Aires Lacroze	38	Mar. 22	...	\$ 69,201	+ 4,567	\$ 2,739,352	+ 78,872
Burnley, Colne and Nelson Jt. Trspt.	1	28	76	£ 4,993	+ 200	...	...
Calcutta Tramways	14	Apr. 4	...	Rs. 11,432	+ 2,810	...	...
Isle of Thanet Elec.	11	Mar. 18	...	£ 2,789	+ 220	£ 33,914	+ 478
Liverpool Corp.	52	Apr. 1	...	£ 29,758	+ 684	£ 1,520,846	+ 29,998
Madras Electric	31	Mar. 31	...	Rs. 46,528	+ 7,385	2,99,911	+ 23,837
† Months.							

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month		Receipts to Date	
				1936	+ or -	1936	+ or -
Bolivar	3	Mar. 31	Gross	£ 7,600	+ 500	19,750	+ 200
La Guaira and Caracas	3	Mar. 31	Gross	£ 4,310	+ 270	12,960	+ 2,420
Midland of W. Australia	8	Feb. 29	Gross	£ 13,498	+ 2,402	111,949	+ 1,728
Peruvian Corporation	9	Mar. 31	Gross	£ 87,170	+ 29,660	703,226	+ 146,070
Rangoon Electric	2	Feb. 29	Gross	Rs. 4,37,379	+ 11,322	8,99,730	+ 3,609
Costa Rica	8	Feb. 29	Net	Rs. 2,07,937	+ 239	4,31,825	+ 4,968
			Gross	£ 14,640	- 562	106,919	+ 24,150

OIL OUTPUTS

LOBITOS OILFIELDS, LTD.—The production of the Peruvian Company for March is cabled as 25,993 tons.

ANGLO-ECUADORIAN OILFIELDS, LTD.—The production for March is cabled as 20,136 tons.

PHOENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix Group for March was 87,668 tons.

THE ATTOCK OIL COMPANY, LTD.—Production for March was 10,692 barrels.

several branches has been completed, including the chief office in Dundee, our Albert Street branch there, and the branches at Marchmont Road, Edinburgh, Calton, Glasgow and Peebles. In addition, various properties have been acquired as premises and as houses for agents. Notwithstanding the expenditure involved, the bank's premises and let property remain at the same figures in our balance sheet as previously. It will be readily understood that in our property account we have a large surplus.

RESULTS OF THE YEAR

I need not assure you that before our net profits are arrived at every known bad and doubtful debt has been fully provided for.

The net profits are	...	...	£316,091
And the Balance from last year	...	...	252,316
Together	...	...	£568,407
Deduct:			
Applied to reserve fund	...	...	£50,000
Transferred to trustees for officers' pension fund	...	...	30,000
Transferred to heritable property	...	...	...
suspense account	...	...	25,000
Dividend at 18 per cent. per annum, less tax	...	...	209,250
			£314,250
Leaving to be carried forward	...	...	£254,157
The reserve fund will then be	...	...	£2,300,000
And the balance carried forward	...	...	254,157
Total	...	...	£2,554,157

OFFICERS' PENSION FUND

The bank's pension scheme in terms of which pensions are paid to every member of the staff who qualifies by length of service, or incapacity through ill-health, was established in 1881 and during the intervening fifty-five years has worked with perfect smoothness. The directors after due consideration decided during the past year to constitute, as at March 1, 1935, a separate fund for the payment of pensions in future, the fund to be vested in trustees nominated by the board. They allocated to it as at the date mentioned a substantial sum. They propose to allocate from time to time such further sums as they regard as expedient, and you will observe that they have set aside for this purpose £30,000 out of the year's profits now declared. As far as the members of our staff are concerned there will be no apparent change in the pension arrangements hitherto in force.

The directors consider that the establishment of such a fund will be of advantage both to the bank and to the staff, and they are confident that the step they have taken will meet with the entire approval of the proprietors.

BANK STAFF

Once again it is my pleasant duty to express on behalf of the Court of Directors our thanks for the excellent services rendered by the executive, managers, agents and staff throughout the year. We do not fail to recognise to what extent the favourable results shown depend upon the efforts of the various members of our personnel, and we gladly acknowledge the spirit of co-operation and loyalty to the interests of our institution which prevails throughout the service. In this connection I would also refer to the good work which continues to be done by the staff joint council and the helpful suggestions which we receive through the elected representatives of the staff.

DIVIDEND

I have pleasure in moving that the report and balance sheet as submitted be adopted and that a dividend for the past half-year at the rate of 18 per cent. per annum, less income tax, be now declared, payable on 15th current, making with the dividend paid in October last 18 per cent. for the year, less income tax, being the same as paid for the previous year.

The motion was agreed to.

The Lord Elphinstone, K.T., and The Lord Henry Scott were unanimously re-elected Governor and Deputy-Governor respectively for the current year. Sir Robert Tuite Boothby, K.B.E., and Mr. John Parker, Watson, W.S., were re-elected ordinary directors.

Mr H. L. Usher, C.A., and Mr R. Arthur Morrison, C.A., were re-appointed to conduct the audit of the books for the current year, and a vote of thanks to the chairman terminated the meeting.

ANGLO-PORTUGUESE TELEPHONE COMPANY, LIMITED

ANOTHER SUCCESSFUL YEAR

The forty-ninth ordinary general meeting of the Anglo-Portuguese Telephone Company, Limited, was held, on the 3rd instant, at the Incorporated Accountants' Hall, Victoria Embankment, London.

Sir Alexander Roger, the chairman of the company, presided, and in moving the adoption of the report and accounts said that the operating revenue for the year had amounted to £291,372, compared with £273,151, the gross profit to £117,268, and after charging debenture stock interest, less interest and income tax, there was a net profit of £84,634—an increase of £5,222. Dividends of 8 per cent., less tax, for the year on the ordinary and "A" ordinary shares would absorb £61,380, leaving a carry-forward, after transferring £20,814 as a special allocation to reserve for renewals, of £25,698, as compared with £23,258 brought in.

COMPANY'S PROGRESS

The company's progress continued along sound lines. At December 31, 1928, the stations numbered 23,016, and the share and loan capital employed was £808,200. In 1935 the stations were 41,240 and the capital employed £1,448,190—an increase of 79 per cent. in each case. The board regarded that expansion as satisfactory, and it had to be remembered that, even during the period of depression in Portugal and also in this country, they had never ceased building up the company's property by expending large amounts of capital in their determination to give the public a first-class telephone service. The increase in stations during 1935 was equivalent to a growth of 6.75 per cent.

In November last he, the chairman, with Mr Kerr and Lord Hinchingbrooke, had had the pleasure of visiting Portugal, and had found ample confirmation of reports of the country's development. From their own personal observations of the company's business shareholders could be assured it was on an excellent footing. The company's relationship with Government and municipal departments, and also with its subscribers and the public generally, was on a most cordial and friendly basis. The company's service did not stop at the provision of excellent telephonic communications. The Government enjoyed free telephone service valued in 1935 at £14,127, and, in addition, were paid royalties amounting to £9,432. Those contributions represented about 2½ per cent. on the issued ordinary share capital of the company and were an operating charge on its revenue. Further, the municipalities of Lisbon and Oporto were supplied with telephone service at 33 per cent. under the normal charge. The company also provided direct employment to over 1,700 people in Portugal, of whom 99 per cent. were of Portuguese nationality, and indirectly it employed many others through material and equipment manufactured in the country. Lisbon and Oporto were not only developing commercially, but the former city particularly had a widening residential attraction, and had become a favourite centre for tourists. Development of the telephone generally might perhaps not be so spectacular as of recent years, but, provided no unforeseen circumstances intervened, he thought they could look forward to steady growth with every confidence.

EXTENSIONS, PRESENT AND PROSPECTIVE

First-class telephone service could only be given by continually overhauling the plant and reconstructing old exchanges, or installing new ones of the latest type. The company was constantly carrying out that process, and in the year under review £164,000 had thus been spent. There were now approximately 1,600 call offices in service. Extensions to their Trindade and Norte automatic exchanges which would considerably increase their capacity were under consideration, and the board had recently purchased a large building in the Estrella district of Lisbon, where it was proposed to install a new exchange. If present estimates of further general growth were realised, the board expected that additional capital expenditure over the next five years might amount to some £800,000.

It was interesting to note the great changes which had taken place in systems of communications throughout the world since 1928. Wireless telephony had grown apace, and the automatic telephone had been adopted in almost every country. Because of the ever-increasing variety of service thus made possible to the individual subscriber, the message rate system of payment was becoming widely adopted. The change from flat rate to message rate in their own case would be gradual, but when completed would remove the unfair incidence of the present unsatisfactory dual system of flat rate and message rate tariffs.

The report and accounts were unanimously adopted.

SUNDAY PICTORIAL NEWSPAPERS (1920) LIMITED

CONTINUED PROGRESS

The sixteenth ordinary general meeting of Sunday Pictorial Newspapers (1920), Limited, was held, on the 6th instant, at the Memorial Hall. Mr John Cowley, who presided, in the course of his speech, said:—

Before we begin the business of the meeting I feel I must make reference to the death of our friend and colleague, David Sidney Middleton. Only a year ago you confirmed his appointment as a director of this company. He was a young man full of promise, and we deeply regret the loss of his counsel and loyal service. He was known personally to many of our shareholders, and his passing will be regretted on both sides of this table.

The profit for the year ended February 29, 1936, after providing for income tax, working, office and other expenses, contingencies, etc., amounted to £216,696 8s. 4d., slightly higher than the profit of the previous year. From this sum £20,000 has been placed to the reserve account and £5,000 has been applied as a provision for pensions. We have paid interim dividends totalling 12½ per cent. on the ordinary shares, and after providing for the dividend on the preference capital there remains £91,215 7s. 5d. to carry forward, against a figure of £70,768 19s. 1d. brought in from last year.

Our capital, both authorised and issued, remains unchanged. The item sundry shareholders for dividends does not call for comment. The reserve account has been made up to £260,000 by the addition of the £20,000 I have just mentioned, and the provision for pensions has been increased from last year's figure of £50,000 to £55,000. The investment reserve remains at £190,000. Creditors and reserve for contingencies including loan from associated company, £736,049 18s. 11d., needs a little explanation. Included in the item is £300,000, the balance of an amount loaned to us by The Daily Mirror Newspapers, Limited, in 1933, in connection with our purchase of £700,000 Nominal Anglo-Canadian Pulp and Paper Mills, Limited, debentures. Just after the date of our balance sheet we paid to the Daily Mirror Company a sum of £50,000 under the arrangement made when we agreed to purchase the debentures. The greater part of the balance of the creditors item is in the nature of reserves.

On the other side of the balance sheet the first item is goodwill and copyright £200,000, which, as I have mentioned in former years, we regard as a very valuable asset. Our stocks are very small—£541 11s. 9d., against £431 odd the previous year. Investments at cost or under total £2,465,223 12s. 6d., an increase of over £89,000. During the year Messrs Albert E. Reed and Company, Limited, a company in which we have a considerable holding, made issues of shares. We took up the number to which we were entitled, and the shares are quoted to-day at a figure considerably over the price of issue. We are very satisfied with our interest in the business of Albert E. Reed and Company, Limited, regarding that company as one of the most progressive and enterprising in the trade, under very able direction and management. We have also during the year increased our holding in the Anglo-Newfoundland Development Company, Limited, and in the Daily Mirror Newspapers, Limited.

The debtors' figure at £107,609 7s. 8d. is not greatly different from that shown a year ago. Cash at bankers and in hand at £124,645 6s. 5d. compares with an amount of £181,315 odd a year ago. The reduction of about £56,670 must be considered in connection with the increase shown in our investments.

The issue of the *Sunday Pictorial* of March 15th was the twenty-first anniversary of the first issue of your newspaper. It was on March 15, 1915, and during the war, that the *Sunday Pictorial* made its first bow to the public. It came of age, therefore, on the date mentioned, and fittingly celebrated its majority. During the twenty-one years of its existence the paper has grown yearly in power and influence, and it is the intention of your directors to maintain the dignity of its features and picture presentation, to seek all possible improvement and extend even further the paper's great appeal to the public. Naturally, in our enterprise we incur extra costs, but by giving full value to our readers we believe we are bound to reap the benefit. If it were possible to exhibit to our present-day readers copies of the first issues of the *Sunday Pictorial* to compare with our present production everybody would see at a glance what wonderful improvements have been made. Of course, over that period of twenty-one years great progress has been made in every phase of newspaper production. Paper has vastly improved; so has ink. Types are better and bolder, photography and the transmission of photographs have been revolutionised. Details in regard to engraving, plate casting and machining have been bettered—all these improvements have contributed vastly towards present-day successful production of the *Sunday Pictorial*.

The report and accounts were unanimously adopted.

DAILY MIRROR NEWSPAPERS, LIMITED

CONTINUED SUCCESS—ENCOURAGING PROSPECTS

The sixteenth ordinary general meeting of the Daily Mirror Newspapers, Limited, was held, on the 8th instant, at the Memorial Hall, Farringdon Street, London, E.C.4.

Mr John Cowley (the chairman), in the course of his speech, said:—The profit of your company for the year ended February 29 last, after making provision for depreciation of plant and machinery, etc., and interest on debenture stock, amounted to £315,325 5s. 2d., slightly more than the profit of the previous year. We have again placed £20,000 to reserve account and allocated £10,000 as a provision for pensions. After payment of interim dividends on the ordinary shares totalling 15 per cent. and providing for the dividend on the preference shares as set out in the appropriation account there remains £83,465 10s. 7d. to be carried forward, against a figure of £72,140 brought in from last year.

Turning to the balance sheet, the reserve account, with this year's appropriation, has been raised to £280,000 and the provision for pensions to £110,000, both very satisfactory amounts. The next item is "Capital Profit being surplus on Sale of Investments." Last year we transferred an amount of £1,400,000 to this account, and during the year distributed £105,000 to our shareholders. We have now transferred a further sum of £105,000 from our surplus on sale investments and again made up the figure of £1,400,000, from which we propose to distribute a total of £140,000 on the dates mentioned in our report during the present financial year.

On the other side of the balance sheet the first item is the goodwill of the *Daily Mirror*, standing at the sum of £1. Although I refer to this every year, I feel I need not apologise for again saying that we regard this as a most important asset of very great value although it stands at a nominal figure. Our investments at cost or under stand at £4,820,314 14s. 7d., an increase over last year of round about £146,000. We have made a number of new investments and have increased our holding of shares in Albert E. Reed and Company, Limited. That company, in which we have a considerable interest, made, during the year, issues of shares on favourable terms, and we took up the number to which we were entitled.

Going back for a moment to the matter of the company's capital profit, the further sum of £105,000 transferred to that account brings the total amount distributable to £1,400,000, which, as you know, is an amount equal to the ordinary share capital of the company.

Adequate supplies of newsprint paper of the right quality and at the right price, as you all know, is a matter of supreme importance to every newspaper company. Your company has three sources of supply. During the past twelve months we have been using an increasing quantity of paper manufactured by the Anglo-Canadian Pulp and Paper Mills, Limited, in which company we are so largely interested. I am glad to say that the prospect of our investment in that company is somewhat brighter than it has been for six years.

Now in regard to the *Daily Mirror*, it is proved by many signs that your paper to-day makes a stronger appeal to the public than at any previous time. When we last met, I was able to say it was a vastly improved paper, and it is generally admitted that to-day, as a complete summary of all the latest news—both in news and pictures—it shows a further improvement on the *Mirror* of a year ago. During the year under review, two national events occurred which gave proof of the esteem in which your paper is held by the general public. Of course, the first was in May, when we reproduced the Jubilee Day pictures. On that occasion we issued no fewer than 1,969,515 copies. In January last, the regret and sorrow shown by the public at the death of the King was reflected in the demand for your paper, for the issue containing the pictures of the funeral of his Majesty numbered 3,247,695. This figure constituted a record print of any daily newspaper of any kind in the world.

The *Daily Mirror* as an advertising medium becomes a greater and greater force with national advertisers, and I am pleased to say that most firms who use the columns of your paper realise the importance of having prepared attractive advertisements—advertisements which strike the eye by the excellence of their get-up and general appeal.

As you will have gathered from my remarks, we regard the position of your company as being encouraging, and trust when we next meet, to be able to record further progress.

The report and accounts were unanimously adopted.

BRITISH ENKA ARTIFICIAL SILK COMPANY, LIMITED

INCREASED PROFIT

The eleventh ordinary general meeting of British Enka Artificial Silk Company, Limited, was held, on the 3rd instant, at 20 Aldermanbury, London, Mr C. T. Pott presiding.

Mr J. H. Jennings, F.C.I.S., on behalf of the Secretaries (Union Corporation, Limited), read the notice convening the meeting and the auditors' report.

The Chairman, in the course of his remarks, said:—The working profit for the year as shown by the profit and loss account is £101,297, an increase of £24,549 on the previous year's figure; the net profit at £44,880 shows an increase of £43,675. The improvement in the gross profit has been achieved by reduction of costs consequent upon the modernisation scheme carried out in the previous year and greater production from the increased plant.

The rayon industry has shown further expansion in nearly every country in the world, the most impressive increase being that of Japan. In our own country, leaving out the item of staple fibre, in which we ourselves are not interested, there is an increase in consumption of 28 per cent. The increase in our own manufacturing capacity has not been sufficient to enable us to take full advantage of this increased consumption. We considered that our best policy was to consolidate and improve on what we had already done.

LOWER PRODUCTION COSTS

Only a comparatively short time ago rayon, owing to its high cost, was regarded merely as a possible competitor to pure silk. However, as the result of increased efficiency and greater production, costs have been brought down to such a low level that it now enters into competition with other fabric yarns. At present British rayon is selling at about 30 per cent. of the price of twelve years ago. Apart from this the general quality has improved enormously and the industry has long since passed the experimental stage. Although demand has increased to a remarkable extent, it does seem that, with the possibilities of further technical improvements and increased uses, saturation point has not yet been reached, although of course the curve may not always be an ascending one. The expansion has been helped recently by a stable price position as the result of which consumers have been able to make their arrangements and place their orders with confidence, and we are of the opinion that it is very desirable that this position should continue.

We are, therefore, all the more sorry to see that there is again a tendency in the trade to depart from a policy of stability of prices. Nobody will dispute that selling prices should be as low as possible; nevertheless, the price should leave a sufficient margin over cost to enable well-equipped and well-run producers to make adequate provision for depreciation and obsolescence of plant, maintain a good level of wages for those employed in the industry, and give a reasonable return for the capital employed. Our plant is a thoroughly efficient and modern one, and we believe we are in a good position to achieve satisfactory results.

AN UNJUST AND DETRIMENTAL TAX

It is still our opinion that the removal of the Excise duty would be of general benefit to the trade, but we are in agreement with our customers that it should be taken off in such a way that their loss and ours should be as low as possible. Unfortunately, no reasonable scheme has yet been devised upon which everybody can agree, although there has been much useful co-operation between the various sections of the trade. Since the Chancellor has now deferred any possible removal until 1937, we hope that the whole trade may come to some agreement whereby it should be possible to remove this unjust and detrimental tax without undue loss to anyone. The new duties introduced by the Chancellor in 1934 have worked well and preserved the home market while giving good and cheap articles to the consumer.

We are again pleased to say that we have been able to maintain the high standard of our product, and in some respects even to lead the way. Our technical department is continually giving its attention to the improvement of our manufactures and to the reduction of cost, in close collaboration with our parent company, the A.K.U., who are always ready to come to our aid. We are well established and have the good-will of many regular customers. During the past year we could have sold much more than our production; and the trade readily looks to us for supplies. These are factors that give us confidence.

The report and accounts were unanimously adopted.

MOSS' EMPIRES, LIMITED

SUCCESSFUL RESULTS

The thirty-seventh general meeting of shareholders was held, on the 8th instant, in the London Hippodrome.

Colonel J. J. Gillespie (chairman) stated, *inter alia*:—

(1) Alterations in the debenture debts have simplified the balance sheet and improved the company's financial position.

(2) Reserve account stands at £440,223, after providing for all expenses of debenture issues, repayment of 6 per cent. debentures, and a loss on realisation of a property no longer required for the company's business, and now adding to reserve a net sum of £4,000, after capitalising bonus to ordinary shareholders.

(3) The surplus over the book value of properties stands in the balance sheet at £428,149, exclusive of goodwill.

(4) Trading profit is £160,139, being an increase of £17,700 over 1934. Charges against profits are £2,300 down. Balance of profit carried to balance sheet, £114,105, as compared with £75,692.

(5) Prosperous trading of 1935 contributed to by a greater measure of prosperity in the country, with larger spending power on the part of the public, Entertainment Tax concessions, and continued close association with the Gaumont-British Picture Corporation, whose agreement has been extended.

(6) After paying full year's dividend on the preference shares and an interim dividend of 2½ per cent., actual, on the ordinary shares, balance of £79,277 at credit of profit and loss account. Final dividend of 5½ per cent. now to be paid, making 8 per cent., less tax, for the year. In addition, a capital bonus of 2½ per cent., free of income tax, to be distributed amongst the ordinary shareholders, representing allotment of one new ordinary share, issued as fully paid, for every forty ordinary shares presently held. Amount required to make the bonus distribution, £21,000, to be taken out of reserve, after transferring £25,000 from profit and loss account.

(7) No change of policy foreshadowed, but arrangement with Howard and Wyndham, Limited, has been terminated. Profits already earned during 1936 show substantial improvement.

The report and accounts were adopted.

An extraordinary general meeting was held at the close of the ordinary meeting, when the appropriate resolutions in connection with the issue of bonus shares, including alterations in the articles of association and increase of capital, were passed unanimously.

VICKERS LIMITED

PROGRESS IN ALL DEPARTMENTS

The annual general meeting of Vickers, Limited, was held, on the 3rd instant, in London.

The Chairman (the Hon. Sir Herbert A. Lawrence, G.C.B.), in the course of his speech, said that the net profits for the year were £928,105, an increase of £314,844, compared with 1934. After transferring £242,009 to reserve, the directors recommended the payment of a dividend of 8 per cent. on the ordinary share capital.

Considerable progress, both as regards orders booked and work completed, had been made during the year in all the shipyards and works of the company and its subsidiaries and associated companies. They were still pursuing their policy of bringing all the production plant of the various works and companies up to a condition of full efficiency. One important result of that modernisation was that they were confident that the company could undertake such work entrusted to them under the Government defence programme in a well ordered manner.

They had continued during the year to develop their commercial engineering business and had executed large orders for cement machinery at Barrow Works, where also they had executed many orders for heavy mechanical parts of winders for South African gold mines. Another important commercial engineering product was that of condensing plants for large power stations. At Elswick, in addition to the manufacture of naval and military equipments, they had executed large orders for heavy mechanical presses.

Further marked progress had been made by the English Steel Corporation. For the first time in its history the Corporation had paid a dividend—7 per cent. on the preferred ordinary shares and 20 per cent. (free of income tax) on the deferred ordinary shares.

STAINLESS STEEL INTERESTS

The fusion of the stainless steel interests of the Corporation with those of Thos. Firth and John Brown, Limited, had resulted in a satisfactory return, a dividend having been received during the year at the rate of 12½ per cent. on the capital invested.

APOLLINARIS AND PRESTA, LIMITED

FURTHER PROGRESS OF PRESTA

The thirty-ninth annual general meeting of Apollinaris and Presta, Limited, was held, on the 7th instant, at the Holborn Restaurant, Lord Lurgan presiding.

In presenting the directors' report and accounts for the year ending December 31, 1935, Lord Lurgan referred to the continued difficulties occasioned by the high German exchange and the German transfer moratorium. The company could not continue to pay out £51,000 per annum in respect of its prior charges when they were not earning the money.

HEALTHY FINANCIAL POSITION

A scheme of arrangement had accordingly been entered into with the debenture holders and debenture deferred interest certificate holders, and was now before the Court for sanction, for it was essential to safeguard the financial stability of the company. The cash position was still very good, and so long as the company's finances were maintained in a healthy state, and there was a demand for the excellent articles which the company sold, shareholders need not lose courage.

INCREASED SALES

In seconding the adoption of the report and the accounts, the Managing Director (Mr Francis J. Schilling) referred to the continued good demand for Apollinaris, both at home and abroad, and to the constant increase in the sales of their Presta minerals, fruit squashes and cordials. The new factory at Edenbridge in Kent covered the South of England and supplied the shipping companies, most of which stocked Presta. All advertising expenditure on this new branch of the business had been paid for out of the profits which it earned.

There had been a moderate increase in the profits for the year under review, and they hoped Presta would help to tide the company over the present period of adversity.

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

MYSORE GOLD MINING COMPANY, LIMITED

BEST DIVIDEND SINCE 1917

The fifty-sixth annual general meeting of the Mysore Gold Mining Company, Limited, was held, on the 8th instant, at Southern House, London.

Sir George E. Barnes, K.C.B., K.C.S.I., who presided, said that the results of the fifty-sixth year's working of the company might be contemplated with considerable satisfaction. Compared with the year 1934, 12,000 tons more had been milled, the production of gold showed an increase of 2,205 ounces, the average price realised for the gold was 2s. 11½d. per ounce higher, the total revenue showed an increase of £27,775, while the total working costs, although there had been a substantial increase in the expenditure on development, showed a net decrease of some £8,000. After charging the additional royalty payable to the Mysore Government, the year's operations had resulted in a profit of £254,150, which was £33,298 in excess of the previous year. It had therefore been possible to increase the amount of the dividends to 27½ per cent., as against 25 per cent.—the largest distributed since 1917, while maintaining a strong financial position.

The larger expenditure on development in the mine was attributable to the increase in the amount of work carried out, represented by 23,111 feet opened up as against 16,652 feet, while, with regard to the ore reserves, the increase in the tonnage milled had not affected those very materially. After milling 189,004 tons, the reserves of 422,000 tons of 13 dwt. ore showed a decline of 9,000 tons. On the other hand, the probable ore of low grade, estimated at 283,000 tons, had been increased by 41,000 tons.

Mr Kenneth B. Taylor, M.C., said that with regard to development in depth, as they went down, the ground was becoming more and more favourable for the recurrence of ore shoots. With the experience before them of the Champion Reef company, their neighbour to the north, who were developing at depths considerably below them with such excellent results, he could but feel confident that the experience of Kolar of the recurrence of ore shoots in depth would be repeated in the Mysore mine.

The report and accounts were unanimously adopted.

Owing to the extended use of stainless steels the volume of business undertaken by the new company, Firth-Vickers Stainless Steels, Limited, had increased to such an extent that extensions to the plant had already become necessary.

It was true that the prosperity of Vickers, Limited, was largely dependent upon its ability to secure armament work at home and abroad, but it had to be borne in mind that at their Vickers Works in Sheffield, belonging to the English Steel Corporation, at least 70 per cent. of the turnover was on commercial account, while at Birmingham and Trafford Park 100 per cent. was commercial.

The one hope for the future was that the League should be re-constituted on an economic basis to include those great countries like Germany, Italy, Japan, and the United States of America, and that the nations of the world should unite in seeking a solution of the problem which impeded the recovery of international trade. That was the only sure road to peace in the world to-day, and it was a peaceful world which in the end really benefited great trading concerns like Vickers.

The report was approved.

WESLEYAN AND GENERAL ASSURANCE SOCIETY

CONTINUED PROGRESS

The ninety-fifth annual general meeting of the members of the Wesleyan and General Assurance Society was held, on April 7, 1936, at the Central Hall, Corporation Street, Birmingham, Mr John B. Field, the society's chairman, in the chair.

The Chairman, in the course of his speech, said:—

The new business transacted during the year has been well maintained.

In the ordinary department the total of £1,799,398 new sums assured was a record for the society, and exceeds that for the previous year by over £200,000.

In the industrial department the total issue of 203,041 policies assuring £3,845,010 is very satisfactory.

Annuities were granted securing £4,052 10s. per annum, which is well in excess of the amount granted in any previous year.

The claims and surrender values paid, in all departments, during the year exceeded £1,329,000, making a total payment, since the establishment of the society, of over twenty-four million pounds.

SURPLUSES AND BONUSES

After valuing on more stringent bases, the surpluses in the various departments are as follows: Ordinary £192,023, industrial £253,198, annuity £8,412, sickness £1,334, and capital redemption £8,181. In total the surpluses amount to £463,149. After all allocations have been made, surpluses amounting to £175,470 are carried forward undivided.

In the ordinary department the directors have declared a bonus of 44s. per cent. of the sum assured on whole life assurances, and 38s. per cent. of the sum assured on endowment assurances. These high rates of bonus should give full satisfaction.

In the industrial department we have decided to make additions to the sums payable on claims arising either by death or maturity between April 7, 1936, and April 5, 1937, inclusive. All the society's policies (except certain specified classes) upon which premiums have been paid for ten complete years and over will be entitled to benefit. The additions will be 2½ per cent. of the sum assured for policies of ten years' duration, increasing by ½ per cent. for each subsequent year's duration up to a maximum of 10 per cent. for policies of 40 years' duration and over. The sum of £54,492 has been applied to provide these additions.

INVESTMENTS

The society's assets now exceed £13,800,000, there having been an increase of over £600,000 in the year. A large portion of this new money and of repayments of existing securities has been invested in mortgages, debenture stocks and freehold ground rents, the amounts of which have increased by approximately £250,000, £100,000, and £100,000 respectively. Substantial increases are also shown in municipal securities in the United Kingdom and in Colonial Government and Provincial securities. The yield on the total of the departmental funds is the high rate of £4 15s. 2d. per cent.

The society is a mutual enterprise with no share capital, and it has been built up to its present magnitude by careful administration and the gradual accumulation of its funds.

The report and accounts were unanimously adopted.

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ENGLISH ELECTRIC COMPANY, LIMITED

INCREASED PROFIT—IMPORTANT ORDERS

The seventeenth ordinary general meeting of this company was held, on the 6th instant, in London, Mr G. H. Nelson, M.I.E.E. (chairman and managing director), presiding.

The Chairman, in the course of his speech, said that the excess of liquid assets over current liabilities had increased from £1,278,640 at the end of 1934 to £1,390,938 at the end of 1935.

The trading profit was £262,619, against a trading profit of £172,214 in 1934, and the net result, after providing for prior charges and for depreciation of £53,500, was a credit balance to profit and loss account of £22,463.

Important orders had been received from the Southern Railway for their requirements of electrical train equipment for the next ten years. Of the order for 145,000 h.p. of water turbines, etc., from the Galloway Water Power Company, the first section had been completed and had operated entirely satisfactorily. From the Metropolitan Borough of Fulham for the main switchgear of the Fulham central sub-station, from Sheffield Corporation for a second 30,000 kw. steam turbo alternator, and from Blackpool and Northern Ireland Road Transport Board orders for "luxury tramcars" and omnibuses respectively. The London Passenger Transport Board had given a considerable order for trolley-bus equipments.

Abroad, the Victoria Falls and Transvaal Power Company had given an important order for three 55,000 k.v.a. banks of single-phase transformer units, with on load tap changing gear fully insulated and tested at 180 kw., which is believed to be the highest voltage for which such gear has yet been designed in this country. New Zealand Government Railways had ordered eight large passenger and freight locomotives, each of 1,240 h.p. An order had been received from the Bermuda Electric Light and Power Company for a 3,500 h.p. Diesel engine, which is the largest Diesel engine to be manufactured in this country for industrial purposes.

Since January 1st orders received had been of a greater value than those for the corresponding period of 1935. There were indications that this flow of work would at least be maintained. The outlook, both for the industry and for the company, appears at present more favourable than for many years past.

The report and accounts were adopted.

JOHN BARKER AND COMPANY, LIMITED

STRONG POSITION—GOOD PROSPECTS

The forty-third ordinary general meeting of John Barker and Company, Limited, was held, on the 7th instant, at the company's premises, Kensington High Street, London.

Sir Sydney M. Skinner, J.P. (chairman and joint managing director), in the course of his speech, said:—The year under review has marked an epoch in the company's history in that it has witnessed the demolition of the first section of the main Barker block of buildings. The work of demolition and rebuilding will proceed in sections, and as far as the first section is concerned I am happy to say that the work has proceeded without any setback, and in accordance with the well thought out plans and provisions for the scheme.

In order to accommodate those departments disturbed by the demolition, spacious showrooms have been prepared, fitted and furnished in the new Ball Street premises.

Those showrooms have been liberally stocked with the latest merchandise, and are functioning very satisfactorily. It has been our endeavour to minimise as far as possible any inconvenience to our customers and also any disturbances to our trade during the period of rebuilding. The service given will, we think, continue to justify the company's slogan of "Value for money," and these temporary rearrangements are also in the nature of a happy voyage of discovery for our customers.

As regards trading conditions generally, there was during the year an undoubted improvement. The General Election, however, with its consequent uncertainties, somewhat negated for a time the steady upward trend, but trade quickly recovered from this temporary setback, and subject to unforeseen events the barometer would appear to be at "set fair."

As a practical summary of the situation, I will give you what we may term the "liquid assets position," that is, the balance between the total of our temporary investments, book debts, cash and stock, and the total liabilities to trade and sundry creditors, etc. The balance this year is £924,641, as compared with £809,185. The acid test of the position of a company such as yours is its "liquid assets position," and if favourable, its ability thereby

to take full advantage of any large offers of merchandise on the basis of a "cash down" arrangement.

The gross profit earned during the year was £1,563,223, as compared with £1,500,944. Increases in salaries, wages, commissions and staff maintenance absorbed about £15,000; and rent, rates, taxes, and insurance approximately another £18,000. During the year there was an increase of something like 15 per cent. in the amount of rates levied upon the company. I am not speaking of the additional assessments in respect of the increased space occupied, but of the increase in the actual rate in the pound. I think that you will agree with me that this increase is a serious additional charge upon the income of the company, weighted as it is already with its quota of rates and taxes, and I do hope that the authorities concerned will recognise what a burden these local and Imperial demands are upon industry, and in the near future afford us some amelioration.

The final result of the year's operations is a net profit of £386,791, as compared with £384,338, or an increase of £2,453. Having regard to the circumstances obtaining during the year I hope you will think this result satisfactory.

The directors recommend that we write £50,000 off fixtures, fittings, plant and machinery, that we place £150,000 to rebuilding and modernisation reserve and £10,000 to the pension and benevolent fund; further, that we declare a final dividend on the ordinary shares of 10 per cent., making, with the interim dividend already paid, 15 per cent. for the year. These recommendations, if approved, will leave a balance of £223,791 to be carried forward to the new account, as against £259,123 brought in from last year.

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

RIVER PLATE TRUST LOAN AND AGENCY COMPANY, LIMITED

INCREASED NET PROFIT

The fifty-fifth ordinary general meeting of the River Plate Trust Loan and Agency Company, Limited, was held, on the 6th instant, at the offices of the company, 52 Moorgate, London.

Mr Walter W. Parish, the chairman, presided, and in moving the adoption of the report and accounts said that the net profit for the year amounted to £175,342, or £4,000 higher than the preceding twelve months. The board recommended the payment of ordinary dividends on the same basis as a year ago—namely, 12 per cent. on the "A" shares and 3 per cent. on the "B" shares, adding to the carry-forward £10,300 and increasing that figure to £265,959. That record was the result of the continuation of the policy inaugurated and maintained by Mr Anderson, the far-seeing father of the River Plate Trust Loan and Agency Company, and it was the policy to which the strength of the company's financial position to-day was due. The total of the reserve fund and carry-forward now amounted to £1,565,959. The fall in the company's revenue was solely due to a reduction in the income earned in Argentina, but an offset was provided by an improvement in the income from investments which, coupled with a credit from properties foreclosed, as against a loss a year ago, brought down the net decrease in gross revenue to £4,500; expenses were down by £9,000.

With an estimated income in the current year from British Government funds and debenture stocks equal to that of the past year, and after deducting all expenses in London and interest on the debenture stock, and adding the estimated income from investments in preference and ordinary stocks and shares, there would be, as had been the case a year ago, a comfortable surplus from the estimated investment income towards the dividend on the "A" and "B" shares quite apart from revenue earned in Argentina.

CURRENT YEAR'S HARVEST

The year 1935 had been difficult for cattle breeders, while though maize had provided a bumper crop, the wheat harvest during the past year had hardly fulfilled expectations. It was, however, in the current year's harvest that interest was now centred; it was feared that the export tonnage of wheat in 1936 would show a heavy falling off compared with 1935, while a disappointment had come with the first official estimate of the current maize crop, which was now put at 9,650,000 tons, as against 11,480,000 tons in 1935. In that connection he would like to submit a point for the consideration of shareholders—namely, that the present most complicated and difficult exchange position was the outcome first and mainly of the fall in the world-price of primary commodities on which Argentina was so greatly dependent,

dent, and, second, on the convention between this country and Argentina entered into in 1933. To suggest there was an unlimited amount of exchange at the disposal of Argentina available to meet the demands of all and sundry was an entire misunderstanding. He hoped that before the close of the current financial year the present convention between the United Kingdom and Argentina would have been reconsidered and extended to the advantage of both countries, but until the present convention ran out he did not anticipate any material lessening of exchange difficulties—rather, perhaps, that as a result of anticipated reduction in the total grain export tonnage, the free market rate would become less favourable than to-day.

Economic conditions, however, had a habit of changing more quickly in a country which produced the prime necessities of life than in an industrial country, and a recovery in the Argentine economic position would most assuredly come.

Mr James Anderson seconded the adoption of the report and accounts, which was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the four days ended April 4, 1936, amounted to £11,302,000, against ordinary expenditure of £25,011,000. After allowing for an increase in Exchequer Balances of £58,513, the operations for the week, as shown below, increased the gross National Debt by £13,650 to approximately £7,923 millions.*

(000's omitted)	
2½% Funding Loan	+ 71,200
Public Department Advances	+ 8,800
Land Settlement Repayments	+ 9
Treasury Bills	— 66,183
National Savings Certificates	— 150
N. Atlantic Shipping Issues	— 26
	+ 80,009
	— 66,359

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appeared in the *Economist* for April 4, 1936.

REVENUE		April 1, 1936, to April 4, 1936	April 1, 1935, to April 6, 1935
ORDINARY REVENUE			
Inland Revenue—			
Income Tax	4,594,000	6,901,000	
Sur-tax	840,000	960,000	
Estate, etc., Duties	1,180,000	2,970,000	
Stamps	...	...	
Excess Profits Duty and Corporation Profits Tax	...	...	
Land Tax and Mineral Rights Duty	...	...	
Total Inland Revenue	6,614,000	10,831,000	
Customs and Excise—			
Customs	2,926,000	3,484,000	
Excise	467,000	600,000	
Total Customs and Excise	3,393,000	4,084,000	
Motor Vehicle Duties (Exchequer Share)	1,091,000	1,345,000	
Post Office (Net Receipt)	100,000	1,150,000	
Crown Lands	65,733	64,465	
Receipts from Sundry Loans	38,356	47,591	
Miscellaneous Receipts	...	...	
Total Ordinary Revenue	11,302,089	17,522,056	
SELF-BALANCING REVENUE			
Post Office	500,000	450,000	
Motor Vehicle Duties apportioned to Road Fund	...	...	
Total Self-balancing Revenue	500,000	450,000	
Total	11,802,089	17,972,056	

FOR BANKING IN FINLAND

KANSALLIS-OSAKE-PANKKI

ESTABLISHED 1889

Head Office: HELSINGFORS

OUR NETWORK OF BRANCHES
BY FAR THE LARGEST IN
FINLAND, COMPRISING

189 BRANCHES

ENSURES PROMPT AND EFFICIENT
EXECUTION OF YOUR

COLLECTIONS AND PAYMENT ORDERS

EXPENDITURE

EXPENDITURE	Total Issues out of the Exchequer to meet Payments from	
	April 1, 1936, to April 4, 1936	April 1, 1935, to April 6, 1935
ORDINARY EXPENDITURE		
Interest and Management of National Debt	14,678,229	17,752,500
Payments to Northern Ireland Exchequer	32,501	32,501
Other Consolidated Fund Services	...	...
Post Office Fund	...	...
Total	14,710,730	17,785,001
Total Supply Services (excluding Post Office)	10,300,000	9,150,000
Total Ordinary Expenditure	25,010,730	26,935,001
New Sinking Fund (1928)	...	223,883
SELF-BALANCING EXPENDITURE		
Post Office	500,000	450,000
Road Fund	...	...
Total Self-balancing Expenditure	500,000	450,000
Total	25,510,730	27,608,884

The aggregate revenue and expenditure to April 4, 1936, is shown below:—

FINANCIAL YEAR, 1936-37, APRIL 1, 1936, TO APRIL 4, 1936

(000's omitted)	
Expenditure	25,011
Revenue	11,302
Decrease in balances	99
Net borrowing	13,650
	25,011

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

POSITION OF THE FLOATING DEBT

	April 6, 1935	April 4, 1936	April 4, 1936, Movement 4 days ended
Ways and Means Advances Outstanding—			
Advances by Bank of England	4,500,000	...	...
Advances by Public Departments	32,290,000	27,855,000	+ 8,800,000
Treasury Bills outstanding	806,590,000	696,895,000*	— 66,220,000
Total Floating Debt	843,380,000	724,750,000	— 57,420,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £40,000,000 Treasury bills were opened on April 3, 1936, and the total amount applied for was £76,280,000. Tenders were accepted for Treasury bills at three months dated Monday to Thursday, and Saturday, at £99 17s. 5d., about 56 per cent., and above in full. The average rate per cent. was 10s. 2.78d. The amount allotted was £40,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11.5
April 6	40,000,000	80,390,000	38,000,000	0 17 9.01
July 6	35,000,000	62,745,000	32,000,000	0 16 4.14
October 5	35,000,000	65,260,000	31,510,000	0 15 9.702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1.64
April 5	40,000,000	78,095,000	40,000,000	0 10 2.93
July 5	40,000,000	60,905,000	40,000,000	0 12 4.32
October 4	45,000,000	71,245,000	44,000,000	0 12 8.05
1936				
January 3	35,000,000	68,075,000	35,000,000	0 10 10.72
March 13	45,000,000	70,375,000	45,000,000	0 10 9.24
March 20	40,000,000	81,165,000	40,000,000	0 10 5.15
March 27	40,000,000	64,815,000	40,000,000	0 10 0.23
April 3	40,000,000	76,280,000	40,000,000	0 10 2.78

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended March 14, 1936	688,785	516,589
Week ended March 21, 1936	639,415	479,561
February, 1916, to March 7, 1936	1,254,597,049	987,378,125

At the end of February 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,726,027.

Mr F. Ellinghouse, A.I.S.A., has been appointed secretary to the Birmingham Small Arms Company and to the Daimler Company.

Mr Donald Moir, M.Inst.C.E., has been elected a director of the Great Western of Brazil Railway Company, Ltd.

Mr J. W. Beaumont Pease, chairman of Lloyds Bank, Ltd., has been elected chairman of the committee of London Clearing Bankers for the ensuing year, and Mr Colin F. Campbell, chairman of the National Provincial Bank, Ltd., was elected deputy chairman.

At a meeting of the directors of the Halifax Building Society at Halifax on April 1st, Sir Enoch Hill was re-elected president of the society for the eighth successive year. Brigadier-General Sir Edward N. Whitley was re-elected vice-president.

THE BANKERS' GAZETTE

PROVINCIAL

(000's omitted)

No. of working days :	Week ended April 4.		Month of March			Aggregate Totals January 1 to April 4.	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
BIRMINGHAM.....	2,080	3,358	9,580	10,653	+11.2	33,768	36,898
BRADFORD.....	1,157	1,589	3,794	4,666	+22.9	14,780	17,900
BRISTOL.....	1,281	1,392	4,868	5,533	+13.6	16,434	18,023
DUBLIN.....	5,843	6,866	3,209	3,424	+6.6	76,804	79,905
HULL.....	897	912	3,209	3,424	+6.6	76,804	79,905
LEEDS.....	1,016	1,203	4,280	3,874	-9.4	14,024	13,937
LIVERPOOL.....	776	1,007	2,792	3,114	+11.5	10,054	10,704
MANCHESTER.....	12,673	12,732	42,786	44,900	+6.9	142,025	144,128
NEWCASTLE.....	1,414	1,600	5,493	5,656	+2.9	20,731	18,254
NOTTINGHAM.....	594	704	1,982	2,116	+6.7	6,820	7,617
SHEFFIELD.....	1,233	1,474	3,452	4,289	+24.2	12,860	14,412
	35,140	40,559	108,060	115,751	+7.1	444,460	458,035

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the *Economist* for November 3. Turkey in January 4. Portugal in January 18. Greece, Lithuania, Estonia, Sweden, Egypt in March 28. U.S. Federal Reserve Banks, New York Federal Reserve Banks, Federal Reserve Members, France, South Africa, Australia, India, Roumania, Bulgaria, Latvia, Java in April 4.

BANK FOR INTERNATIONAL SETTLEMENTS.

(In Millions of Swiss Francs.)

ASSETS	Mar. 31, 1935	Dec. 31, 1935	Jan. 31, 1936	Feb. 29, 1936	Mar. 31, 1936
	1935	1935	1936	1936	1936
Gold in bars.....	11.0	24.3	32.8	29.9	24.2
Cash.....	2.6	8.2	17.2	8.5	9.6
Sight funds.....	15.5	15.4	27.6	14.1	13.0
Bills and acceptances:—					
Commercial bills.....	148.5	131.7	145.0	148.0	150.3
Treasury bills.....	214.0	205.7	206.7	211.8	189.3
Time funds:—					
Not exceeding 3 months.....	37.5	33.9	32.4	37.7	36.0
Sundry bills and investments.....	220.3	230.3	230.7	231.2	226.8
Other assets.....	10.5	11.9	12.0	12.4	12.6
LIABILITIES					
Capital paid up.....	125.0	125.0	125.0	125.0	125.0
Reserves.....	17.3	20.9	20.9	20.9	20.9
Special deposits:—					
Annuity trust account.....	154.3	154.4	154.7	154.4	154.3
German Government deposit fund.....	77.1	77.2	77.3	77.2	77.2
French Government guarantee fund.....	61.9	61.9	61.9	61.9	61.9
French Government deposit.....	2.0	2.0	2.0	2.0	2.0
Time deposits of Central Banks:—					
For their own account.....	108.8	108.2	108.4	113.8	113.3
For account of others.....	2.9	3.0	3.0	3.0	3.0
Sight deposits of Central Banks:—					
For their own account.....	23.7	28.3	39.7	45.9	26.0
For account of others.....	22.8	8.1	10.2	9.6	11.3
Other deposits.....	4.3	0.7	3.2	2.6	0.9
Sight deposits—gold.....	10.9	19.9	21.0	23.9	19.1
Miscellaneous items.....	49.6	46.3	48.0	49.2	45.9

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

ASSETS	Mar. 2, 1936	Mar. 9, 1936	Mar. 16, 1936	Mar. 23, 1936	Mar. 30, 1936
	1936	1936	1936	1936	1936
Gold.....	2,801	2,801	2,801	2,801	2,801
Sterling exchange.....	23,979	24,663	24,806	25,147	24,830
Subsidiary coin.....	197	197	195	202	202
Investments.....	1,781	1,784	1,791	1,821	1,828
LIABILITIES					
Bank notes.....	9,893	9,859	9,907	9,979	10,153
Demand liabilities:—					
Government.....	7,115	8,508	8,756	8,602	8,788
Other.....	10,208	9,486	9,375	9,649	9,113
Ratio of reserves to sight liabilities.....	98.4%	98.6%	98.7%	98.5%	98.5%

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

ASSETS	Mar. 11, 1936	Mar. 18, 1936	Mar. 25, 1936	Apr. 1, 1936
	1936	1936	1936	1936
Reserve, of which.....	191,255	191,289	193,031	190,831
Gold coin and bullion.....	180,309	180,002	180,013	180,383
Dominion Government securities.....	108,510	108,757	108,718	108,046
LIABILITIES				
Notes in circulation.....	85,479	85,520	85,662	85,983
Deposits:—				
Dominion Government.....	24,628	21,522	25,433	21,654
Chartered banks.....	183,636	188,818	184,907	184,174
Ratio of reserves to notes and deposit liabilities.....	64.8%	64.3%	64.9%	65.0%

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

ASSETS	Mar. 30, 1935	Mar. 14, 1936	Mar. 23, 1936	Mar. 31, 1936
	1935	1936	1936	1936
Gold.....	80,824	71,707	71,768	71,792
Of which deposited abroad.....	21,818	20,264	20,264	20,264
Reserve in foreign currencies.....	4,250	5,448	5,510	5,435
Bills of exchange and cheques.....	3,806,806	3,796,133	3,850,306	4,258,650
Silver and other coin.....	91,901	204,588	257,072	166,168
Notes of other German banks.....	4,151	2,733	3,093	1,532
Advances.....	66,027	47,261	41,939	55,921
Investments.....	756,628	658,735	660,691	656,371
Other assets.....	605,086	663,395	593,321	603,693
LIABILITIES				
Reserves.....	471,184	471,184	473,561	473,561
Notes in circulation.....	3,663,807	3,664,533	3,843,429	4,267,485
Other daily maturing obligations.....	921,636	572,150	672,896	767,519
Other liabilities.....	209,046	292,193	143,814	157,997
Cover of note circulation.....	2.32%	1.94%	2.01%	1.80%

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

ASSETS	Apr. 4, 1935	Mar. 5, 1936	Mar. 12, 1936	Mar. 19, 1936	Mar. 26, 1936	Apr. 2, 1936
	1935	1936	1936	1936	1936	1936
Gold.....	2,599,495	3,833,314	3,339,886	3,315,290	3,319,358	3,339,417
Silver and other coin.....	69,785	63,586	63,608	65,442	68,166	63,571
Securities.....	974,572	1,180,710	1,184,040	1,168,369	1,181,972	1,194,587
Advances.....	244,517	92,073	84,531	93,628	84,360	78,298
LIABILITIES						
Notes in circulation.....	3,825,019	4,102,248	4,147,449	4,164,895	4,163,421	4,221,975
Deposits: Govt.....	26,564	34,004	15,609	10,237	8,966	37,690
Other.....	231,131	725,746	711,304	659,894	671,741	609,529

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

ASSETS	Apr. 8, 1935	Mar. 9, 1936	Mar. 16, 1936	Mar. 23, 1936	Mar. 30, 1936	Apr. 6, 1936
	1935	1936	1936	1936	1936	1936
Gold.....	674,170	680,268	636,689	705,292	713,628	732,073
Silver.....	19,926	19,681	19,687	19,859	19,475	19,475
Home bills discounted.....	36,187	28,098	24,557	24,407	24,405	24,485
Loans and advances in current account.....	194,933	125,609	126,685	124,184	127,546	127,427
LIABILITIES						
Notes in circulation.....	871,671	769,153	761,919	757,444	781,454	782,043
Deposits.....	75,679	108,655	130,805	141,401	121,337	122,239

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

ASSETS	Mar. 30, 1935	Feb. 29, 1936	Mar. 7, 1936	Mar. 14, 1936	Mar. 21, 1936	Mar. 31, 1936
	1935	1936	1936	1936	1936	1936
Gold.....	1,712,793	1,445,182	1,475,512	1,493,876	1,497,433	1,508,545
Of which held abroad.....	92,442	265,316	276,462	291,649	294,686	304,907
Discounts.....	6,225	164,208	155,059	141,996	138,452	68,624
Bills of the Confederation.....	30,965	78,231	75,631	74,951	74,951	72,651
Advances.....	77,549	69,417	68,210	64,552	63,730	83,813
Securities.....	58,412	44,886	44,886	45,817	45,819	45,371
LIABILITIES						
Notes in circulation.....	1,358,144	1,273,859	1,249,480	1,245,254	1,246,872	1,318,674
Deposits.....	481,138	465,609	512,302	521,435	513,015	411,432

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

ASSETS	Mar. 30, 1935	Feb. 15, 1936	Mar. 7, 1936	Mar. 23, 1936	Mar. 31, 1936
	1935	1936	1936	1936	1936
Coin and bullion—Gold.....	118,537	118,840	118,840	118,840	118,851
Balance abroad and foreign bills.....	44,613	38,571	41,194	43,097	46,360
Funds provisionally placed in gold not included in the gold reserve.....	16,379	66,287	66,287	66,287	66,287
Norwegian and Foreign Government securities.....	35,892	41,170	42,116	41,866	41,736
Discounts and loans.....	232,444	204,318	199,049	198,933	202,212
LIABILITIES					
Notes in circulation.....	322,811	335,204	342,679	345,114	356,965
Deposits at sight.....	79,161	89,649	85,270	82,833	74,665

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

ASSETS	Mar. 30, 1935	Nov. 30, 1935	Dec. 31, 1935	Jan. 31, 1936	Feb. 29, 1936	Mar. 31, 1936
	1935	1935	1935	1936	1936	1936
Gold coin and bullion.....	133,105	117,932	117,936	117,936	117,932	117,936
Loans and discounts.....	131,515	114,318	115,467	114,087	115,043	118,504
Securities.....	153,339	95,811	93,972	84,881	84,105	78,554
Emergency Fund.....	141,782	138,277	137,989	135,259	135,193	136,365
Advances to Treasury.....	34,218	90,541	101,967	60,433	73,270	82,916
LIABILITIES						
Circulation.....	369,037	383,724	383,874	365,239	375,246	370,658
Deposits.....	99,199	64,510	98,944	68,943	66,898	79,836

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

ASSETS	Mar. 30, 1935	Feb. 29, 1936	Mar. 7, 1936	Mar. 14, 1936	Mar. 21, 1936	Mar. 28, 1936
	1935	1936	1936	1936	1936	1936
Gold.....	2,269,324	2,252,966	2,252,936	2,252,935	2,227,698	2,227,687
Silver.....	697,282	694,287	636,323	684,911	686,804	688,854
Discounts.....	1,048,731	1,067,996	1,059,490	1,062,281	1,073,263	1,107,176
Loans.....	1,297,521	1,283,604	1,304,040	1,291,704	1,489,997	1,476,744
Treasury bills.....	77,415	75,998	75,998	75,998	75,998	75,998
Securities.....	38,519	35,365	36,439	36,465	36,021	36,843
LIABILITIES						
Notes in circulation.....	4,560,695	5,196,627	5,308,644	5,261,181	5,224,435	5,171,475
Deposits.....	1,062,153	1,198,495	1,173,804	1,209,622	1,088,202	1,123,002

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

ASSETS	Mar. 23, 1935	Mar. 15, 1936	Mar. 23, 1936	Mar. 31, 1936
	1935	1936	1936	1936
Cash reserve.....	242,170	242,535	242,535	242,546
Gold coin and bullion.....	32,327	85,050	80,792	80,547
Other foreign exchange.....	233,815	218,711	218,878	216,931
Bills discounted.....	624,444	624,444	624,444	624,444
Federal debt.....	913,955	872,972	877,601	848,156
LIABILITIES				
Notes in circulation.....	199,418	293,903	283,702	316,074
Deposits.....	199,418	293,903	283,702	294,041

* In dollar and sterling only. † In accordance with Art. 53 of the Statutes.

CENTRAL BANK OF ARGENTINA.—In paper pesos

Comparisons with previous week—

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1936							
Mar. 12	1%	1%	1%	1%	2%	2%	2%
" 19	1%	1%	1%	1%	2%	2%	2%
" 26	1%	1%	1%	1%	2%	2%	2%
Apr. 2	1%	1%	1%	1%	2%	2%	2%
" 8	1%	1%	1%	1%	2%	2%	2%

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Apr. 2, 1936	Apr. 3, 1936	Apr. 4, 1936	Apr. 6, 1936	April 7, 1936	April 8, 1936
New York, \$	4.86	4.95-96	4.95-95	4.95-95	4.95-95	4.94-95	4.94-95
Montreal, \$	4.86	4.97-98	4.97-97	4.97-97	4.97-97	4.97-97	4.96-97
Paris, Fr.	124.21	75.2-75	75.2-75	75.2-75	75.2-75	74.8-75	74.8-75
Brussels, Bel.	35.00(a)	29.25-30	29.25-30	29.25-30	29.25-30	29.25-30	29.25-30
Milan, Li.	92.46	62.1-62	62.1-62	62.1-62	62.1-62	62.1-62	62.1-62
Zurich, Fr.	25.22	15.19-21	15.19-22	15.19-22	15.18-21	15.17-21	15.17-19
Athens, Dr.	375	521*	521*	521*	521*	521*	520*
Helsinki, Mk.	193.23	226-227	226-227	226-227	226-227	226-227	226-227
Lisbon, Esc.	110	36-37	36-37	36-37	36-37	36-37	36-37
Amst'dm, Fl.	12.107	109-110	109-110	109-110	109-110	109-110	109-110
Berlin, Mk.	20.43	12.29-33	12.30-33	12.29-32	12.27-31	12.27-31	12.27-30
Registered Marks	(c)	44-49	44-49	45-50	45-50	45-50	45-50
Vienna, Sch.	34.58	25-27	25-27	25-27	25-27	25-27	25-27
Bu'pest, Pen.	27.82	16-17	16-17	16-17	16-17	16-17	16-17
Prague, Kc.	164.4	119-120	119-120	119-120	119-120	119-120	119-120
Danzig, Gul.	25.00	26-26	26-26	26-26	26-26	26-26	26-26
Warsaw, Zl.	43.39	26-26	26-26	26-26	26-26	26-26	26-26
Riga, Lat.	25.22	14-15	14-15	14-15	14-15	14-15	14-15
Bucharest, Lei	813.8	670*	670*	670*	670*	670*	669*
Const'ple, Pst.	110	615*	615*	615*	615*	615*	615*
Belgrade, Din.	276.32	213-223	213-223	213-223	213-223	213-223	213-223
Kovno, Lit.	48.66	283-293	283-293	283-293	283-293	283-293	283-293
Sofia, Lev.	673.66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18.159	17-18	17-18	17-18	17-18	17-18	17-18
Oso, Kr.	18.159	19-20	19-20	19-20	19-20	19-20	19-20
Stockholm, Kr.	18.159	19-20	19-20	19-20	19-20	19-20	19-20
Cop'h'gen, Kr.	18.159	22-23	22-23	22-23	22-23	22-23	22-23
Alex'ndria, Pst.	97	17-18	17-18	17-18	17-18	17-18	17-18
Br. India Rup.	18d.	18-18	18-18	18-18	18-18	18-18	18-18
Hong Kong, \$	15-16	15-16	15-16	15-16	15-16	15-16	15-16
Kobe, Yen.	24.58d.	14-14	14-14	14-14	14-14	14-14	14-14
Shanghai, \$	24.58d.	14-14	14-14	14-14	14-14	14-14	14-14
Singapore, \$	24.58d.	14-14	14-14	14-14	14-14	14-14	14-14
Batavia, F.	12.11	7-23	7-23	7-23	7-23	7-23	7-23
Rio, Mil.	15.899d.	2-11	2-11	2-11	2-11	2-11	2-11
B. Aires, \$	11.45	17-18	17-18	17-18	17-18	17-18	17-18
Valparaiso, \$	40	17-18	17-18	17-18	17-18	17-18	17-18
M'video, \$	51d.	22-23	22-23	22-23	22-23	22-23	22-23
Lima, Sol.	17.38	19-20	19-20	19-20	19-20	19-20	19-20
Mexico, Pes.	9.78	17-18	17-18	17-18	17-18	17-18	17-18
Manila, Pes.	124.66d.	24-24	24-24	24-24	24-24	24-24	24-24
Moscow, Rbls.	25.22	25-25	25-25	25-25	25-25	25-25	25-25
B'ngkok, Baht	21.82d.	22-22	22-22	22-22	22-22	22-22	22-22

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 † Pence per unit of local currency. ‡ Par 8.23 1/2 since dollar devaluation on February 1, 1934. § Par, 197.10 1/2 since koruna devaluation on February 17, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4 1/2 sellers. (f) Official rate is \$15 sellers.
 (g) Average remittance rate for importers. Rate for payments to the Bank of England:—(i) For account Controller of Anglo-Italian debts; (j) Under Anglo-Spanish Agreement; (k) under Anglo-Turkish Agreement. (l) Nominal. (m) As from April 2, 1936, 1 Rouble equals 3 French francs. (*) Sellers.

II.—Forward Rates (Closing quotations)

London on	April 2, 1936	April 3, 1936	April 4, 1936	April 6, 1936	April 7, 1936	April 8, 1936
New York, cent.	(a) 1 Month 1 1/2	(a) 1 1/2	(a) 1 1/2	(a) 1 1/2	(a) 1 1/2	(a) 1 1/2
Paris, frs.	(b) 1 Month 1 1/2	(b) 1 1/2	(b) 1 1/2	(b) 1 1/2	(b) 1 1/2	(b) 1 1/2
Amsterdam, c't	(c) 1 Month 1 1/2	(c) 1 1/2	(c) 1 1/2	(c) 1 1/2	(c) 1 1/2	(c) 1 1/2
Brussels, cent.	(d) 1 Month 1 1/2	(d) 1 1/2	(d) 1 1/2	(d) 1 1/2	(d) 1 1/2	(d) 1 1/2
Geneva, cent.	(e) 1 Month 1 1/2	(e) 1 1/2	(e) 1 1/2	(e) 1 1/2	(e) 1 1/2	(e) 1 1/2
Milan, lire	(f) 1 Month 1 1/2	(f) 1 1/2	(f) 1 1/2	(f) 1 1/2	(f) 1 1/2	(f) 1 1/2

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

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

OVERSEAS BANK RATES

Changed	From	To	Changed	From	To
Albania	Nov. 16, 1933	7 1/2	Madrid	July 15, 1935	5 1/2
Amsterdam	Feb. 4, 1936	8	Oslo	May 24, 1933	4 1/2
Athens	Oct. 14, 1933	7 1/2	Paris	Mar. 23, 1936	3 1/2
Batavia	July 1, 1935	4 1/2	Prague	Jan. 1, 1936	3 1/2
Belgrade	Feb. 1, 1935	6 1/2	Pretoria	May 15, 1933	4 1/2
Berlin	Sept. 22, 1932	5 1/2	Tallinn	Oct. 1, 1935	5 1/2
Brussels	May 14, 1935	2 1/2	Riga	Jan. 1, 1933	6 1/2
Bucharest	Dec. 15, 1934	8 1/2	Rome	Sept. 9, 1935	4 1/2
Budapest	Aug. 28, 1935	3 1/2	Sofia	Aug. 15, 1935	7 1/2
Calcutta	Nov. 28, 1935	4 1/2	Stockholm	Dec. 1, 1933	3 1/2
Copenhagen	Aug. 21, 1935	2 1/2	Swiss Bank	May 2, 1935	2 1/2
Danzig	Oct. 21, 1935	6 1/2	places	May 2, 1935	2 1/2
Helsingfors	Dec. 3, 1934	4 1/2	Tokio	July 2, 1933	3-65 3-285
Kovno	Jan. 1, 1934	7 1/2	Vienna	July 10, 1935	4 1/2
Lisbon	Dec. 13, 1934	5 1/2	Warsaw	Oct. 26, 1933	6 1/2
New York Fed.	Reserve Feb. 1, 1934	2 1/2	Irish	June 30, 1932	3 1/2

Central Bank of Chile.—Discount rate for member banks, 4 1/2%; discount rate for the public, 6%. (a) 5 1/2% applied to banks and credit institutions. (b) 6% applied to private persons and firms.

NEW YORK MONEY AND EXCHANGE RATES

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

April 10, 1935	Mar. 11, 1935	Mar. 18, 1935	Mar. 25, 1935	Apr. 1, 1935	Apr. 7, 1935
Call money	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Time money (90 days' mixed coll.)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptances	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Members—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-mem.—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Commercial accept., 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

Rates of Exchange, New York on—	Par Level	April 10, 1935	Mar. 25, 1935	April 1, 1935	April 7, 1935
London—					
60 days	Dollars for £1	4.8337	4.8337	4.8337	4.8337
Cable		4.8337	4.8337	4.8337	4.8337
Cheques		4.8337	4.8337	4.8337	4.8337
Paris	Cents for 1 franc	6.63	6.63	6.63	6.63
Brussels	Cents for 1 belga	23.54	16.94	16.97	16.945
Switzerland	Cents for 1 franc	32.67	32.39	32.73	32.66
Italy	Cents for 1 lira	8.91	8.32	7.96	7.93
Berlin	Cents for 1 mark	40.33	40.31	40.39	40.31
Vienna	Cts. for Austrian shg.	23.82	18.85	18.85	18.77
Madrid	Cents for 1 peseta	32.67	13.75	13.70	13.68
Amsterdam	Cents for 1 guilder	68.06	67.55	68.20	68.04
Copenhagen	Cents for 1 kroner	21.68	22.17	22.17	22.10
Oslo	Cents for 1 kroner	24.38	24.95	24.95	24.88
Stockholm	Cents for 1 kroner	25.01	25.60	25.60	25.525
Athens	Cents for 1 drachma	1.29	0.94	0.94	0.94
Montreal	Cents for Can. \$1	169.31	99	99	99
Yokohama	Cents for 1 yen	84.40	28.41	28.92	28.92
Shanghai	Cents for 1 dollar	38.12	30.12	30.12	30.00
Calcutta	Cents for 1 rupee	61.80	36.60	37.52	37.41
Buenos Aires	Cents for 1 peso	32.30	33.08	33.09	32.99
Rio de Janeiro	Cents for 1 milreis	11.96	8.16	8.36	8.34

SOUTH AFRICAN EXCHANGE RATES

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

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period April 1st to 10th at 138.78 per cent. The previous rate was fixed as from March 21st at 139.11 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

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

Bolivia.*	"Export" market selling rate fixed at 50 bolivianos per £ as from April 1, 1936.
Colombia.*	Sight rate, 175 pesos per 100 United States dollars on March 17, 1936. This rate applies to holders of permits buying in the "open" market.
Ecuador.	Sight selling rate on New York was maintained in February at 10.50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
Salvador.	Sight rate on March 26, 1936, 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York, 3.97 bolivares per United States dollar, on March 24, 1936.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

		London on Australia and New Zealand				Australia and New Zealand on London*			
		Buying		Selling		Buying		Selling	
		Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand
F.T.		...	...	125	124	125	124	125½	124½
		Air Mail	Ord. Mail	Air Mail	Ord. Mail	Air Mail	Ord. Mail	Air Mail	Ord. Mail
Sight.....		128½	128½	125½	125½	124½	124½	123½	123½
90 days...		126½	126½	125½	125½	124½	124½	123½	123½
60 days...		127½	127½	126½	126½	124½	124½	123½	123½
90 days...		127½	127½	126½	127	124	123½	122½	124½

MITCHELLS AND BUTLERS, LTD. (BIRMINGHAM).—The directors declared on April 2nd the following interim dividends, which will be paid on May 14, 1936: (1) On the "A" and "B" preference shares at the rate of 3 per cent., less income tax, on account of the year ending September 30, 1936; (2) on the ordinary shares 6 per cent., free of tax, on account of the year ending September 30, 1936; (3) on the 7 per cent. maximum ordinary shares at the rate of 3½ per cent., less income tax, on account of the year ending September 30, 1936.

THE INDO-CHINA STEAM NAVIGATION COMPANY, LTD.—Annual general meeting will be held in Hongkong April 22nd. Loss on working of steamers for 1935, £27,347 11s. 6d.; general charges, £7,637 17s. 5d.; pensions (debit), £10,490 17s. 7d.; interest (debit), £9,507 11s. 10d.; depreciation, nil. After taking into consideration the above, together with £676 0s. 3d., brought forward from year 1934; exchange adjustment, £20,461 4s. 3d.; transfer fees, £37 8s. 11d.; net gain on units sold, £131 2s.; charges over-provided previous year, £7,000, and transfer of £28,000 from general reserve, there is a balance of £1,321 17s. 1d. to carry forward. The transfer books will be closed from April 15 to May 6, 1936, both days inclusive.

BANQUE FRANCO-SERBE.—The accounts for the year 1935 of this bank (which is an affiliation of the Ottoman Bank and the Banque de Paris et des Pays-Bas) show a profit of Frs. 604,391.06 making, with the amount brought in from the previous year, Frs. 1,508,738.73 available for distribution. After the transfer to legal reserve, it is proposed to place Frs. 1,000,000 to a special provision account and to carry forward Frs. 478,519.18. The annual general meeting has been fixed for April 27, 1936.

STEWARTS AND LLOYDS, LTD.—The profits of the company after providing for debenture interest and taxation, but before providing for depreciation for the year ending December 31, 1935, amount (subject to final audit) to £800,534. The directors have decided to recommend payment of the following dividends:—(1) On the 6 per cent. cumulative first preference shares of £1 each at the rate of 6 per cent. per annum for the half-year ending December 31, 1935, less income tax. (2) On the 10 per cent. cumulative second preference shares of £1 each at the rate of 10 per cent. per annum for the half-year ending December 31, 1935, less income tax. (3) On the 5 per cent. cumulative third preference shares of £1 each at the rate of 5 per cent. per annum for the half-year ending

December 31, 1935, less income tax. (4) (a) On the deferred shares a dividend of 1s. per share for the year ending December 31, 1935, less income tax. (b) On the liaison deferred shares a dividend at the same rate relatively as the deferred shares. The annual report will be issued on or about May 4, 1936.

THE UNION STEEL CORPORATION (OF SOUTH AFRICA), LTD. (Incorporated in the Union of South Africa).—The directors have declared a dividend of 8 per cent. on the cumulative participating preference "A" and "B" shares for the year ending December 31, 1935, and a dividend of 2½ per cent. on the ordinary shares. The transfer books will be closed from April 17 to 20, 1936, both days inclusive, and the dividend warrants will be posted May 29, 1936, to shareholders registered of April 16, 1936.

W. G. FRITH AND COMPANY, LTD.—The profit for the period November 1, 1934, to February 29, 1936, after deduction of directors' remuneration and fees and depreciation amounted to £10,995 1s. 6d. The directors have decided to appropriate the sum of £1,026 14s. 4d. to extinguish preliminary expenses; £1,675 1s. 4d. to the reduction of goodwill; and at the annual general meeting to be held on May 6th at Winchester House, to recommend a dividend at the rate of 6½ per cent. less tax on the 5s. ordinary shares, leaving a balance of £1,125 4s. 7d. to be carried forward. The warrants will be posted on May 7, 1936.

CIVIL SERVICE SUPPLY ASSOCIATION, LTD.—The net profits for the year ending February 29, 1936, subject to final audit, are £62,971 10s. 9d. against £52,069 18s. 5d. for the previous year. After paying debenture interest, etc., there is left £60,993 11s. 5d. against £50,055 19s. 9d. last year. It is proposed to recommend a dividend on the "A" shares of 4 per cent. against 2½ per cent. last year, to write £16,919 16s. 8d. off the cost of the recent debenture conversion, to transfer £4,000 to reserves, and to carry forward £25,916 against £33,775 last year.

BARRY AND STAINES LIMELOUM.—A final dividend of 7½ per cent., less tax, is announced by Barry and Staines Limeolum. This makes 12½ per cent., less tax, for the year to January 31st last, compared with 10 per cent. in the previous year. An allocation of £25,000 is again made to special reserve, leaving the carry-forward up from £83,764 to £85,295.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation				Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit
					Prefce.	Ordinary	Rate			
					Amount	Amount	Rate			Dividend
Banks										
Bank of Scotland.....	Feb. 29	252,316	316,092	568,408	£	209,250	18	105,000	254,158	310,887
Financial Land, etc.										
London and National Property	Dec. 31	4,183	61,341	65,524	...	60,000	6½	...	5,524	61,108
Slough Estates	Dec. 31	30,393	76,286	106,679	...	56,962	12½	19,000	30,717	70,094
Iron, Coal and Steel										
Hadfields, Ltd.	Dec. 31	50,516	116,695	167,211	10,463	54,050	7½	...	102,698	93,996
Motor and Cycle.										
Ford Motor.....	Dec. 31	523,083	1,497,567	2,020,650	...	348,750	5	900,414	771,486	1,367,615
Oil										
Maritime Oilfields	Dec. 31	246	7,383	7,629	...	6,905	9	...	724	5,056
New Brunswick Gas and Oil.	Dec. 31	11,718	16,465	28,183	5,580	3,720	6	6,577	12,306	8,110
Rubber										
Amherst Estates (Selangor)	Dec. 31	2,506	4,030	6,536	...	3,121	3	1,500	1,915	5,185
Ayer Kuning (F.M.S.)	Dec. 31	20,638	10,813	31,451	...	10,500	7½	...	20,951	10,573
Cluny	Dec. 31	3,176	929	4,105	...	1,085	2	...	3,020	2,117
F.M.S. Planters	Dec. 31	16,485	16,384	32,869	...	14,700	6	2,000	16,169	18,787
Glen Bervie	Jan. 31	534	401	935	...	...	...	400	535	...
Hidden Streams.....	Dec. 31	1,811	698	2,509	...	1,056	4	...	1,453	2,350
Highlands and Lowlands....	Dec. 31	37,978	18,694	56,672	...	17,989	7½	...	38,683	22,203
Jasin (Malacca)	Dec. 31	4,926	3,122	8,048	...	3,000	5	...	5,048	5,448
Johore River	Dec. 31	3,282	4,069	7,351	...	3,340	4	650	3,361	5,040
Karak	Dec. 31	2,742	1,135	3,877	...	1,316	2½	...	2,561	4,225
Lanadron	Dec. 31	5,979	8,829	14,808	...	8,370	3	1,200	5,238	12,619
Lavant	Dec. 31	2,303	Dr. 1,111	1,192	...	...	...	...	1,192	2,386
Ledbury	Dec. 31	6,813	4,733	11,546	...	4,208	5	731	6,607	8,352
Medini	Dec. 31	3,994	1,855	5,849	...	2,500	5	...	3,349	3,955
Rahman	Dec. 31	396	540	936	...	581	2	...	355	861
Selangor	Dec. 31	14,503	6,981	21,484	...	6,000	5	93	15,391	8,440
Strathmore	Dec. 31	5,974	7,029	13,003	...	5,486	2½	3,500	4,017	9,108
Sungei Salak	Dec. 31	6,976	5,917	12,893	...	6,000	5	1,228	5,665	11,351
Sungei Way (Selangor).....	Dec. 31	16,430	13,326	29,756	...	12,907	5½	487	16,362	16,033
Shipping										
King Line	Dec. 31	25,706	28,548	54,254	...	...	...	31,708	22,546	18,301
Shops and Stores										
United Drapery Stores	Feb. 29	8,477	37,788	46,265	...	31,000	4	...	15,265	29,891
Telegraphs, etc.										
Marconi International	Dec. 31	13,250	90,118	103,368	...	89,454	7½	...	13,914	120,892
Textiles										
Jackson and Steeple.....	Dec. 31	Dr. 45,409	Dr. 7,185	Dr. 52,594	...	...	...	...	Dr. 52,594	Dr. 5,879
Trusts										
Alliance Trust.....	Jan. 31	34,354	316,893	351,247	76,180	180,952	22	50,000	44,115	298,266
Friars Investment	Feb. 15	8,202	21,688	29,890	...	17,616	3	5,000	7,274	21,327
Second Scottish American...	Mar. 2	51,096	46,166	97,262	9,400	29,767	19	35,000	23,095	42,725
Other Companies										
Blythe (William) & Co.....	Dec. 31	5,609	29,121	34,730	4,427	13,206	10	11,871	5,226	30,894
British Timken	Dec. 31	17,405	61,122	78,527	...	19,375	10	38,500	20,652	48,652
Browne and Eagle.....	Dec. 31	16,671	35,454	52,125	6,250	12,500	10	15,000	18,375	28,701
Goldsmiths and Silversmiths	Jan. 31	34,382	16,963	51,345	21,313	...	...	...	30,032	9,747
Jenson and Nicholson.....	Dec. 31	12,003	34,686	46,689	34,063	4,032	10	5,298	3,296	28,321
Jurgens, Limited	Dec. 31	130,067	284,263	414,330	135,625	116,250	6	...	162,455	265,147
Lloyd (Edward)	Dec. 31	75,477	250,036	325,513	139,000	112,000	7½	...	74,513	195,155
Ruberoid Co.	Dec. 31	...	12,966	12,966	3,503	...	...	...	9,463	...
Tayside Floor Cloth	Feb. 29	31,929	22,072	54,001	...	15,500	12½	...	33,501	21,432
Van den Berghs	Dec. 31	91,875	361,274	453,149	230,659	87,188	15	10,000	125,302	323,965
Wimpey (George) and Co. ...	Dec. 31	10,752	93,215	103,967	9,000	33,000	20	33,000	13,967	94,414
						15,000	(1)			(1)

† Free of Income Tax.

(1) Represents bonus of one new share for each eleven held.

REPORTS AND NOTICES

BANKS

GUARANTY TRUST COMPANY OF NEW YORK.—Statement as of March 31, 1936, shows deposits \$1,488,284,606.87, as compared with \$1,268,883,103.48, at the corresponding quarter a year ago, March 31, 1935. The Company's total resources are \$1,812,633,568.65, as compared with \$1,581,795,947.01 a year ago. Capital and surplus remain unchanged at respectively \$90,000,000.00 and \$170,000,000.00. Undivided profits are \$7,317,042.28, as compared with \$7,131,578.78 on March 31, 1935.

BROWN BROTHERS HARRIMAN AND COMPANY.—The financial statement, dated March 31, 1936, shows an increase in both deposits and loans and advances as compared with the position at the end of 1935. Total deposits, at \$43,898,704, compare with \$43,733,519 on December 31, 1935, demand deposits increasing from \$38,400,613 to \$38,808,940. Loans and advances, at \$16,181,732, compare with \$12,336,196 three months ago. Capital and surplus have increased from \$11,167,837 to \$11,409,427. Total assets at March 31, 1936, were \$72,780,499, against \$74,119,082 at the year-end.

MINES

DE BEERS CONSOLIDATED MINES, LTD.—The report for 1935 discloses an unappropriated balance at end of 1934 of £1,038,313. The diamond account amounted to £1,520,111. Add £1,369,100 for interest and dividends on investments. Profit on investments realised £79,142. Income from other sources £7,579, making total £4,014,243. Expenditure £853,570, leaving £3,160,673. Deduct premium on debentures redeemed £60,365. Blue ground purchased from Koffyfontein Mines (written off) £195,125. Six months' preference dividend to June 30, 1937, £400,000. Reserve for allowances to retired employees £596,908. Reserve for expenditure on machinery and plant £251,252. General reserve £1,602,180. Unappropriated balance at end of 1935 £54,843.

MISCELLANEOUS

FIRST CO-OPERATIVE INVESTMENT TRUST, LTD.—Accounts for the half-year ended January 31, 1936, show a net revenue, after providing for all expenses, interest, preference dividend and income tax, and crediting £2,000 from a reserve not now required, of £24,565 2s. 11d. The directors recommend a final dividend of 2 per cent. (actual) on the ordinary shares, making 3 per cent. for the year (the same as a year ago), and the amount carried forward

is increased over the year from £8,108 4s. 7d. to £10,183 17s. 5d. According to a valuation of the investments as at January 31, 1936, the depreciation (after allowing for reserves and carry forward) was 36.76 per cent. (compared with 40.30 per cent. a year ago). More than 97 per cent. (in value) of the investments have a published quotation.

UNITED STATES STEEL CORPORATION.—Balance of undivided surplus, December 31, 1934, exclusive of profits earned by subsidiary companies on inter-company sales of products on hand in inventories, per annual report for 1934, \$258,575,627.88; less net deficit in year 1935, \$6,058,913.69. Balance of earned undivided surplus, December 31, 1935, exclusive of profits earned by subsidiary companies on inter-company sales of products on hand in inventories, \$252,516,714.19. Total preferred dividend, 2 per cent., \$7,205,622.00. Cumulative dividend arrearages on preferred stock to the date of the latest payment amount to 16½ per cent., or \$58,545,678.75. No dividend declarations have been made on common stock since that paid March 30, 1932.

SUNDAY PICTORIAL NEWSPAPERS.—Sunday Pictorial profits for year ended February 29, 1936, after an unstated allocation to contingencies reserve, amount to £216,696, against £212,339. Provision for pensions is again £5,000 and the ordinary dividend is repeated at 12½ per cent. for the year. Reserve receives £20,000, the same as in 1934-35, and £91,215, against £70,769, is carried forward.

A. REYROLLE AND COMPANY, LTD.—A. Reyrolle and Company, Ltd., reports a total profit for 1935 of £182,573, and a net profit of £114,336, compared with £178,913 and £103,303 respectively for 1934. The ordinary dividend is unchanged at 12½ per cent., but the allowance for development expenditure is £30,000, against £20,000, and the carry-forward £118,893, against £115,858.

TANKERS' SCHEME WITHDRAWN.—At a meeting of Tankers, Ltd., held March 31st, it was decided to withdraw the reorganisation plan without recourse to voting. A committee was appointed representative of all classes of capital, viz., preference shares, funding certificates and ordinary shares, with powers to consult with the board of directors in formulating fresh proposals.

PORTMAN BUILDING SOCIETY.—The report for 1935 states that the business transacted during the year has again proved highly satisfactory, notwithstanding the various adverse conditions with which building societies in general have had to contend. Share capital stands at £2,881,026. Total assets, £4,384,978; deposit balances, £1,095,634; mortgage assets, £4,319,273; general reserve, £225,000; number of accounts, 24,200.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE majority of commodity markets were featureless during the past week owing to the approach of Easter.

The improvement in the markets in provisions and meat, noticeable last week, was maintained. At the Mincing Lane tea auctions there was some evidence of a better demand. On the other hand, quotations for raw sugar and wheat tended to sag.

Business in iron and steel materials was as active as ever, and there were no signs this year of the usual lull in activity before Easter. Home demand for coal continued above last year's level, but export business remained dull. Among non-ferrous metals, the market in copper was firm, but lead, spelter and tin were cheaper than a week ago. The market in vegetable oils was dull, but quotations for rubber were firm. Prices of textile raw materials varied within narrow limits. Quotations for jute manufactures remained depressed owing to the prospect of increased production in India as a result of the failure of the Indian Jute Mills Association to secure the adherence of the non-member mills to the restriction of working hours. Demand for Lancashire goods showed a slight improvement.

The trend of quotations for primary products in the United States was downwards. Thus Moody's index of the dollar prices of staple commodities stood at 168.8 on Wednesday, against 169.8 a week earlier, 170.0 a month ago and 152.5 on the corresponding day last year.

COAL

SHEFFIELD.—The market for best steam coal continues strong, but the position of other sorts is rather easy despite the reduced quota. Export trade is slow, shippers being reluctant to place forward business at the current high prices. There is, however, a fair inquiry for prompt shipment. Demand for house coal is less brisk. The revision of quotations has checked forward business in blast-furnace coke, but current production is being taken by the ironmasters.

Quotations: Best South Yorkshire steams, 19s. to 19s. 6d.; Derbyshire steams, 17s. 9d. to 18s. 3d.; washed coking smalls, 14s. 6d. to 15s.; screened gas coal, 19s. to 20s. 6d.; slacks, 9s. 6d. to 13s. (all f.o.b.); best South Yorkshire house, 23s. to 24s.; Derby-

shire house, 22s. to 23s.; blast-furnace coke, 18s. to 19s. (at pits and ovens).

NEWCASTLE-ON-TYNE.—Export trade of North East collieries is no better but coastwise shipments are good. Northumberland steam collieries are comfortably booked for the next few weeks, the colder weather of the last few days having given a stimulus to domestic consumption. Durham coking and gas collieries continue to have difficulty in working regularly owing to the lack of export trade. Local industrial demand is brisk, and this is of great help to certain collieries. Coke of all descriptions is very firm, home requirements absorbing all available supplies.

Current f.o.b. prices for export: NORTHUMBERLAND.—D.C.B. screened, 16s.; smalls, 13s.; Howards, Bentinck, Newbigin, screened, 15s. 6d.; smalls, 13s.; Tyne Prime large, 14s. 6d.; smalls, 12s

Lambton/South Hetton screened steam, 15s.; smalls, 13s. 6d.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 8d.; second-class gas, 13s. 6d.; coking, unscreened and/or smalls, 13s. 3d.; Prime unscreened bunkers, 15s.; second-class unscreened bunkers, 14s.; Prime foundry coke, 24s.; Newcastle and District gas coke, 24s. 6d.

CARDIFF.—The approach of the Easter holidays has not led to any material expansion in the volume of coal shipments from South Wales docks. Last week exports in the foreign and coastwise trades totalled 305,300 tons, compared with 290,000 tons the previous week, and 356,085 tons in the corresponding week last year; but although market conditions are listless, the tonnage in dock at the beginning of the present week was slightly greater than it was a week ago. The only favourable feature is the strength of sized, washed and other small coals, and because of the shortage of supply it has been decided to establish a uniform price both for summer and winter deliveries to Ireland. The threatened stoppage in the anthracite coalfield has been averted, and it is hoped that the new conciliation machinery for the settlement of local differences will lead to a permanent improvement in the relations of employers and workmen. It is now officially confirmed that the French Government has agreed to transfer the control of licences from Paris to this country and the necessary arrangements are being made. The proposed draft scheme for the central control of selling has met with opposition both from colliery firms and the Mines Department, and it is not likely to be ready for submission for the approval of the Board of Trade till towards the end of the present month.

Current approximate quotations: Best Admiralties, 19s. 6d. seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 6d.; Black Veins, 18s. 3d.; Western Valleys, 17s. 6d. to 17s. 9d.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. 6d. to 14s.; seconds, 13s. to 14s.; coking smalls, 14s. 3d. to 14s. 6d.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s. 9d.; rubbly culm, 11s. 6d. to 12s. 6d.; special foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship, French 24s. 3d.; Portuguese 21s. to 21s. 6d.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that demand is so active that the usual slowing down of business before the Easter holidays has not been noticeable this year. Practically all departments of the steel trade are busy and have orders in hand which will keep them well employed for some months to come.

In the pig iron department the situation is difficult, for demand is in excess of supply and stocks have been seriously depleted. Producers are not anxious to add to orders in hand, since in most cases production is sold till the end of the half-year. Consumers are well covered; but there is a considerable business offering in small supplementary parcels. Business in semi-finished steel is held in check by the inability of the British manufacturers to accept all the orders. Despite increased supplies of Continental semi-finished steel which have been made available for the home market, demand is not entirely satisfied. Few manufacturers are able to accept orders for near delivery, and most of the business passing of late has been in the renewal of contracts. In the finished steel section, works are operating practically at capacity and a heavy tonnage of steel is passing into consumption. Export business has shown some improvement lately; but demand from overseas has been irregular.

MIDDLESBROUGH.—The iron market continues strong. Supplies of foundry iron are strictly limited, whilst the price of hematite is understood now to be official for No. 1 grade at 77s. per ton delivered locally. An additional furnace has been started on basic iron, and one furnace transferred from the production of basic to hematite iron.

No increases have so far been made in finished steel prices. The demand for all classes continues unabated and further orders for new ships, placed recently on the East Coast, are benefiting the steel departments producing shipbuilding material. Heavy steel scrap is quoted at 57s. 6d. per ton delivered works, whilst good Durham blast furnace coke is now called 24s. per ton delivered here.

SHEFFIELD.—Apart from certain alloy steels, which do not constitute a tonnage trade, the steel industry has registered further expansion and the present output of the works and the booking of orders exceed those of any previous time in Sheffield's history. Nearly every kind of rolled and forged material is in short supply. Scarcity is the prevailing condition and the problem is no longer one of securing business but of executing orders. Prices tend to harden, but there have been no considerable increases. Production is being hindered by the short supply of skilled men in rolling, forging and engineering processes. The ranks of these craftsmen have been seriously depleted by years of slack trade and there are but few learners. Overtime and week-end working are fairly general. Makers of tools are producing at their maximum capacity and considerable quantities of precision engineers' small tools are coming from the United States and Germany. Nevertheless, users cannot get supplies promptly. The output of the open-hearth furnaces goes immediately into consumption and there is no surplus. An enormous quantity of scrap is being consumed but home supplies are being supplemented by large imports from America. There is, consequently, no scarcity and prices keep steady. Demand for silver and plated goods has improved slightly in anticipation of the resumption of social functions. The position of cutlery is rather patchy and order books are not well filled as a rule.

GLASGOW.—Further substantial orders have been placed with Clyde yards. In addition to the Admiralty work, which it is understood will be placed almost immediately, orders for motor tankers have been placed with other yards. Consequently, there is every prospect of regular employment for a long time to come for a substantial proportion of the workers in the industry. Steel-makers are as busy as ever, with much work on hand and a large volume of inquiries. In the sheet trade, home business is exceedingly good and plants are running near capacity. In practically all branches of the iron and steel trade the bulk of the business is on home account. Demand for wrought iron, which has been in evidence for some time, continues to increase and the various works in Lanarkshire are fairly busy.

CARDIFF.—Conditions in the South Wales iron and steel trades are unchanged. On the Swansea Metal Exchange on Tuesday transactions were comparatively few, but no little apprehension was expressed concerning the reported intention of Richard Thomas and Company, Ltd., to instal new tinplate works on the site of the Northamptonshire iron ore field recently acquired from the Ebbw Vale Steel, Iron and Coal Company. Prices of tinplates, galvanised sheets, and steel bars are unaltered. At the Swansea docks last week shipments of tinplates totalled 62,586 boxes compared with 44,524 boxes at the corresponding period last year, while stocks in warehouses and vans totalled 132,497 boxes as against 172,734 boxes.

OTHER METALS

COPPER.—The improvement recorded last week was well maintained and, at the close on Tuesday, prices showed a further gain on the week. After the holidays, demand from consumers is expected to expand; stocks are not large and a restocking movement would appear to be inevitable when consumption experiences its normal seasonal increase. The decision to prolong the restriction scheme—mentioned here last week—had a favourable influence upon the sentiment of the market, and last week's fall in official warehouse stocks had a similar effect.

Sales on the London Metal Exchange: 1,750 tons on Monday, against 1,850 tons last week; 1,150 tons on Tuesday, against 2,700 tons last week. Domestic spot was quoted at 8-87½ cents per lb. in New York on Tuesday, against 8-85 cents a week ago and 8-82½ cents a month ago. Tuesday's official closing price for standard cash in London was £36 12s. 6d. to £36 13s. 9d., compared with £36 8s. 9d. to £36 10s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 65,237 tons, show a decrease of 2,287 tons, while stocks of rough copper, at 7,535 tons, show a rise of 385 tons on the week.

LEAD AND SELLER.—Under the influence of heavier offerings and a slackening demand, the price of lead suffered a considerable decline; prospects, however, remain favourable. Spelter prices also eased, owing to the absence of any definite indication of an early renewal of the International Cartel. It is learned, however, that negotiations to this end may shortly be resumed.

Sales of lead on the London Metal Exchange: 950 tons on Monday, against 950 tons last week; 1,150 tons on Tuesday, against 1,100 tons last week. The New York quotation on Tuesday was 4-60 cents per lb., against 4-60 cents a week ago and 4-60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £16 2s. 6d. per ton, compared with £16 7s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 200 tons on Monday, against 400 tons last week; 100 tons on Tuesday, against 200 tons last week. Tuesday's quotation in East St. Louis was 4-90 cents per lb., against 4-90 cents the week before and 4-90 cents a month earlier. Tuesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £15 7s. 6d. per ton, against £15 12s. 6d. last week.

TIN.—Prices hardened slightly at the end of last week, but there was a reaction on Tuesday. Meanwhile, turnover remains moderate and stocks in this country continue their downward trend. It is understood that the members of the International Tin Committee had conversations in London on Monday and Tuesday regarding the prolongation of the scheme after the end of the year. Although nothing is officially known concerning the results of these discussions, it is learned that no agreement has yet been reached as to the terms upon which Siam and the Belgian Congo would enter the scheme. Meanwhile, exports of tinplate scrap from the United States are prohibited from April 16th to July 1st. After the latter date exports will be permitted under licence. This measure affords fresh evidence of a desire in the United States to foster the domestic tin smelting and de-tinning industry. Hitherto, exports of tinplate scrap from the United States have been consigned almost exclusively to Japan, where wages in the de-tinning industry were about ten times smaller than in America. New de-tinning processes have recently been developed in the United States, which are stated to be much more economical than those employed hitherto. But it is evident that the ban on exports of the scrap is due to the intervention of the War Department.

Sales of tin on the London Metal Exchange: 330 tons on Monday, against 85 tons last week; 335 tons on Tuesday, against 240 tons last week. The New York quotation on Tuesday was 47-12½ cents per lb., against 47-55 cents a week ago and 48 cents a month ago. Tuesday's official closing quotation in London for standard cash was £212 10s. to £212 15s. per ton, compared with £213 to £213 5s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 369 tons, a decrease of 42 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickels

for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 12s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £62 to £63 per ton ex warehouse, duty paid, the same as last week. Chinese wolfram for April-May shipment was quoted at 33s. 9d. to 34s. 3d. per unit, c.i.f., the same as last week. Platinum (refined) was maintained at £7 per ounce.

TEXTILES

COTTON.—Manchester. — There has been no noticeable change in market conditions. The feature in the raw cotton market has been the announcement by the United States Government that 1,000,000 bales of "loan" cotton is to be released. The price of cotton which came under the 12 cent per lb. loan scheme will not be less than 11½ cents per lb., and that of cotton which came under the 11 cent loan scheme will not be less than 10½ cents per lb. Under this plan the Government may lose 10 million dollars. The arrangements seem likely to "peg" the price for the time being. The spot position in Liverpool remains tight, and certain qualities of cotton cannot be easily obtained. Trade is being impeded, however, by the discount on new crop futures. Future prices are, of course, a good deal dependent upon the weather in the belt during the growing season.

There has been more activity in the cloth market and some manufacturers have booked slightly larger orders than recently. Conditions generally in the weaving branch, however, remain very irregular. Wide looms are fairly well engaged, but demand remains poor for narrow cloths. India has provided an increased inquiry in light bleaching descriptions and a fair turnover has resulted. There has also been a little more demand in prints and fancies. Dyed goods have moved off fairly well for Java and Singapore. Miscellaneous sales have been put through for Egypt and the Near East. Most of the demand for South America has been for finishing styles. A mixed business has been done for the Dominions and the Crown Colonies. Home-trade buying has been rather patchy.

There has been more price testing in American yarns and sales have about equalled current production. Quotations remain steady. Egyptian yarn prices continue irregular, and spinners cannot obtain any relief.

COTTON PRICES

	1936				Corresponding Date	
	Mar. 18	Mar. 25	Apr. 1	Apr. 7	1934	1935
Raw Cotton—Mid. American per lb.	6-30	6-33	6-51	6-47	6-41	6-54
Sakellaridis Fully Good Fair Egyptian per lb.	9-26	9-27	9-19	9-11	8-74	8-35
Yarns—32's twist per lb.	10½	10½	10½	10½	10½	10
" 40's weft per lb.	10½	10½	10½	10½	10½	10½
" 60's twist (Egyptian) per lb.	15½	15½	15½	15½	16½	15½
32-in. Printers 116 yds., 16 by 16, 32's and 50's d.	17 0	17 0	17 0	17 0	18 6	17 7
36-in. Shirtings, 75 yds., 16 by 16, 32's and 40's d.	24 0	24 0	24 0	24 0	23 0	23 9
38-in. ditto, 38 yds., 18 by 16, 10 lb. d.	9 11	9 11	10 0	10 0	10 11	10 5
39-in. ditto, 37½ yds., 16 by 15, 8½ lb. d.	8 11	8 11	9 0	9 0	9 9	9 3

JUTE.—Dundee. — The failure of the Indian Jute Mills Association to come to an agreement with the non-member mills, discussed in a Note of the Week, has caused keen disappointment. Although the Indian Jute Mills will require additional supplies of raw jute, amounting to about one million bales in a season, prices for the fibre have shown a sagging tendency. This may be ascribed to the fact that weather conditions for the sowing of the new crop are favourable this year, though it is reported that a vigorous attempt is being made in the growing areas to make the crop restriction scheme effective. The price of Daisee-2/3 has fallen to £19 10s. per ton, the lowest point for many months past, with four at from £18; Tossa-2/3 is offered at £20 10s., and four at from £19 5s., April-May. Good First Marks were reduced to £23 per ton and good Lightnings to £21 5s., April-May. Only very small quantities are being bought by spinners, who have still to secure a fair proportion of their supplies for the season. Jute yarns are very quiet, but spinners are reluctant to make concessions on their quoted prices. Common 8 lb. cops still rule lowest at 2s. 0½d., and 8 lb. spools at 2s. 1½d., concessions being refused. Twist is maintained at 3½d. for 3 ply 8 lb., and sacking yarns remain at 3½d. for 8 lb. chains and 2½d. for 24 lb. weft. Rove is steady at £20 10s. for 48 lb. and £16 5s. for 200 lb., and the finer yarns are unchanged at from 2s. 8½d. for second quality 8 lb. warp, 2s. 5½d. for third and 2s. 3½d. for fourth.

Only trifling lots of jute cloth are being bought, and production is being seriously curtailed. Looms are being closed down and unemployment is increasing. Manufacturers are refusing to reduce their prices further, owing to the losses which would be made. Prices, therefore, are steadily maintained at 2½d. for 10 oz. 40 in. and 2½d. for 8 oz. Linoleum hessians and heavy goods are also quiet but unchanged.

Calcutta goods are varying slightly around the recent low levels of 17s. 1d. to 17s. 2d. for 10 oz. 40 in. and 13s. 10d. to 13s. 11d. for 8 oz.

GRAIN MARKETS

WHEAT.—Another week of quiet trading has been experienced, with prices in London and Liverpool tending easier. On North American markets similar conditions have prevailed. On Tuesday last, "May" futures were quoted in Chicago at 94½ cents per bushel, against 96½ cents the week before and 99½ cents a month ago. Quotations in London, Monday: No. 1 Northern Manitoba (Vancouver), ex ship, 32s. 6d. per 496 lbs., against 33s. 3d. a week ago; No. 2 Northern Manitoba, ex ship, 32s. 3d., against 33s. a week ago.

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FLOUR.—Monday's London quotations (excluding quota payments) were: Straight run, delivered country, 29s. 6d. per 280 lbs., against 29s. 6d. a week ago; delivered London, 28s. 6d., as compared with 28s. 6d. a week ago. Manitoba patents, ex store, 25s. 9d. to 27s. 6d., against 26s. 6d. to 28s. 3d., a week ago. Australian, ex store, 22s. to 22s. 6d., against 22s. to 22s. 6d. a week ago.

BARLEY.—"May" futures were quoted at 38½ cents per bushel in Winnipeg on Tuesday, against 38½ cents a week ago and 39½ cents a month ago. Quotations per 448 lbs. in London on Monday were: "English feed" at farm, 21s. 6d. to 23s., as against 21s. 6d. to 23s., a week ago; "English Malting" at farm, 25s. to 40s. against 25s. to 40s. a week ago.

OATS.—On Tuesday, "May" futures were quoted at 26½ cents per bushel in Chicago, against 25½ cents a week ago and 27½ cents last month. Quotations in London, Monday: "English Black," at farm, 18s. to 19s. per 336 lbs., against 17s. to 19s. a week ago; "English White" at farm, 18s. to 19s., against 17s. to 19s. a week earlier.

MAIZE.—"May" futures were quoted on Tuesday at 60½ cents per bushel in Chicago, against 60½ cents a week ago, and 60½ cents last month. Quotations in London, Monday: "Plate," landed, 19s. 6d. per 480 lbs., compared with 19s. 6d. a week ago; "Plate," ex ship, 18s. 9d., as against 18s. 6d. a week ago; "Plate," April, 18s. 6d., as against 18s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £5 5s. per ton, as against £5 5s. a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat	Cwts.	Cwts.	Cwts.	Cwts.
1 week to April 4	133,958	221,277	235,416	204,620
31 weeks to April 4	7,328,276	9,002,413	11,043,841	11,228,722
Average price of English wheat per cwt.	s. d. 5 2	s. d. 4 5	s. d. 4 9	s. d. 6 5

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Apr. 2, 1932	Cwts. 111,390	Cwts. 51,510	Cwts. 31,694	s. d. 6 1	s. d. 7 11	s. d. 7 5
Apr. 1, 1933	133,958	57,826	28,179	5 2	6 3	5 11
Apr. 7, 1934	221,277	37,683	26,303	4 5	8 5	5 11
Apr. 6, 1935	235,416	60,682	29,128	4 9	7 2	6 11
Mar. 28, 1936	251,142	101,407	37,553	6 5	7 7	6 0
Apr. 4, 1936	204,620	71,760	40,706	6 5	7 6	6 1

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

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Apr. 10, 1935	Dec. 31, 1935	Apr. 1, 1936	Apr. 7, 1936
Winnipeg (No. 1, Manitoba)	65½	82½	89½	84½	81½	79½
Chicago (No. 2 Winter)	84½	98½	96½	101½	96½	94½
Cents per 60 lb.						

The visible supply of wheat in Canada amounts to 111,746,000 bushels, against 112,300,000 bushels last week, and 107,790,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—Prices show little alteration, but demand became very quiet before the holidays. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 88s. to 94s.; Canadian, 86s.; Danish, 96s.; as against 87s. to 95s., 88s. and 96s., respectively, a week ago. Arrivals in London last week included Danish, 13,930 bales; Canadian, 3,737; Dutch, 2,893; Lithuanian, 1,585; and Polish, 3,039, against 13,026, 3,729, 2,525, 1,561 and 2,652 bales, respectively, in the previous week.

BUTTER.—The market was again firmer for Colonial descriptions, but Danish suffered a further decline in price. Quotations (per cwt.) on the London Provision Exchange on Monday were: New Zealand, finest salted, 90s.; Australian, choicest salted, 89s.; Danish, 110s.; compared with 87s., 87s. and 112s., respectively, a week ago.

CHEESE.—Demand for cheese has improved this week, but prices show little alteration. Quotations (per cwt.) on the London Provision Exchange on Monday were as follows: English, finest farmers', 72s. to 86s.; Canadian, finest coloured, 64s.; and New Zealand, finest coloured, 54s., against 72s. to 86s., 63s. to 64s., and 53s., respectively, a week ago.

COCOA.—The spot quotation in New York on Tuesday was 5½ cents per lb., as against 5½ cents per lb. last week. In London Accras have again risen in price. On Tuesday last, good fermented new crop, "April-May," was quoted 23s. 7½d. per 250 kilos., c.i.f. Continent, against 23s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 20,479 bags; delivered, for home consumption, 9,195 bags; exported, 1,059 bags; stocks, 148,209 bags, against 196,045 bags a year ago.

COFFEE.—The London spot market ruled quietly steady. In New York, quiet conditions have also prevailed and prices remain unchanged. On Tuesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 245 cwt.; delivered, for home consumption, 117 cwt.; exported, nil; stocks, 11,728 cwt., against 18,759 bags a year ago. Central and other South American, landed, 9,598 cwt.; delivered, for home consumption, 2,178 cwt.; exported, 1,124 cwt.; stocks, 106,469 cwt., against 97,394 packages last year. Other kinds, landed, 9,123 cwt.; delivered, for home consumption, 4,901 cwt.; exported, 1,350 cwt.; stocks, 162,293 cwt., against 115,391 packages last year.

EGGS.—In Tooley Street on Monday the market was steady. Continental selections were in fair demand while business in English was active. At Smithfield on Tuesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 8s. 9d. to 9s. per 120, as against 8s. 6d. to 9s. last week, while Danish (15½ lb.) made 7s. 9d. to 8s. per 120, against 8s. to 8s. 3d. last week.

MEAT.—Business at Smithfield Market showed some improvement before the holidays. Demand was good for fresh-killed meat, but frozen mutton and lamb were in only moderate request. On Tuesday last Argentine chilled hindquarters were quoted at 3s. 2d. to 3s. 6d. per 8 lbs., as compared with 3s. 2d. to 3s. 6d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. 2d. per 8 lbs., against 3s. 4d. to 4s. 2d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,245 tons. A decrease of 362 tons on the corresponding week last year. Beef and veal accounted for 4,934 tons, mutton and lamb 2,703 tons, and pork and bacon 1,079 tons, as compared with 4,957, 2,844 and 1,119 tons, respectively, in the same week of 1935.

PEPPER.—Tuesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 17 tons; delivered, 7 tons; stocks, 1,695 tons, against 2,211 tons a year ago. White, landed, 5 tons; delivered, 123 tons; stocks, 12,581 tons, against 19,528 tons a year ago.

POTATOES.—The Potato Marketing Board is continuing its campaign to secure the re-introduction of import duties on foreign maincrop potatoes. The removal of the duties a fortnight ago has rendered the markets rather less buoyant. At the Borough Market in London on Tuesday ample supplies encountered a fair trade, with imported potatoes showing an easier tendency. Best siltland King Edward were, however, firmly held at 8s. to 8s. 6d. per cwt.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. ex warehouse on Tuesday, as compared with 8s. 6d. per cwt. a week ago. "April-May," in singles to Continent and U.K., was quoted at 7s. 10½d. per cwt., against 7s. 7½d. per cwt. a week ago. Movements in London during the past week were as follows: Landed, 1 ton; delivered, 318 tons; stocks, 923 tons against 1,377 tons a year ago.

SUGAR.—The London market in raw sugar has had a rather quiet tone. Prices in New York remain steady at the higher level reached last week. The spot price in New York on Tuesday was 3-75 cents per lb., as compared with 3-75 cents per lb. last week and 3-50 cents per lb. a month ago. Tuesday's sales of raw sugar in London included "May delivery" at 4s. 10½d., against 4s. 10½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 7,748 tons, against 9,976 tons last week and 5,556 tons in the same week of last year; deliveries, 16,367 tons, against 15,134 tons last week and 15,647 tons last year; stocks, 222,293 tons, against 230,912 tons last week and 173,951 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Apr. 4, 1935	11-13	13-57	15-77	9-33	9-10	9-91	12-25
Mar. 5, 1936	13-07	13-12	15-17	11-05	10-33	11-94	13-39
Mar. 12, " "	13-23	13-17	14-93	11-09	10-53	11-76	13-50
Mar. 19, " "	12-96	13-75	14-90	11-15	10-77	11-97	13-34
Mar. 26, " "	12-97	14-05	15-45	11-06	10-73	12-04	13-49
Apr. 2, " "	12-91	13-33	15-84	10-86	10-47	11-98	13-43

The quantities catalogued for this week's public auctions at Mincing Lane included 25,505 packages of Indian and 21,402 packages of Ceylon tea. Competition for the Indian grades was more active and any change in prices was in sellers' favour. At Tuesday's Ceylon auctions demand became rather quiet. Low medium and medium grades were rather easier, but quality teas were distinctly dearer on the week. Export demand was good. The next series of auctions will commence on April 20th.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Markets are steady but not very active, as buyers can only proceed with great caution in the present unsettled outlook. Indian linseed is in improved demand, and £13 has been conceded for June shipment to Hull. The new crop in India is now on the move and something like 30,000 tons is afloat for Europe, while total shipments to date this year have amounted to 54,600 tons, against only 8,600 tons a year ago. Plate linseed is neglected here, but continues to receive support from the Continent. Shipments are at a fair level. In the first three months of the year Argentina exported to all destinations 468,000 tons, or 221,000 tons less than in the same quarter last year. Shipments to the United States were only 87,000 tons, against 175,000 tons.

It is estimated that Argentina has still available for export 832,000 tons, while 187,000 tons is expected from India—together over a million tons, or 300,000 tons less than actually shipped in the remainder of 1935, when Argentina had a crop 50 per cent. greater than the present one.

Linseed oil is steadier and in some demand in near positions. The current price ex Hull mill is around £26 per ton for April delivery, and £26 5s. for May–August. Cottonseed is easier and slow, and export demand for refined cotton oil less active. Crude Egyptian is steady at £25 per ton ex Hull mill and refined is quoted at £27 5s., prompt. Oilcakes are in fair demand and keep steady.

RUBBER.—After exhibiting a steady tone for some days the London market became firm on Tuesday, owing to the reserve of

sellers. The upward movement of prices has been resumed. Meanwhile, the steady decline in United Kingdom stocks continues. Rather quiet conditions have prevailed on the New York market, where prices show no net change on the week.

The spot price in New York on Tuesday was 15½ cents per lb., compared with 15½ cents per lb. a week ago and 15½ cents a month earlier. Tuesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. to 7½d. per lb., as against 6½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. for July–September shipment, as against 7½d. to 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 147,557 tons, against 148,899 tons a week earlier. A year ago stocks amounted to 163,359 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

CEREALS AND MEAT				POTATOES—				WOOL—				INDIGO—			
GRAIN, Etc.—				King Edward per cwt.				English Southdown, greasy, per lb.				Cape			
Wheat—				SPICES—				" Lincoln bay, washed				Dry and Hydysated Cape...			
No. 2, N. Man. 498 lb.				Pepper, per lb.—				Queensland, scd. super cmbg.				Market Hides, Manch'tr—			
Eng. Gaz. av., per cwt.				Black Lampong				N.S.W. greasy, super cmbg.				Best heavy ox and heifer			
Barley, Eng. Gaz. av. ...				White Muntok				N.Z., grey, half-bred 50-56				Best cow			
Oats, " "				Cinnamon—1st sort, per lb.				Tops				Best calf			
Maize, La Plata, landed,				Cloves—Zanzibar, per lb.				Merinos 70's Average				" 64's			
480 lb.				Ginger, per cwt.—				Crossbred 48's				" 46's			
Flour, Lon. stan. ex mill,				African				Crossbred 48's				" 46's			
280 lb.				Jamaica, ord. to good				" 46's				" 46's			
Rice, No. 2 Burma, per cwt.				Mace				" 46's				" 46's			
Tapioca, per cwt.—				Nutmegs, 65's				" 46's				" 46's			
Fair Flake, Singapore				SUGAR—				" 46's				" 46's			
MEAT—				(Duty, 11/8 per cwt.)				" 46's				" 46's			
Beef, per 8 lbs.—				Centrifugals, 96°, prpt.				" 46's				" 46's			
English long sides				shipp., c.i.f. U.K./Cont.				" 46's				" 46's			
Argentine chilled hinds				B.W.I., crystallised ..				" 46's				" 46's			
Mutton, per 8 lbs.—				Java, white, c. & f. India				" 46's				" 46's			
English wethers				Oct.-Dec.				" 46's				" 46's			
N.Z. frozen				REFINED—London—				" 46's				" 46's			
Lamb, per 8 lbs.—				Yellow Crystals				" 46's				" 46's			
N.Z. frozen				Cubes				" 46's				" 46's			
Pork, English, per 8 lbs.				Crushed				" 46's				" 46's			
BACON— OTHER FOODS				Granulated				" 46's				" 46's			
English				Home Grown				" 46's				" 46's			
Irish				TEA—				" 46's				" 46's			
Danish				Indian, per lb.—				" 46's				" 46's			
Dutch				Pekoe				" 46's				" 46's			
HAMS—				Broken Pekoe				" 46's				" 46's			
Canadian				Orange Pekoe				" 46's				" 46's			
American				Broken Orange Pekoe				" 46's				" 46's			
BUTTER—				Ceylon—per lb.—				" 46's				" 46's			
Australian				Pekoe				" 46's				" 46's			
New Zealand				Broken Pekoe				" 46's				" 46's			
Danish				Orange Pekoe				" 46's				" 46's			
CHEESE—				Broken Orange				" 46's				" 46's			
Canadian				TOBACCO—				" 46's				" 46's			
New Zealand				(Duty, 9/6-10/8 per lb.,				" 46's				" 46's			
English Cheddars				Empire growth, 7/5½				" 46's				" 46's			
Dutch				8/4 per lb.)				" 46's				" 46's			
COCOA—				Rhodesian leaf				" 46's				" 46's			
(Duty, British grown,				Nyasaland leaf				" 46's				" 46's			
11/8; foreign, 14/- cwt.)				strips				" 46's				" 46's			
Accra, f.f., per cwt.				East Indian leaf				" 46's				" 46's			
Trinidad				strips				" 46's				" 46's			
Grenada				COFFEE—				" 46's				" 46's			
EGGS—				(Duty, British grown,				" 46's				" 46's			
English				4/8; foreign, 14/- cwt.)				" 46's				" 46's			
Danish				Santos supr. c. & f. cwt.				" 46's				" 46's			
FRUIT—Oranges—				Colombian, good				" 46's				" 46's			
Denia				Costa Rica, med. to good				" 46's				" 46's			
Jaffa				East Indian				" 46's				" 46's			
Lemons, Malaga				Kenya, medium				" 46's				" 46's			
" Sicilian				EGGS—				" 46's				" 46's			
Apples: Amer. (var.) bris.				English		Danish		" 46's		" 46's		" 46's		" 46's	
(var.) boxes				7 9 8 0		7 9 8 0		" 46's		" 46's		" 46's		" 46's	
" Australian				10 0 17 6		9 0 15 6		" 46's		" 46's		" 46's		" 46's	
Onions—				22 0 42 0		22 0 42 0		" 46's		" 46's		" 46's		" 46's	
Valencia, case				7 0 7 6		7 0 7 6		" 46's		" 46's		" 46's		" 46's	
Egyptian, bags				16 0 18 0		16 0 18 0		" 46's		" 46's		" 46's		" 46's	
Grapes, Almeria				"		"		" 46's		" 46's		" 46's		" 46's	
Grapefruit, Jamaica				"		"		" 46's		" 46's		" 46's		" 46's	
" Amer.				"		"		" 46's		" 46's		" 46's		" 46's	
LARD—				"		"		" 46's		" 46's		" 46's		" 46's	
Irish bladders				64 0 72 0		64 0 72 0		" 46's		" 46's		" 46's		" 46's	
U.S.				64 0 64 0		64 0 64 0		" 46's		" 46's		" 46's		" 46's	

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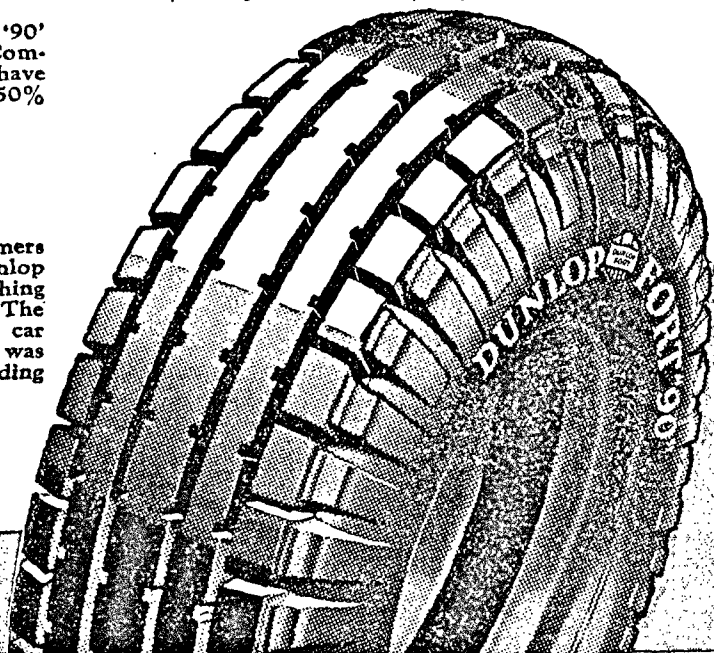
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● "My car, fitted with Dunlop '90' tyres is used under severe conditions. In the past twelve months the tyres have acquitted themselves splendidly and have more than justified all that you claim for them."

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THE ECONOMIST

Vol. CXXIII

SATURDAY, APRIL 18, 1936

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(With this issue appears our annual Budget Supplement)

WHO IS TO LEAD?

THE skein of European politics has by now become desperately tangled; and it can only be unravelled by unremitting concentration on the main thread: the League of Nations.

The recent rapid advance of the Italian dictator's armies over the territory of a fellow State-member of the League in flat defiance of his treaty obligations; the bolt from the blue which the German dictator launched upon the Rhineland, also in flat defiance of his commitments; the nervous inclination of the French Government, before a General Election, to compound Italy's African felony against the League, in order to retain Italy by their side in the event of future German aggression in Europe—here are reasons enough for the tangled skein of European diplomacy. Add to them the negotiations on the French, German and British "plans" for a European settlement after the profound shock in the Rhineland, and the threads become immeasurably more intertwined. Yet the main thread—the League, is there; and the condition of a sound and secure future for Europe is that it should not be broken. Germany has quitted the League. Italy, still a member despite the imposition of economic sanctions against her by fifty of her fellow members, continues to levy a war of wanton aggression upon a fellow-member of the League. Upon France and Great Britain, therefore—the two remaining members of the Stresa front, and the two Great Powers who remain faithful members of the League—devolves the duty both of preserving the League intact, and of rendering truly effective that machinery for collective security against the aggressor which is still in its trial stages.

This plain duty invests the discussions at Geneva this week with decisive importance. For while the Italian armies were rapidly advancing into Ethiopia—we comment on the progress of the campaign in a Note on page 121—Baron Aloisi had arrived in Geneva on Wednesday to discuss with Señor de Madariaga the procedure by which Signor Mussolini would be prepared to make peace with the Emperor. This meeting, indeed, had only been achieved by continued delays and postponements of the convocation of the "sanctions" Committee of Eighteen—mostly at the request of the French Government—in order to tighten the

sanctions screw upon Italy. Both Italy and Abyssinia had agreed once more to "talk peace"; but whereas the Emperor had stipulated that such a peace should be within the framework of the League and upon the basis of its Covenant, the Italian reply to the Committee of Thirteen's invitation studiously refrained from any reference to the League itself.

Baron Aloisi's instructions this week have prevented him from discussing anything but the procedure by which the aggressor and his victim should discuss peace. And it is reported that the Italian preliminary "terms" for the bare discussion of a peace include the immediate lifting of the League's sanctions, the disarmament of Abyssinia (with the invaders on her territory), and that any peace negotiations must take place directly between Italy and Abyssinia—that is, outside the purview of the League. If these "terms" represent the limit to which Signor Mussolini, in the flush of his military ardour, is prepared to go, then the League's Committee of Eighteen—the "steering Committee" on sanctions—should be convoked at once to intensify the League's economic constraint of the aggressor. Mr Eden originally suggested a 48-hour time limit within which Italy should categorically and clearly reply to the League's inquiry about mediation. That limit has been extended to more than six weeks. If Italy now makes it plain beyond a peradventure that she requires absolute submission of Abyssinia, under pain of what Signor Mussolini himself last week called "annihilation," then British public opinion can have no doubts what should be the League's next steps: the oil and shipping sanctions. Here, however, is the crux, and the danger for the League and for all the smaller States-members. Is France prepared loyally to co-operate with Great Britain in preserving both an effective and an intact League in the face of a European aggressor in Africa? It is reported that, after a Cabinet consultation in Paris, the French Government are prepared to do so if they are satisfied about the British attitude. Let us look at the alternative before we decide what that British attitude should be.

We have the impression that French minds are still under the delusion that they can make a mockery

of the League in Africa and at the same time make it serve their turn in Europe: that they can sabotage British policy and outrage British feelings about the Italo-Abyssinian dispute, and at the same time dope the British Army, Navy and Air Force into a grand anti-German alliance, for the benefit of France, in Europe. At this eleventh hour, we beg the French to believe—what is the truth—that, if these are really the calculations on which they are acting, they are acting in a complete fool's paradise. In the first place, French diplomacy cannot bamboozle British public opinion by playing fast and loose with the League. If France does cause the League to come to grief over the Italo-Abyssinian dispute, the British people will not be deceived. They will know well enough that, under the hollow mask of a League which has ceased to be a reality, the French will be simply inviting them to join themselves and the Italians in keeping the European balance of power tilted against Germany. If they mean to pursue their present policy to the bitter end, they may possibly carry Mussolini with them, but they will certainly not carry us. And it is doubtful if they will carry many of their other old friends. Honour bids France uphold the Covenant of the League; interest counsels her not to throw away the friendship of Great Britain. The time is perilously short; for all these issues will have come to a head at the meeting of the Committee of Thirteen on Thursday night.

Upon what understanding would France be prepared to collaborate with this country—and, be it noted, with every smaller State-member of the League—in preserving the League's integrity, by rendering it absolutely effective not only to restrain the Italian war of aggression in Africa, but also to prevent the economic and political enjoyment of the spoils of that war by the aggressor? The understanding, assuredly, is that this country should be prepared to adopt the same attitude, the same sanctions, and, if necessary, even military measures, to restrain any aggressor by force in Europe. If the French pose so plain a question to Mr Eden in Geneva, we hope and trust His Majesty's Government will have empowered Mr. Eden to reply with an unequivocal affirmative. The Government have maintained that their attitude over the Italo-Ethiopian dispute was dictated solely by concern for the League Covenant and the principle of collective security which it enshrines. It should not be difficult to assure France that any British Government, and the opinion it represents, will not differentiate flagrant aggression in Africa from its counterpart in Europe. There is, however, one clear condition. No British Government could give such an assurance—for British public opinion would reject it as unhesitatingly, and for the same reasons, as it rejected the Hoare-Laval "peace plan"—except in the name of the League Covenant, within its framework, and with the aim of realising the collective security envisaged therein. If France fears imminent German aggression against Austria or Czechoslovakia or Lithuania, the answer is that collective security in Europe, and the British participation which it presupposes, can only be achieved through the League, to which Herr Hitler has offered to return.

This emphasises the importance of the steps which the Locarno Powers have been taking at Geneva *pari passu* with the proceedings of the Committee of Thirteen. In brief, they have commissioned Mr Eden to take up with the German Government a number of queries which Herr Hitler's memorandum suggests, and to report back to them during the next session of the League Council, due on May 11th—that is, after the French General Election. Till then the French have fallen in with the Belgian and British desire that they should suspend any proposals for coercive action against Germany (with a quite reasonable reservation, on the French side, "in the event of any material changes occurring in the present situation in the Rhineland zone" while the British inquiries are taking place). Meanwhile, the staff discussions between the Locarno Powers other than Germany—for tiding over the interim period, not for establishing a permanent military co-operation—began in London on Wednesday.

So far, so good. We gladly acknowledge the concession on the part of France, implied in M. Flandin's consent to suspend coercive action. And the British inquiries are a happy stroke. The British Government is the right Government to make them; and the question of the

bilateral treaties which Germany proposes to make with her eastern and southern neighbours is the right question to have picked out as the first point on the agenda of an Anglo-German elucidatory discussion. In all this, we are setting our feet well on the road to a settlement between Germany and the rest of us; and, if the goal is reached, this achievement will relieve Europe in general, and France in particular, of the fear that now overhangs them. If France refuses to allow the League to exercise its function of bringing Mussolini to book, she will be destroying the only possible basis for any common action between herself and England in dealing with Hitler. The League is fighting for its life. The fate of Europe, no less than the fate of Abyssinia, hangs on that issue.

BUDGET WEEK

ON Tuesday afternoon, Mr Neville Chamberlain is to present the Budget for 1936-37. It will be the fifth Budget of his Chancellorship and the third since he announced that "Bleak House" had given place to "Great Expectations." There is a singular lack of great expectations this year. Indeed, it is many years since the general public has manifested so little interest in the beginning of a new financial year. This apathy is easy to understand; for what excites public anticipation and leads a string of deputations to the Chancellor's door is the prospect of tax remissions. Two years ago there was a fierce pre-Budgetary struggle between the advocates of 6d. off the standard rate of income tax, the sponsors of a restoration of allowances, and the civil servants with their demands for the reversal of economy "cuts" in salaries. In his last two Budgets, the Chancellor has contrived to find something for each of these classes. Of the tax increases and expenditure reductions of 1931, almost all have now been restored. The chief exceptions are the payers of death duties and surtax and the patient, inarticulate, indirect taxpayer.

This year there is no excitement because there is no prospect of tax remissions. That, in itself, is a surprising thing; for, with the lag that always intervenes between a change in the economic circumstances of the country and the corresponding change in the financial condition of the Exchequer, we have only had two fully-fledged "Recovery Budgets," although Recovery is very nearly four years old. Nor has there been any falling tendency to be observed in the Revenue. Last year's collection, in spite of the tax remissions of twelve months ago, was £36 millions in excess of the previous year. Income tax has regained the 1929 level (albeit with a higher standard rate of tax), while the death duties have brought in more than ever before. The fact that has put an end to any more "Great Expectations" has not been any failing in the taxable capacity of the country, but a startling rise in the level of expenditure.

The materials for a thorough survey of Great Britain's present Budgetary position will be found in the annual Budget Supplement which is issued with this week's *Economist*. Figures are there collected from their manifold hiding places in the official returns and arranged in such a way as to make possible a historical study of public finance in the last decade. Such a study is highly necessary at this moment; for, like all good history, a glance backward over the last few years sheds considerable light on the prospects for the future. And the light it sheds is not particularly cheerful.

Mr Chamberlain has a severe problem before him in balancing the Budget he will introduce on Tuesday. The expenditure side of the balance sheet is usually tolerably clear by this time. The cost of the Consolidated Fund services, it is true, is not revealed until the Budget speech is made, but the possible variation is not very large. For the Supply Services, Parliament and the public have already had the Estimates before them and should, in theory, know the worst before the Chancellor rises. But for the last two or three years, the Estimates have presented only part of the picture. This has been due to several causes. In the first place, many of the financial expedients with which the Government has had to come to the rescue of industry, agriculture and local authorities, have been temporary in form, and have been granted for periods which have not

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coincided with the financial year. The cattle subsidy this year, which has only been authorised until the early summer, is an excellent case in point. It would be unconstitutional for the Treasury to submit an Estimate for expenditure which has not yet been approved in principle by the House of Commons. Accordingly, the Estimates include enough for this subsidy for three months only, although the probability of its extension is very high. In the second place, since the restoration of cuts in pay has taken its place in the last two Budgets alongside tax remission as a possible object of Budget "concession," its cost could not be revealed until the Budget speech. This year, there is the added difficulty that the Government either cannot, or will not, estimate the cost, even within the next twelve months, of its re-armament programme. The result is that, with the publication of the Estimates, the taxpayer knows the best, rather than the worst, that can happen to him. He knows that expenditure on the Supply Services will not be less than £537 millions, which is £25 millions more than last year's expenditure. But he does not know how much more than that figure it will be. Speaking in the House of Commons on Friday last week, the Chancellor would only say that Supplementaries would certainly be needed for all three of the fighting services, and that for the Air Force alone the addition could be provisionally fixed at £10 millions. There will probably also have to be some Civil Supplementaries. By the time 1936-37 has ended, expenditure on the Supply Services may well be £50 millions, or even more, in excess of the already swelling figure of 1935-36.

The chief interest in Tuesday's speech will attach to the disclosure of the methods by which the Chancellor intends to fortify the revenue to match this ominous increase of expenditure. He can expect some assistance from the normal expansion of the revenue. Last year's receipts, even in spite of tax remissions, were £36 millions in excess of the previous year. Several capital items, however, contributed to this total, and these particular items will not recur this year. Moreover, the partial restoration of income-tax allowances a year ago will cost more in 1936-37 than it did in 1935-36. On the other hand, it is surely time to expect some recovery in the yield of surtax, without any pause in the consistent rise in the yield of the income tax and the death duties. But even supposing that the Chancellor is optimistic enough to budget for an increase in revenue this year equal to that of last year, he is still some £15 millions short of a balance. His resources are not, however, exhausted. There may be other capital nest-eggs which can be brought into account. It would be possible to suspend even the vestigial and accidental sinking fund of the last three years by reducing the provision made for the service of the debt. In one way or another the Chancellor will doubtless contrive to balance his accounts without imposing any substantial new taxation.

The public is, therefore, probably correct in its expectation that the Budget will have nothing to give the taxpayer and nothing additional to demand from him. But to balance this year's Budget without any change in taxation will not by any means solve the country's financial

problem. In the last section of our Budget Supplement an attempt is made to look a little further than March 31, 1937. The conclusion is reached that expenditure "looks like exceeding even the highest estimate of revenue that can be made, with any regard to caution, on the basis of the present rates of taxation." This is the state to which we are reduced, through the necessity of re-armament, although we have suspended the sinking fund, defaulted on the American debt, and reduced the rates of interest on the short-term debt almost to vanishing point.

Very little is being said in public about the seriousness of the Budgetary position in the next few years. But that it is serious a glance at the figures in our Supplement will show. Twelve months from now Mr Chamberlain, or his successor, will be rising to open a Budget in which he will have to propose either an increase in taxation or else the deliberate courting of a deficit. The choice between these two alternatives is not one that can be quickly made. Our present burden of taxation is not so insignificant that an increase can be either easily contrived or lightly contemplated. On the other hand, to finance the current expenditure of peacetime out of borrowings, when nothing is being provided for the reduction of an enormous National Debt, would be both unsound and uneconomic. The present Government resisted most strongly the proposal to raise money by loan for expenditure on useful capital works, at a time when such action would have given a most valuable stimulus to lagging recovery. It cannot now, in consistency, advocate borrowing to cover expenditure which is not capital, except by courtesy, nor useful by any stretch of language.

Mr Chamberlain will be doing the country a real service if he devotes part of his speech on Tuesday to an outline of the way in which the Government proposes to meet the grave financial problems which its policy is evoking.

INDUSTRIAL PROFITS

OUR computations of industrial profits in the first quarter of each year are of special interest for two reasons. They afford the latest available indication, on the eve of the presentation of a new Budget, of the trend of industrial earning power; and, of our four quarterly "samples," they are among the most representative. The majority of the companies concerned close their books on December 31st. They include many of the larger British concerns in their number, and their operations are carried on predominantly in the home market. Actually, the reports which have reached us during the last quarter account for 35.7 per cent. of the industrial profits, recorded in our analyses for the past twelve months.

Of all the phenomena of trade recovery, industrial profits are among the latest to register changes of trend. To the industrialist and the shareholder alike, they are a species of "harvest home," after increased orders have been translated into higher business activity, and the latter's fruits, in turn, have been gathered. How far have

the depression of 1930-32 and the subsequent recovery in national prosperity affected industrial earning power? An answer will be found in our customary detailed analysis of published figures on page 160 of this issue. In the following article we propose to discuss some of the more significant conclusions which emerge from a study of the first quarter's figures for several years past.

In the first place, our analysis shows, beyond peradventure, that the revival in industrial earnings which was inaugurated inconspicuously in 1933, and made gratifying headway in 1934, maintained its impetus last year. In the following table the total profit figures (after debenture interest) of the "first quarter" companies have been related to the calendar years for which, for the most part, those profits were earned. As the companies in our sample are not identical from year to year, we have constructed a "chain index," shown in the last column of the table, whose figures afford a reasonably accurate indication of the trend of earnings.

INDUSTRIAL PROFITS INDEX (“First Quarter” Companies)				
Reports of “First Quarter” Companies covering profits earned in*	No. of Companies	Net Profits (after Debenture Interest) Year stated	Same Companies preceding year	Chain Index (1929 = 100)
1929	...	£	£	100.0
1930	596	67,736,226	75,816,474	89.3
1931	548	54,314,815	63,403,727	76.5
1932	562	52,046,133	57,105,291	69.7
1933	547	55,751,307	52,922,902	73.4
1934	592	67,137,496	58,577,585	84.1
1935	569	75,731,976	66,839,644	95.3

* Reports published during first quarter of next succeeding year, in each case.

It will be seen that in three years, between 1929 and 1932, the index fell by 30.3 per cent. In 1933 the index recovered from 69.7 to 73.4 and in 1934 to 84.1. The re-ascent from Avernus continued last year, and profits are now within 5 per cent. of the pre-depression level. Unlike our index of business activity, however, the profits index has not yet surpassed the 1929 average. In view of the time-lag between activity and earnings, however, the vigorous upward movement in industry through last year, which has continued up to the moment of writing, should be duly reflected in a rise in profits this year.

The improvement in earnings during the last period is common to almost all industrial groups. The only trades, indeed, which recorded a decrease—according to the lengthy analysis on page 160—were oil, rubber and tea, all of which carry on their main operations overseas. Some of the "Home" groups registered spectacular increases; the financial, land and investment companies, for example, showed an increase of 44.1 per cent. in their latest reports, the iron, coal and steel companies an increase of 43.3 per cent., the shipping companies of 38.6 per cent. and the electrical equipment concerns of 34.9 per cent. In some of these instances, e.g. shipping, a large percentage increase on a low earnings figure for the previous year left profits still at a "depressed" level, but this condition scarcely applies to a prosperous trade like electrical equipment manufacture, or to such groups as building materials (which showed a 22.1 per cent. increase in their latest year), to food, confectionery and drink (19.1 per cent.), or to the motor, cycle and aviation companies (18.8 per cent.). The large residual group of 94 "miscellaneous" concerns recorded a rise in earnings of 15.2 per cent., or slightly more than the average of 13.3 per cent. for 569 companies included in our sample.

How far have the rare and refreshing fruits of recovery been passed on to shareholders? After debenture interest has been met, the payment of preference dividends is, in many cases, necessary before the ordinary shareholder can measure his "earnings fund." Of the £75.7 millions of total profits recorded by the companies included in our analysis in their latest year some £14.5 millions (19 per cent.) was required for preference dividends. The residuum, "earned for ordinary," was equal to 12.6 per cent. of the ordinary capital of the companies concerned. A year ago the figure for a slightly larger sample was 11.0 per cent. At the nadir of depression the corresponding figure was 8.9 per cent. and in 1929 it was 13.0 per cent. The following table gives a complete picture of the

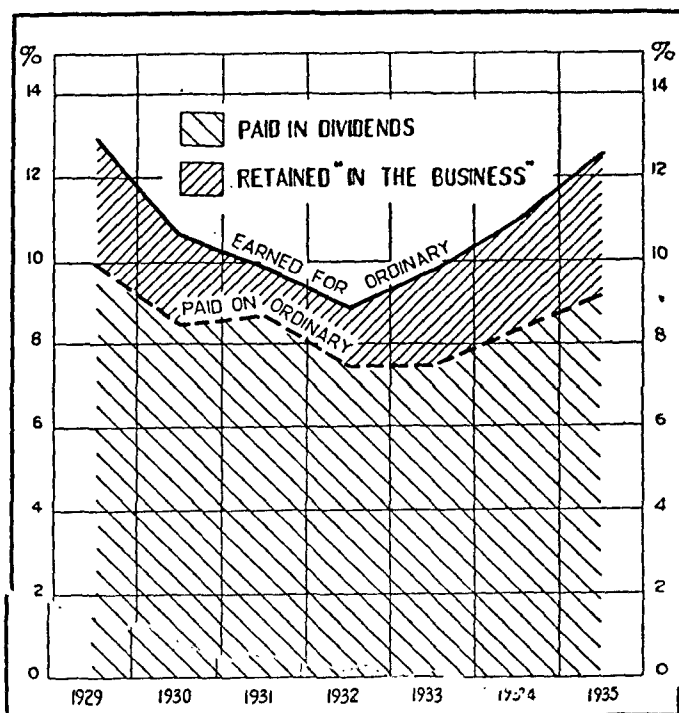
trend of earnings, dividends, and "reserved" profits during the past seven years.

Year*	ORDINARY SHARE RATIOS			
	Total Ordinary Capital (£'000)	Earned for Ordinary (%)	Paid on Ordinary (%)	"Ploughed Back" (Ratio to Ord. Capital) (%)
1929	383,642	13.0	10.0	3.0
1930	494,000	10.7	8.5	2.2
1931	430,189	9.9	8.7	1.2
1932	443,645	8.9	7.5	1.4
1933	441,919	9.8	7.5	2.3
1934	483,029	11.0	8.3	2.7
1935	484,890	12.6	9.2	3.5

* Figures relate in each case to years in which profits were earned, not to date of publication of reports.

The percentage figures are shown graphically in the annexed chart. The complete data on which they are based will be found in the tables given on the later page of this issue and in earlier numbers of the *Economist*.

The results suggest that ordinary dividends have fluctuated, both in depression and recovery, much less widely than earnings. Directorial policy, in fact, acts as a species of buffer, tending to protect shareholders from the worst effects of changes in earning power. The "retained margin" between earnings and dividends (shown with black shading in our chart) tended appreciably to contract in the bad years, and has been steadily expanding since 1932. Our figures, however, reveal that directorial policy



is actually more conservative to-day than before the depression started. This fact is strongly brought out by the following table, in which the percentage rates for earnings, dividends, and retained earnings for each year are re-expressed on the basis 1929 = 100:—

“DIVIDEND POLICY” (1929 Percentage Figures equated to 100 in each case)			
	On Ordinary Capital		
	Earnings	Dividends	Retained
1929	100	100	100
1930	82	85	73
1931	76	87	40
1932	68	75	47
1933	75	75	77
1934	85	83	90
1935	97	92	117

In the worst year, 1932, the rate of ordinary earnings was only 68 per cent. as high as in 1929. The corresponding figure for dividends was 75, and the "retained" figure fell to 47. In 1933 earnings increased slightly, but the "dividend" index remained stationary, and the "retained" figure jumped to 77. The dividend index subsequently has lagged steadily behind that of earnings on the upward trek. Consequently, while the most recent earnings index figure is 3 points below that of 1929, the

"retained" index is as many as 17 points above the pre-depression level.

What percentage share of each year's total earnings (after debenture interest but before preference dividends) has actually been added to the working capital of industry? The figures are given below:—

PROPORTION OF TOTAL PROFITS ADDED TO RESERVE, ETC.			
Percentage “Reserved”		Percentage “Reserved”	
Year in which profits earned—		Year in which profits earned—	
1929	18.3	1933	18.4
1930	16.2	1934	19.4
1931	9.6	1935	22.2
1932	12.2		

The "reserve" percentage fell from 18.3 in 1929 to 9.6 in 1931. Since then it has been steadily rising, and has now reached the level of 22.2 per cent. The inference is that industry is financing itself internally, to a more considerable extent than before the depression. Something between one-fifth and one-fourth of last year's total profits was "ploughed back" by the companies included in our analysis. This is a portentous phenomenon, which should be read in conjunction with the fact (discussed in the *Economist* of March 28th last, page 695) that new market issues of capital for British industry have, so far, been lower this year than last. Our survey suggests, in short, that, to-day, in a period when high earnings are coincident with low interest rates, British industry is "liquid" in a dual sense.

THE CLAIM TO COLONIES

THE colloquial classification of the leading nations of the world into "have" and "have-not" Powers has rapidly become sanctified by mere habit. So unquestioning an acceptance of a convenient, but all-too-loosely employed, classification is bound to engender misunderstandings. We need make no apology, therefore, for further examination of a question which has already formed the subject of an article in these columns.*

Widespread use of the terms "have" and "have-not" Powers is confined to discussions of the claim to colonial possessions by certain Powers—notably Italy, Germany and Japan. It followed closely upon Sir Samuel Hoare's offer to the League of Nations, on September 11th last, of British co-operation in an inquiry into the *distribution of colonial raw materials*—in order that "all fear of exclusion or monopoly may be removed once and for all." Between that date and March 7th last, when Herr Hitler's Memorandum to the other Locarno Powers expressed Germany's "expectation that, in the course of a reasonable space of time, the problem of colonial equality of rights . . . will be clarified," a profusion of well-meaning counsels has obscured all appraisals of the purely economic—as opposed to the political, strategic or psychological—bases upon which the claim to colonies is thought to repose.

The first, and crudest, ground for the claim is "pressure of population." This expresses itself in Germany in the cry: *Volk ohne Raum*, "a people without breathing-space." Italy and Japan have echoed that cry with greater reason; for while Italy and Japan had respectively 133 and 135 inhabitants per square kilometre at the last census dates, against Germany's 140, only one-tenth of Germany is uncultivable or uneconomic land, against a fifth in Italy, England and Wales, and France, and three-fifths of Japan. Compared with Germany, England and Wales has 264 inhabitants to the square kilometre, Belgium 266 and Holland 232. "Pressure of population," in itself, is no obstacle to high standards of living. Though the recent raising of barriers against immigrants has severely hit countries like Italy and Japan, which could regularly count on losing hundreds of thousands of emigrants per annum before and after the war, it has hit much more severely countries like Poland, Greece and Bulgaria. Even Great Britain—despite her often envied position as a Power "possessing" a vast Empire—now suffers a net annual *increment* of population because of a surplus of British

* *Economist*, November, 16, 1935, p. 950. "The 'Necessity' for Colonies."

immigrants returning from the Dominions and Colonies. Finally, be it noted, in Italy and Germany, the totalitarian State continues to levy differential taxation on celibacy and award premiums for large families.

It is instructive to observe that in the period 1904-13—a period of regular and rapidly rising prosperity in Germany—Germany's annual average increase of population was 733,500 persons. But on an annual average only 25,624 Germans emigrated to all countries, only 33 going to the German colonies. Yet on January 1, 1913, there were only 19,696 Germans—men, women and children—in all Germany's pre-war colonial possessions, of whom 3,105, or 15.8 per cent., were German soldiers and police. The Americas and the British Dominions proved more attractive to German emigrants. On the other hand, since the war, in the period 1925-34, the annual average increase of the German population was only 354,500 persons, while total emigration in the period was 38,343. This is a clear indication that economic prosperity conditions emigration; and that pressure of population need not *cause* economic depression.

As we pointed out in the earlier article, "access to raw materials" has never been denied to non-colonial Powers. Consider the position of the raw-materials-producing countries since the fall in raw materials prices began in 1928-29. They produced too much. If Germany, Italy or Japan had had colonies producing raw materials during these years of depression their financial and trading position might well have been much worse; for, as it was, they could buy at prices brought very low by breakneck competition among primary producers to sell. Indeed, Japan herself can be under no delusions on this score; for her principal export is raw silk, and her experience in that respect has been devastating. "Dependence on imports," by itself, means almost nothing. All countries "depend" on certain necessary imports. The following table shows the relative "dependence," per head of population, of various countries on imports before the depression:—

(In £ at gold parities in 1929 and 1930)				
Country	Imports of Foodstuffs and Raw Materials (inc. Semi-finished goods) per head		Total Imports per head	
	1929	1930	1929	1930
Germany	8.7	6.7	10.5	8.1
Italy	4.3	3.4	5.9	4.8
Japan	3.3	2.5	4.2	3.2
EUROPEAN COUNTRIES				
(a) With Colonies:—				
United Kingdom	19.6	16.6	24.8	21.3
France	9.6	7.8	11.7	10.2
Belgium-Luxemburg	18.2	15.2	24.9	21.7
Netherlands	17.7	14.5	29.9	25.9
(b) Without Colonies:—				
Sweden	9.2	7.7	16.4	15.3
Norway	10.2	8.9	21.2	21.1
Denmark	16.4	14.4	27.3	26.2
Switzerland	15.0	13.9	26.7	25.3
Czechoslovakia	5.7	4.5	8.4	6.7
Austria	8.7	7.2	14.4	11.9

Source: Germany, *Statistisches Jahrbuch*, 1931 and 1933.

This brings us to a much more important reason for the claim to colonies: the need for "guaranteed" markets. The colonial Powers themselves can never count on their own territorial markets; for in a depression colonial purchasing power falls. What they can do, and what this country set out to do at Ottawa, is to secure more trade with their Empire. Though this does not prevent foreign suppliers from jumping the colonial tariff, it renders it more difficult and costly. In this respect, the so-called "have-not" Powers have a legitimate grievance against the "haves." But a grievance is surely no right to commit a second wrong. Any claim to colonies as markets for the "have-nots" must, in these circumstances, be seen for what it is: a claim to create yet another "closed-door" economy in the world, with the aim of achieving the largest measure of self-sufficiency. Does economic sanity, prosperity and progress in the world lie along that road? Lack of colonial markets has never impeded the furthest and most rapid strides in national economic development; witness the historically uninterrupted advancement of Switzerland, Norway, Sweden and Denmark to the highest levels of European economic standards. Germany's colonies before the war took only

0.6 per cent. of Germany's total exports in each of the years 1912 and 1913; and they provided only 0.5 per cent. of all Germany's imports in each year. Thus these pre-war German colonies were negligible markets for Germany's exports, and even less significant sources of her imports.

It would seem that at least one semi-economic justification for the claim to actual possession of colonial territories follows from the *political* assumption that, in future, the nations must inevitably confine their commercial exchanges to their own territories or to defined areas aiming at self-sufficiency. If the world's economic and political procedure is to be so perverted, the so-called "have-nots" can legitimately claim a share in it. Such a world would be bent upon its own economic destruction. The political distortion of the world's conduits of capital and commerce, and the national and international stresses and strains set up by more rabid self-sufficiency programmes than those we now observe, would prove productive only of political animosities, violence and disorder. More than a little of the world's present political disorder is directly attributable to the fruits of economic nationalism.

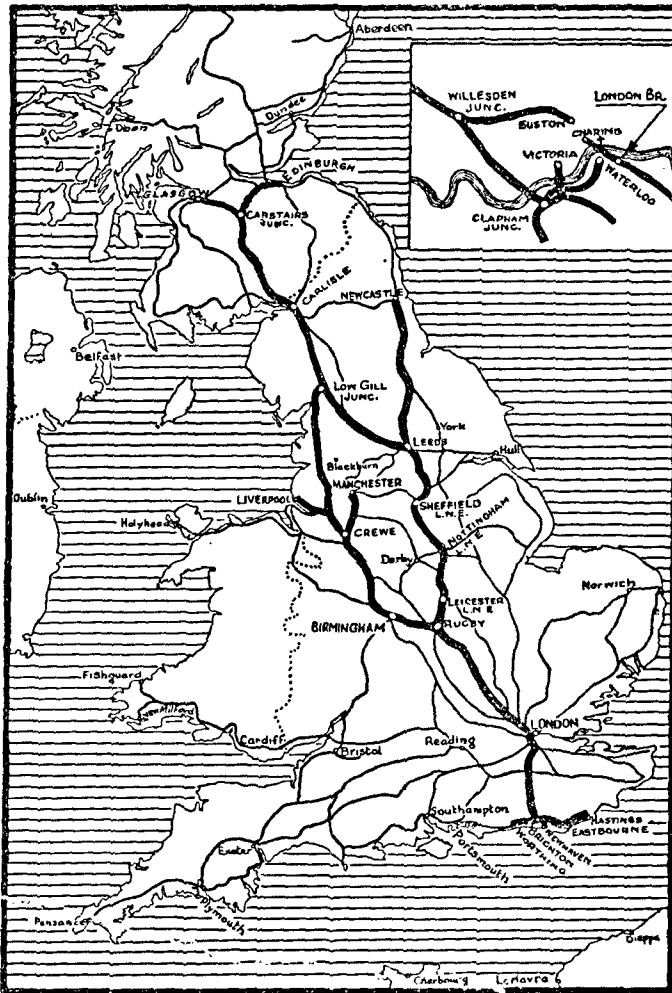
Is there a more excellent way? If there is, assuredly it must lead backward from the precipice towards which our feet are tending. The British Government have renewed their offer, in their recent White Paper, to examine, *au fond*, the economic ills which afflict the world, as well as the grievances of the so-called "dissatisfied" Powers. On this offer our eyes should be focused; for this country—with its colonies and great possessions—in common with all the leading Powers of our industrial civilisation, has made grievous economic mistakes; and the sands are fast running out. The essential prerequisite of a successful conference on the world's economic ills is that some hard thinking should be done beforehand. Before we, who desire the return of economic and political sanity to a world grievously distraught, are offered schemes for sharing-out economic nationalism, let us remind ourselves what it is that all the nations should "have," and how best they may all share in its increase.

"SELECTIVE" RAILWAY ELECTRIFICATION

It is five years since the Committee on Main Line Railway Electrification, presided over by Lord Weir, came to the unanimous conclusion that "the [British] railways should examine new methods of reducing the cost of railway transportation." The Committee outlined a comprehensive scheme for the electrification of all lines (except certain branch lines) over a period of fifteen to twenty years, at a capital cost, to the railways, of approximately £261 millions, to produce an estimated return of 7 per cent. Since the Committee reported, the matter, for all practical purposes, has been in abeyance. One of the four railway companies, the Southern, has proceeded on its own initiative with the electrification of its suburban lines and its "shorter" main lines, to South Coast terminals like Brighton, Worthing and Eastbourne. The financial results, on the chairman's showing, have been highly gratifying, and the company intends to apply part of its share in the recent Treasury-guaranteed "railway loan" in extending its electrified lines to Portsmouth. Another project, to be financed from the same loan, embraces the electrification of the London and North Eastern line from Sheffield to Manchester, but no scheme for the electrification of the great trunk lines between England and Scotland, or between London and the West, has as yet been seriously proposed. For this failure to implement the Weir Committee's proposals there are two main explanations. In the first place, the suggested expenditure of something approaching £260 millions, for any purpose except national armaments, appears terrifyingly large; and in the second, railway opinion is itself divided on the merits of electrification on the grand scale.

An increasing number of transport users, however, are anxious that the community should not wait indefinitely while the railway technicians are fighting their battle and the national authorities are satisfying themselves that the financing of the whole of the existing system will be a

commercial proposition. Does the choice lie between electrification of virtually the entire existing system and no electrification at all? Is there not a middle way? The writer of a letter appearing on page 130 of this issue would reply that such a way certainly exists. This correspondent starts from the assumption that the contemporary network of British main and branch railway lines is less a "plan" than an empiric system. It is the legacy of an era of inter-company competition which has passed away. If the community is unprepared immediately to commit itself to the expense of electrifying the whole, let it take first things first, and concentrate on the electrification of a great trunk route between North and South. The suggested main artery, as will be seen from the map on this page, would run from London (Euston) to Rugby, over the well-engineered curves and gradients of the old London and North-Western main line. Thence its western arm would pass through Birmingham, Crewe, Preston and Lancaster, while



its eastern arm would follow the former Great Central route through Leicester, Nottingham and Sheffield, and, after passing through Leeds, would effect a junction with the western arm at Low Gill. Thence the route would lie over Shap to Carlisle and, by Carstairs junction, to northern termini at Glasgow and Edinburgh. "Branch" lines would run to Liverpool, Manchester and Newcastle, and connection would be made with the electrified sections of the Southern Railway by a loop over the famous "West London" line from Willesden to Clapham Junction.

The main points in the case for such a "selective" electrification plan are obvious. Under such a regime, as our correspondent points out, traffic which is now split up over two or more lines—formerly competitive, but already effectively non-competitive under the present-day "pooling" arrangements—could be concentrated on a single electrified route. The non-electrified lines could be reserved for existing local trains, for a light service of semi-expresses, and for "relief" goods traffic. Electrified services would be brought to all the populous centres of the north. On the electrified main lines, a half-hourly service of high-speed expresses—similar to those, e.g. run by the Pennsylvania Rail Road from New York—might prove economically feasible. The plan, indeed, would be based on principles

analogous to those of "rationalisation" in industry. It would concentrate activity on sections of the existing "plant" calculated to produce a maximum return. For this purpose, it would treat the railway lines of the country as a whole, ignoring such distinctions of current ownership as are mere anachronistic survivals of the pre-grouping epoch. It would honour the principle that a high density of traffic is essential to the optimum operation of an electrified line. From the viewpoint of capital cost, it would be decidedly economical, for it would involve the initial electrification of only 750 double track miles out of a total for the four chief railways of 19,267 route miles.

We commend our correspondent's suggestion to the railways, to transport users, to the Government—to all, in fact, who are concerned, in different ways, with the objects it seeks to achieve. Numerous objections, technical and otherwise, may doubtless be advanced. It may be urged, for example, that the scheme leaves outside its purview the whole of Western England, the Eastern Counties, North and

South Wales, and Scotland north of Edinburgh. The answer is that it is avowedly a first step, based on the assumption that both financial ability and willingness to electrify *all* routes are absent at this stage. Experience gained by operation of the suggested "trunk" system would, in fact, be invaluable, if and when the question of further electrification came to be considered in due course. Railwaymen, doubtless, will have points of their own to urge. It would be well that they should clearly formulate them, so that public opinion can discover how far they are based on sound technical considerations and how far on conservative adherence to "steam" traditions.

The plan would appear to have at least one logical merit. Given the desirability of future electrification, *per se*, its accomplishment would obviate the danger of piece-meal development. Lack of co-ordination was the bane of railway construction in its early days. The record of British railway electrification so far suggests the danger that history may repeat itself in the present century.

NOTES OF THE WEEK

Unemployment Assistance.—The introduction of the new unemployment assistance system must be an episode almost unparalleled in British administrative history. In January, 1935, a brand new system, prepared over a long period and fully discussed by Parliament, was set going—only to be abandoned within six weeks in response to widespread protest. The public was then told that an inquiry would be held into cases of hardship, a report issued, and a revised new scale of assistance introduced. Since then one Minister of Labour has gone, and another, Mr Ernest Brown, has announced that the promised report would be in the hands of Members of Parliament "in the spring." In last Thursday's debate Mr Brown repeated this undertaking, and added that the "House would not have to wait long after Easter." The problem is, of course, an extremely intractable one. At least three major issues of policy have to be decided: what is to be the status of the Unemployment Assistance Board, whether the household means test is to be retained, and what the scales are to be. Both the Labour and Liberal Opposition urged on Thursday that the Board should be made responsible to Parliament and that the household means test should be abolished. Mr Ernest Brown, in reply, emphasised the enormous difficulty of substituting a standard system for local poor law rates that may have been established for generations. There is clearly substance in this; but it only makes the public wonder more than ever why responsible administrators had not allowed for it before the new scales were introduced 15 months ago. The abolition of the household means test also presents difficulties, though its almost universal unpopularity is not in doubt. Has the Ministry considered the possibility of granting a fixed sum as of right to an unemployed worker whose insurance benefit has expired, and to his wife and children, and instituting a means test for assistance beyond that sum? Some practical compromise has to be reached, and reached soon. The promised report will consequently be awaited with very great interest.

Easter Politics.—For those who will, the Easter conferences provide an opportunity to keep politics alive over the holiday. This year the discussions were most alive at the Co-operative Party and I.L.P. conferences. The Co-operative Party decided, after an important secret meeting, to reject complete amalgamation with the Labour Party, but to preserve the "closest and most harmonious relationship with it." The *status quo* is thus to be maintained. On foreign affairs, opinion among the co-operators was strongly in favour of sanctions and full support for the League. Mr W. H. Green, M.P., said that "it was idle and hypocritical for them to claim allegiance to the League and say at the same time that they could not support sanctions." Mr A. V. Alexander wished it to be made absolutely plain to Germany that military aggression would

range this country effectively on the side of the League. "It is perfectly plain," he said, "that Hitler, with his great control of the German people, is engaged in a diplomatic policy which is far more clever than our Foreign Office appeared to have realised." The I.L.P. conference, on the other hand, though divided into various splinters, was predominantly opposed to League sanctions. It even appeared that the inner executive of the national council had passed a resolution also opposing "working-class sanctions"—i.e. strike action—against Italy, on the ground that there was nothing to choose in aggressiveness between Signor Mussolini and the Emperor of Abyssinia. This was too much for Mr Fenner Brockway, who declared himself "astonished," and the conference only refrained from passing a vote of censure on the national council by 70 votes to 57. These discussions can hardly fail to weaken the I.L.P.'s already waning influence still further. A party so impractical as to advocate the maintenance of peace by general strikes, in a world where the Fascist dictators have destroyed organised trade unionism, is hardly likely to appeal to the practical sense of the British public.

War and Diplomacy.—Marshal Badoglio has been forging ahead so rapidly with his mechanised divisions on the Northern front in Abyssinia that his forces entered Dessye, until a week or two ago the Emperor's headquarters, on Wednesday. At the same time a new offensive by General Graziani's southern forces, directed against Harrar, is reported. The Italian armies are now at the Dessye terminus of a good lorry-road to Addis Ababa; and the southern offensive looks like bringing the Italian pincers closer together towards the Addis Ababa-Djibuti railway. Moreover, at the week-end Italian troops reached Lake Tsana and hoisted the tricolor there; while another force reached the Sudan frontier at the extreme north-west tip of Abyssinia. This week's news, therefore, provided a discouraging background for the negotiations over procedure for an armistice, which Baron Aloisi and Señor de Madariaga began on Wednesday. Even so, the unopposed advance of the Italian armies in Abyssinia does not spell victory for Italy. The Italian lines of communication are ominously lengthening, and their defences becoming attenuated, all along that great central Abyssinian escarpment; and in the lateral valleys which pierce it are secreted the armies of the Emperor, Ras Ayelu and Ras Imru. Moreover, the rains are now increasing in volume. Even if the Italian armies proceed unmolested, their position must become more vulnerable. They have a very long way to go yet before they enter Addis Ababa; and if they do that, Italy's real task and her gravest economic problems will begin. She will have to administer the territory in her possession, provision all the troops necessary to stamp out guerilla warfare over a vast area, and find all the money for it. The moral for

the League Powers of Italy's recent military advances in Abyssinia is that the economic sanctions against her must be redoubled in intensity. Her real struggle—as we pointed out at the outset of her adventure—is with the League, not with one small and defenceless Member of it. She has not yet defeated the League.

* * *

Turkey Asks for Revision.—At the end of last week, the Turkish Government took the long-expected diplomatic step which they have foreshadowed on many occasions. They put forward a formal request for the negotiation, in the near future, of a fresh agreement for regulating the regime of the Straits. This request has been addressed simultaneously to two sets of States: in the first place to Turkey's co-signatories of the Straits Convention of 1923, which is the basis of the present regime of demilitarisation; and in the second place to all States members of the League. It has been addressed to the League partly because the League is explicitly involved in the terms of the Convention of 1923, and partly because Turkey is now asking, in virtue of Article XIX of the League Covenant, for the revision of a treaty which, in her opinion, has become inapplicable. In choosing the path of negotiation, instead of presenting the world with a *fait accompli*, Turkey is showing herself a good citizen of international society. The terms of the Straits Convention of 1923 have, indeed, been made obsolete and unworkable by the terrible change for the worse in the international situation during the intervening thirteen years. In 1923, Turkey agreed to leave unfortified the narrow seas which insulate her European from her Asiatic territories, and which provide a water-route from the Mediterranean and the Black Sea to the heart of Constantinople. This sacrifice was asked of her because these Turkish territorial waters are at the same time the sole means of maritime communication between the other countries with sea-boards on the Black Sea—Russia, Roumania and Bulgaria—and the outer world. The Turks only consented to make this concession for the benefit of their neighbours on condition that these neighbours undertook, on their part, to fill, if necessary, the resulting gap in Turkey's security. An integral condition of the Straits Convention was a guarantee by four Great Powers—Great Britain, France, Italy and Japan—to carry out jointly any measures prescribed by the League Council for Turkey's defence in the event of the demilitarised zone of Turkish territory being subjected to any threat of aggression. To-day, as the Turkish note points out, Japan is no longer a member of the League and Italy has been condemned as an aggressor. Re-armament is in progress everywhere. And Italy (though on this point the Turkish note is discreetly silent) has had, ever since the Great War, her own designs of expansion at Turkey's expense. The Dodecanese is only an hour or two's distance by air, and not many more hours' distance by sea, from the mouth of the Dardanelles. As the Turkish note puts it, uncertainty has arisen in the Mediterranean, in contrast to the now reassuring situation in the Black Sea. Assuredly the League signatories—other than Italy—of the Straits Convention, cannot ask the Turks to continue to expose themselves to the risk of being treated like Abyssinia.

* * *

Five Years of Republican Spain.—The Spanish Republic was five years old last Tuesday. Some disorders occurred during the anniversary processions in Madrid; and the killing in a Madrid street of Don Manuel Pedregal, the magistrate who recently passed a severe sentence on the would-be assassin of the Socialist professor, Jimenez Asua, adds yet another to the distressing tally of political murders. It is clear that the revolutionary impetus of 1931 is by no means exhausted. Like Russia in 1917, the Republic in Spain represents a political and a social rebellion in one. The deposition of the President last week by Parliament in its passion—one cannot say wisdom—is symptomatic. It is announced that the first phase of the Presidential election—the choosing of *compromisarios* to form an electoral college with the assembled deputies—will take place on April 26th; and the actual presidential election on May 10th.

Thus, no time is being lost. The renewal of diplomatic relations with the U.S.S.R.—after an interval of seventeen years—must also be taken as evidence of a return to normality. What is painfully clear, however, is that, as a result of the clumsy obstinacy of Señor Alcalá Zamora, still more of the short-sightedness of the Catholic and Radical elements who were in the ascendant from October, 1933, to the end of last year, the original Jacobin spirit has been perverted to revolutionary violence. Señor Azaña's speech in the Cortes on April 3rd was sensible and statesmanlike. But for all the extenuating phrases he uttered for the "hungry multitudes" fresh from prison and repression, he pronounced many more solemn warnings that the present dispensation represents the last chance for reconstruction by evolutionary and Parliamentary methods. Yet Señor Azaña is quite right when he regards present violence as something endemic and temperamental, having no inherent connection with social revolution as preached by Communists. Spain is going her own revolutionary way.

* * *

A United Arabia?—The Wahhabis are proving as good diplomatists as fighting men. In 1934, Ibn Saud crowned his victory over his tiresome neighbour, the Imam of Sana, by granting him peace terms as moderate as the result of the seven weeks' war between the Yemen and Saudi Arabia had been decisive. Ibn Saud not only left the Imam's dominions intact, he also concluded with him "a treaty of Islamic friendship and Arab brotherhood" which included all the provisions that are common form in post-war European treaties of non-aggression and arbitration, and which at the same time improved upon this model by adding provisions for reciprocal demilitarisation on either side of the frontier and for providing a common front to threats of aggression from abroad. Another treaty, on the same basis, has now just been concluded between Saudi Arabia and Iraq, and it is hoped that the Yemen, too, will become party to it. It is a remarkable spectacle to see the programme of Arab solidarity thus overcoming dynastic rivalries, tribal feuds and sectarian religious differences. Hitherto, the Arab world has been torn in pieces by the alienation of Shii from Sunni and of the Wahhabi fraction from the rest of the Sunni community; by the perpetual raids across the frontiers between Saudi Arabia and its several Arab neighbours—Iraq, Transjordan and Yemen; and by the triangular hostility between the three princely houses of Hashim, Saud and Sana. This picture of disunion and weakness will have been entirely transformed if the reconciliation between Arabia, the Yemen and Iraq is now cemented into the *entente*. It will then be only a question of time when Transjordan, Syria and Palestine come into the new *entente*. Even Egypt is reported to be beseeching her neighbour to improve her relations with the Wahhabi Power. The *entente* in the direction of Arab union have been made possible by the statesmanlike moderation of King Abdul Aziz Al Saud. Having made himself, by his life-long prowess, by far the strongest of the Arab Powers, he has had the wisdom to reject the ambition of unifying the Arab world by force under his own sceptre. Instead, he has chosen the way of peace, conciliation and fraternisation; and it looks as though he were going to have his reward by becoming leader of all the Arabic-speaking peoples in Asia, and perhaps of those in the Nile Basin as well. Here is an Arab counterblast to Signor Mussolini's declared intention of re-establishing the Roman Empire—a project the more formidable to Arabs and Turks because it is expressly limited to Asia and Africa. Mussolini's dream may be forestalled by Saudian statesmanship.

* * *

The Effect of Sanctions.—A provisional estimate of the effect of the economic sanctions imposed on Italy has been prepared by the experts appointed by the League Committee of Eighteen. Figures are given for Italian trade in November and December, 1935, and January, 1936; and some incomplete figures for February, 1936, are added. These figures were compiled from replies made to the League by the countries imposing sanctions, and from the official trade returns of certain other countries. The countries for which returns were made covering November and

December, 1935, accounted in 1932 and 1933 for 92 per cent. of total imports into Italy and 93 per cent. of total exports from Italy. For January the percentages, based on a smaller number of countries, were 87.5 and 88. The falling-off in Italy's trade since sanctions were imposed may accordingly be summarised as follows:—

	Exports from Italy (⁰⁰⁰ gold dollars)	Imports into Italy (⁰⁰⁰ gold dollars)
November, 1934	20,872	28,578
November, 1935	25,230	29,817
(47 countries)		
December, 1934	20,972	27,549
December, 1935	16,739	21,441
(47 countries)		
January, 1935	17,600	22,899
January, 1936	9,505	13,884
(39 countries)		
February, 1935	10,755	14,650
February, 1936	5,666	8,230
(23 countries)		

In interpreting these figures it must be remembered, first, that the effect of sanctions is cumulative, since goods paid for *en route* before the imposition of sanctions were excluded from their operation; and, secondly, that the figures include not merely the sanctionist countries, which take about 70 per cent. of Italy's exports, but a number of non-sanctionist countries as well. It will thus be apparent that the falling-off in Italy's total exports has been very large indeed. In January it was already around 50 per cent. It is clear, therefore, that Italy has not nearly been able to make up for the embargo imposed by the sanctionist countries by means of sales to non-sanctionist countries. The reduction in Italy's imports, resulting from the embargo on exports, has also been very great. Naturally it has not been as great as that in exports, since Italy has been depleting her gold reserve in order to secure imports at any price. The above figures taken as a whole, however, show that the strain on Italy's economy has already become very severe and is likely to become even more severe as time goes on.

* * *

Anglo-Italian and Franco-Italian Trade.—Information is also given by the League experts about changes in the trade of individual countries with Italy. Anglo-Italian trade has shrunk in the following manner:—

BRITISH IMPORTS FROM ITALY (⁰⁰⁰ gold dollars)			
	1934-5	1935-6	
November	2,225	2,789	25%
December	1,880	930	50%
January	1,942	70	96%

BRITISH EXPORTS TO ITALY (⁰⁰⁰ gold dollars)			
	1934-5	1935-6	
November	2,625	855	33%
December	2,784	301	11%
January	2,875	155	5%

It will be seen that Great Britain has faithfully carried out her sanctions obligations and reduced her imports from Italy to almost nothing. Italy has evidently at the same time made great efforts to organise a counter-embargo against British exports. French imports from Italy also fell from 2,183,100 gold dollars in November, 1935, to 159,400 gold dollars in January, 1936; but French exports to Italy only fell from 2,874,100 gold dollars in November, 1935, to 734,600 gold dollars in January, 1936. It is also interesting that imports into the United States from Italy actually fell off by about 50 per cent. between November and January.

* * *

British Shipbuilding.—The rush of new orders for mercantile tonnage during the last quarter of 1935 subsided early this year. The gross tonnage of merchant vessels commenced in Great Britain and Ireland, as shown in *Lloyd's Register Shipbuilding Returns*, declined from 311,000 tons in October-December, 1935, to 233,000 in the past quarter. Despite this decline, however, the gross tonnage begun

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£69,500,000

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during January-March was substantially higher than during the corresponding period a year ago, when it was 144,000 tons. As a result of the improvement over a year ago, the gross tonnage under construction rose from 556,000 tons at the end of March, 1935, to 743,000 at the end of December and 842,000 at the end of the past month. The spurt in orders towards the end of last year is not yet reflected in launchings, which amounted to 194,000 gross tons in January-March, 1936, against 106,000 gross tons a year ago. While the present position of the shipbuilding industry is appreciably better than three years ago, activity remains well below the level of pre-depression years. In January-March, 1930, for example, the gross tonnage launched was 75,000 tons, work was begun on 427,000 gross tons, and the tonnage under construction at the end of that quarter was 1,615,000 gross tons. The increase in the tonnage under construction was most marked on the Clyde, in Newcastle and in Sunderland. Work on hand in Belfast continued to decline, amounting to 86,980 gross tons at the end of March, against 140,800 gross tons a year ago. The mercantile tonnage under construction abroad also continued to increase between December and March, from 800,000 gross tons to 978,000 gross tons. Of the total mercantile tonnage under construction abroad at the end of March, Germany accounted for 317,000 gross tons, Japan for 151,000 tons, Holland for 146,000 tons, Sweden for 113,000 tons, and Denmark for 55,000 tons. Provided the stimulus to the replacement of old vessels is not entirely nullified by increasing costs of production, there is no reason to suppose that the British shipbuilding industry has reached the limit of recovery.

* * *

A Shock for British Shipping.—Competition among the world's shipping companies is rapidly becoming competition between the Governments that are subsidising them. "Free enterprise" in the big liner services of the world is fast becoming non-existent; for the payment of subsidies to shipping from the taxpayers' pockets, in order to undercut the rates offered by free enterprise, renders such enterprise unprofitable. In 1934 this country was forced to ward off the subsidised attacks on British tramp shipping by a subsidy of £2,000,000 for an initial year; it has just been renewed. The French and German trans-Atlantic liners are now operating largely on State subsidies to cover deficits; whereas the Cunard-White Star line have so far remained competitive at North Atlantic Conference rates without direct Government assistance. Yet even here the Government has had to lend financial aid for the raising of the money to build the "Queen Mary"—which, be it noted, has been the cause of a re-classification of liners and rates in the North Atlantic Conference. Now comes bad news from the Pacific. After fifty years the Union Steam Ship Company of New Zealand announced on Wednesday the discontinuance at the end of this year of its Union Royal Mail line between Sydney, Wellington and San Francisco. The line had recently been running at a loss of about

£50,000 per annum, owing to acute subsidised competition from American liners. A warning has already been given that the Canadian Australasian Line, Ltd., owned by the Union Steam Ship Company of New Zealand and the Canadian Pacific Company, and operating between Vancouver and Australasian ports, will have to be discontinued; for the recent losses have apparently been even greater—about £100,000 per annum, excluding depreciation allocations. This announcement, though understandable, comes as a great shock; for at the Empire Shipping Conference now meeting in London considerable progress had been made towards agreement on co-operation between all Empire lines in the Pacific against subsidised American competition. It was understood that both Australia and New Zealand were prepared to make proportionate contributions to maintain the Pacific services; and that all the other British lines concerned—perhaps "with a lively sense of favours to come" from the Government—had agreed on a "forward" competitive programme. The P. & O. company is to withdraw its branch line vessels from the Australian service as they arrive home and replace them by two modern Vickers-Armstrong-built vessels of the "Strathmore" type. And the Union Steam Ship Company of New Zealand has just ordered the latest type of motor cargo vessel for the New Zealand coasting trade. The American Matson line, however, is replying with two new turbine carriers for the Hawaiian service. The question at issue now is: Are new vessels to be built at their owners' expense, if their running can only be rendered profitable to the owners by the grant of Government subsidies? If the American system is to continue, it will become a fight between Exchequers; for British Governments cannot acquiesce in the driving of British ships off the seven seas by the money of other nations' taxpayers. Even so, the problem of deciding the amounts of Government assistance, if any, will need all "the lore of nicely calculated less or more," if British taxpayers, in their turn, are not to be mulcted by the shipping companies. That is the danger of the subsidies game.

Sterling and International Prices.—Narrow changes in world whole sale prices have been recorded during the past three weeks. The *Economist's* complete British index number has risen by 0.3 per cent., but primary products have fallen by 0.4 per cent. In the United States the Irving Fisher general index number is unchanged, but primary products have risen by 0.6 per cent. Owing to Easter, the latest French and German index numbers are not available. Previous figures indicate that the advance in French prices has for the moment been arrested, but that the German price-level remains firm.

SEPTEMBER 25, 1931 = 100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Chamber of Commerce	Germany, Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)	Price of Gold (sterling)				
1932							
Jan. 27th	108.3	115.7	93.8	140.9	93.5	93.6	91.6
Apr. 20th	103.8	105.4	83.6	129.5	89.6	97.0	90.3
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5
Oct. 19th	103.1	112.3	84.0	143.8	88.6	92.7	89.8
1933							
Jan. 25th	101.3	107.7	78.0	142.6	80.5	90.2	83.8
Apr. 19th	98.7	104.6	88.5	142.4	82.8	86.2	83.4
July 26th	108.1	124.7	124.7	145.7	100.9	89.7	86.6
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	88.1
1934							
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	88.5
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	87.7
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	91.1
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	93.0
1935							
Jan. 30th	110.8	124.6	152.4	167.2	118.3	79.1	92.8
Apr. 24th	110.5	124.5	151.6	169.1	118.8	78.2	92.6
July 31st	112.7	129.7	146.2	165.6	120.2	75.9	98.2
Oct. 23rd	113.6	133.6	144.9	168.4	123.7	79.1	107.3
Nov. 20th	118.0	131.4	144.5	166.4	122.2	79.8	94.6
Dec. 18th	118.1	131.2	141.7	166.2	122.4	80.9	94.9
1936							
Jan. 1st	118.1	131.2	143.3	166.2	121.8	80.7	94.9
Jan. 15th	118.5	130.3	142.4	165.8	121.5	81.4	95.2
Jan. 29th	118.1	131.7	145.7	165.6	121.8	82.3	95.1
Feb. 12th	118.0	131.9	145.9	165.8	120.9	83.8	95.2
Feb. 26th	117.4	132.8	145.0	166.0	119.5	85.6	95.2
Mar. 11th	117.3	134.5	144.4	166.0	119.5	85.2	95.3
Mar. 25th	117.4	133.9	144.3	165.8	119.6	85.2	95.3
Apr. 15th	117.7	133.3	145.1	165.8	119.6*	...	...

* These figures relate to April 8th.

Details of the group indices comprising the complete

Economist index number on the date of our suspension of the gold standard and for recent dates are given below:—

	"ECONOMIST" INDEX (1927 = 100)			
	Sept. 18, 1931	Mar. 11, 1936	Mar. 25, 1936	Apr. 15, 1936
Cereals and meat	64.5	70.8	72.0	73.1
Other foods	62.2	59.7	60.0	59.5
Textiles	43.7	60.5	60.3	59.9
Minerals	67.4	84.2	83.2	83.1
Miscellaneous	65.8	78.1	78.1	78.6
Complete index ..	60.4	70.8	70.9	71.1
1913 = 100	83.1	97.4	97.5	97.8
1924 = 100	52.2	61.2	61.3	61.4

In the cereals and meat group, wheat prices were irregular, and bacon cheapened. Otherwise the general trend was upwards. The main movement among other foods was a sharp drop in butter. Tea was appreciably dearer and there were small advances in refined sugar and cheese, and small decreases in coffee and coco-oil. In the textile group, Egyptian cotton is slowly falling from its previous high level, but American cotton was higher in price, and yarn and cloth advanced in sympathy. Flax and jute prices were lower. In the minerals group there was a small advance in lead and declines in tin, copper and spelter, the last of these movements being appreciable. In the miscellaneous group, Swedish timber and hides, linseed oil, rubber, sulphate of ammonia and creosote were all a little dearer.

Overseas Trade in March.—The outstanding feature of our overseas trade last month is the continued increase in our imports. They were £7.4 millions higher than a year ago, and £5.7 millions more than in February. Exports, on the other hand, only just maintained the February level. The small increase of £1.6 millions in the March exports figure was due to the extra working day last month. Complete figures are given below:—

	OVERSEAS TRADE Month of March (000's omitted)			
	1934	1935	1936	Change between 1935 and 1936
Total imports	£61,942	£60,507	£68,052	+ £7,545
British exports	33,069	35,952	36,510	+ 558
Re-exports	5,631	4,472	5,900	+ 1,428
Total exports	38,700	40,424	42,410	+ 1,986
Excess of imports over exports ..	23,242	20,083	25,642	+ 5,559
Transshipments under bond	2,045	1,913	2,255	+ 342

The increase in imports is more marked in raw materials and manufactured articles than in foodstuffs. This is a welcome sign of increased industrial activity. Figures for the whole of the first quarter, which are given in the following table, show the same characteristics:—

	OVERSEAS TRADE First quarter (000's omitted)			
	1934	1935	1936	Change between 1935 and 1936
Total imports	£185,718	£178,419	£200,321	+ £21,902
British exports	94,718	105,498	106,081	+ 583
Re-exports	14,906	13,912	15,862	+ 1,950
Total exports	109,625	119,410	121,943	+ 2,533
Excess of imports over exports ..	74,107	59,009	78,378	+ 19,369
Transshipments under bond	6,421	5,746	6,700	+ 954

Re-exports of both raw materials and manufactured goods have risen substantially. The comparatively small increase of 2 per cent. in total exports, however, is not altogether unexpected, in view of the unsettled state of international affairs and of the economic sanctions against Italy. The increase of 33 per cent. in the passive balance of trade compared with 1935 is partly explained by the slump in imports at the beginning of last year. During all the depression years, exports have recovered rather better than imports. Total imports at £200 millions compare with £210 millions in the first quarter of 1931. Exports at £122 millions compare with £121 millions in that year. The passive trade balance is therefore still £11 millions lower than before the devaluation of sterling.

A "Boomlet" in Copper.—Last Wednesday the price of copper in London reached £37 3s. 9d. per ton (standard cash), the highest level since 1933, while the New York export price, at 9.30 cents per lb., was higher than for nearly five years. The strength of the copper market is partly due to the seasonal revival of consumption. Consumers who have been out of the market since the termination of the "war boom" in October last are forced to restock. There are no weak "bulls" in the market and stocks in official warehouses in this country have decreased from 87,302 tons at the end of last year to 70,369 tons at the end of last week. Producers, on the other hand, are selling substantial quantities of copper direct to large consumers and thus have little metal available for the London Metal Exchange. Under these circumstances the rising trend of prices is scarcely surprising. Moreover, the position in the United States copper market was clarified on Tuesday by the increase in the domestic price of the Kennecott Copper Corporation from 9.25 to 9.50 cents per lb. As will be remembered, the two other large United States copper concerns (Anaconda and Phelps-Dodge) had increased their prices to 9.50 cents per lb. on February 15th. The Kennecott group at that time refused to follow suit, because it saw no justification for the increase. In the

meantime, the American domestic market has improved to such an extent, that the Kennecott concern found it necessary to bring its price into line with those of Anaconda and Phelps-Dodge. Sales in the United States market, which had declined from 79,300 short tons in February to 34,000 short tons in March, totalled no less than 100,000 short tons in the first half of April. All of this copper has been purchased at the lower price level and it would therefore not be surprising if American demand would show a decline in the near future. At the present rate of consumption, however, the market should settle down around the present price level within a comparatively short time. There is another "bull point" for the market. At the recent annual meeting of the International Nickel Company the chairman commended co-operation among copper producers. Moreover, the fact that the large Canadian concern is now developing its Creighton mine (which contains less copper than nickel) may be due to the more friendly attitude of the Inco towards the copper scheme. In general, the position of the copper market is now healthier than it has been for several years. Prices may therefore show further improvements in the near future. There are, however, no prospects of startling rises in the price of copper as the co-operating producers are much more in favour of raising consumption than of raising prices.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

"PROSPERITY"

FOR the first time for years business men in general admit that business is good. To be sure, there are depressed areas and unhappy industries, but, broadly speaking, the American economy can now be described as prosperous. This prosperity is most evident in the industries that supply goods to individuals and families, rather than to corporations. The present phase dates clearly from the autumn of 1934. It was preceded by the ephemeral revival of the autumn of 1932 and the stronger upturn that began in the spring of 1933, and, after a meteoric rise, was followed by a slow relapse from July of that year through the third quarter of 1934.

The following table is based on the Federal Reserve Board's indices of business activity, and employs the data unadjusted for seasonal variation:—

	AVERAGES						
	Mfg.	Mining	Res. Bldg.	Other Bldg.	Factory Em- ploy- ment	Factory Pay- rolls	Car Load- ings
Sept., 1934—							
Feb., 1935	78.5	87.6	11	38	79	62.5	61
March, 1935—							
Aug., 1935	87	85.5	23	43	81.5	68.7	61.5
Sept., 1935—							
Feb., 1936	95	98	23	69	84.3	74	66.5

Each of the past two six-month periods has thus shown an increase in manufacturing production over the preceding period, and the increase has been of the order of 10 per cent. The business cycle, in fact, has been for the past eighteen months on the up-grade, and in that time, while there have been periods of statistical hesitation, there has been nothing like a setback. In September, 1934, manufacturing activity was well above the average of 1932 (63); but it was still depressed. In February, 1936, it was 95 per cent. of the base period of 1923-25.

Still using the unadjusted indices, the following table shows selected indices in February, 1936, compared with the averages of the year 1928.

BUSINESS INDICES (UNCORRECTED)

	Average, 1928	February, 1936
	1928	1936
Textiles	107	107
Food products	98	82
Automobiles	113	94
Leather and shoes	102	115
*Petroleum Ref.	152	170
Tobacco	124	135
Simple average	116	117
Iron and steel	119	87
Cement	120	29
Building contracts	135	45

* January; February figures not yet available.

The low level of food products (it is lower now than in February, 1933, just before the bank closing) cannot be taken as evidence that people are eating less; it means no more than that they are eating less of the limited kinds of food represented in the index—e.g. meat. One might add that the textile index omits rayon, which is now of far more importance than it was in 1923-25. But, taking these indices as they stand, the simple average in February was 117; the average of the same groups for the year 1928 was 116. It may be presumed that the population has increased between 5 and 10 per cent. since 1928; on the other hand, 1928 was distinctly a prosperous, even a boom, year. Hence the inference is justified that if those enumerated industries are typical samples, the consumers' industries are somewhere between prosperity and boom. Among these data the contrast lies in building, which is at one-third the average of 1928, in spite of the W.P.A.

It is not easy to reconcile the index of manufacturing at 95 and the average of consumer goods activity at peak levels with the unemployment figures. One might discount the disparity between the index of factory employment (85) and the index of pay-rolls (75) by reference to a lower cost of living. On the other hand, the active demand for consumers' goods is in part attributable to the fact that of the estimated unemployed the 3,500,000 on the Federal rolls are in receipt of incomes averaging about \$50 a month.

The data above illustrates the importance of reviving the building industry if the American economy is to attain a substantially higher level. It will be noted in the first table above that residential building during the winter held the level of the previous six months, while non-residential

building, under the influence of W.P.A. contracts, surpassed it. It is reasonable to suppose that the winter was adverse to the former; but it is not impossible that W.P.A. contracts have passed their peak.

The Tax Bill is making slow headway. As reported by the House Committee, it would yield substantially less than was required to balance the regular Budget at the time the President made his proposals. Meanwhile, Congress has added generously to its appropriations. If the regular Budget is to be balanced, it would appear either that new additional taxes must be devised or the proposed rates materially increased. The present Bill represents the first serious effort by Congress to effect a considerable increase in Federal revenue, and it does not find the task easy. In the course of the depression State taxes have been enormously increased and many promising taxes have been preempted by local government. For example; a good many States have created or increased income taxes, and in New York State, in many instances, the State income tax equals or exceeds the Federal income tax, whereas as late as two years ago it was a nominal impost.

BIG REDUCTION IN "EXCESS" RESERVES

Since December the Reserve system has undertaken one of the largest "open-market" operations in its history. In December the Board of Governors rejected the arguments of the Federal Advisory Council, but reduced the excess reserves, as the Treasury transferred about \$500 millions to its deposit in the Reserve Banks; in the same day, the statement of March 18th showed an increase in the Treasury deposit with the Reserve Banks from \$391 millions to \$1,067 millions, accompanied by a reduction of member bank reserve balances of \$642 millions to \$5,144 millions, followed the next week by another shift of nearly 100 millions, which brought the member bank reserve to 5,069 millions, which is almost exactly \$1,000 millions below the maximum reached early last December.

This is a most significant action of control; for it has reduced excess reserves by about one-third (since in the interim gold imports have been small), and it has been accomplished without the slightest visible disturbance of money rates. This method has been pursued apparently in such a way as to permit a selective reduction of reserves as shown by the following table:—

MEMBER BANK RESERVES (\$000,000)			
Reserve Bank	Dec. 11, 1935	March 25, 1936	
Boston.....	366	294	- 72
New York.....	2,947	2,301	-646
Philadelphia.....	267	290	+ 23
Cleveland.....	348	326	- 22
Richmond.....	180	195	+ 15
Atlanta.....	112	116	+ 4
Chicago.....	920	713	-207
St. Louis.....	170	142	- 28
Minneapolis.....	114	100	- 14
Kansas City.....	178	161	- 17
Dallas.....	124	122	- 2
San Francisco.....	312	300	- 12
Total.....	6,040	5,059	

It will be noted that the principal reduction has been effected in New York and Chicago, as would be expected from the mechanism employed. The procedure has not been costless to the Treasury, which has, of course, borrowed the funds used for the purpose, but the current cost of Treasury borrowing is small. On the other hand, it is questionable if the Treasury intends permanently to immobilise so large a sum, in view of the deficit plus the bonus.

With the unconstitutional A.A.A. replaced by the S.C.A. (Soil Conservation Act) there is increasing evidence of a desire to devise a successor to N.R.A. Some months ago committees were appointed to explore the possibilities, and these committees have rendered their reports. In substance, the report recommends measures to abolish child labour and provides schedules of maximum hours and minimum wages. This report has not as yet been made the basis of any legislative proposal, although several Bills providing something like a resurrection of N.R.A. are before Congress, though they have received little attention there this session. Some action in this direction is forecast, and next year is given as the more probable time.

NEW YORK, April 6.

FRANCE

ELECTION PROSPECTS AND GERMANY

NEVER has the preparation for a General Election been so calm. Parties and candidates realise that order and peace are the first desire of the country, and the quietest platforms seem to be those of the "revolutionaries," i.e. the Communists, who are calling for "Peace, Bread and Liberty," and Colonel de la Rocque, the leader of the "Croix de Feu."

War and the crisis are naturally the main items emphasised in election manifestos, and war comes first of all. The "French plan" was generally welcomed by public opinion; but in some circles it was regarded as an electoral manifesto designed to benefit the Left rather than a constructive plan offered to Hitler. M. Laval's most recent speech, on the other hand, called for peace in Abyssinia, the restoration of the Stresa Front, and direct negotiations with Berlin. For the French public, the first danger lies on the Rhine, and the Press every day underlines the alleged contradictions of Geneva policy—with severe sanctions against Italy and an incomprehensible indulgence for the treaty-violation by Germany. These "contradictions" are injuring the League's prestige here. At the same time, the desire for an approach to Germany, which appears to be derived from a fear of war with Germany, now outweighs hatred of Hitler. Yet it remains a sentimental manifestation, similar to the now perceptible annoyance with British policy.

The advocates of direct Paris-Berlin negotiations, however, after having expounded their aims, are at a loss to discover how to realise them, for they are far from accepting the policy of leaving Hitler free to do anything he likes in the East. It can thus be said that the "ideas of Geneva," of collective security and of the necessity for Franco-British collaboration, are not dead—all the more so as in informed circles it is realised that the frontiers of France and England are not only on the Rhine but also on the shores of the Mediterranean.

On the economic problem the electoral manifestos are naturally divergent, but perhaps mostly on the surface. M. Herriot recently declared himself a staunch supporter of the present parity of the franc and of deflationary economies. Devaluation, he contended, would provoke a rise of industrial prices without any equivalent rise of agricultural prices. A French devaluation, he also suggested, would be followed by a new devaluation of the pound and the dollar; and the re-valuation of the gold stock of the Bank of France would not produce a benefit of more than 15,000 millions for the State. Questioned if he was a supporter of the Popular Front—of which the leader of his Party, M. Daladier, is the head—M. Herriot answered that "Prudence was to be recommended."

PROGRESS OF BUSINESS RECOVERY

Meanwhile, M. Germain-Martin, the former Minister of Finance in the Herriot, Doumergue and Flandin Cabinets, and the "man of deflation," does not disavow the economies and decree-laws. But he also wishes to organise a better "collaboration" between industry, agriculture and trade under the auspices of a "National Economic Council." This suggestion is also on the right limit of the programme of M. Maurice Violette, of the "Union Socialiste et Républicaine," who denounces deflation and declares that competition with cheap machine-made and foreign products must not lead to the ruin of producers and their wages, and that the public must be organised against monopolistic abuses. This last proposal is very close to the programme of the Rassemblement Populaire of the Left Front.

Wheat prices have now risen from 40 francs a bushel at their lowest to 100 francs, and wine prices from four francs to 7.50 francs. This rise has extended to all farm products, and has been accompanied by a general business revival. The following indices have just been published by the Statistique Générale de la France.

Industrial production	Feb., 1935	Dec., 1935	Jan., 1936	Feb., 1936
General Index.....	93	96	97	99
Engineering.....	96	96	97	99
Iron and steel.....	76	83	83	84
Textiles.....	62	71	71	71
Mines.....	101	101	101	101
Building (adjusted figures).....	76	66	67	69
Leather (" ").....	87	89	91	93
Paper (" ").....	132	118	123	135
Rubber (" ").....	763	873	909	970
Motors (" ").....	400	406	422	454

In the motor industry, 12,336 automobiles and 1,421 lorries were put on the road in February, compared with 10,886 and 1,363 respectively in January. The figures for the cotton industry are as follows:—

	Nov., 1935	Dec., 1935	Jan., 1936	Feb., 1936
Spinning (average per spindle in kilograms):—				
Production.....	1,599	1,617	1,748	1,601
Deliveries.....	1,660	1,667	1,794	1,681
Stocks.....	1,983	1,809	1,802	1,798
Unfulfilled orders.....	5,772	5,025	5,330	5,412
Weaving (average per loom in pieces of 100 metres):—				
Production.....	5,07	5,19	5,44	5,14
Deliveries.....	5,28	5,36	5,47	5,15
Stocks.....	8,69	8,12	8,16	8,09
Unfulfilled orders.....	21,28	19,72	20,78	22,47

The most recent unemployment figure was 457,750, a fall of 31,889 since the seasonal maximum of 489,639 on February 22nd. For the corresponding week of 1935 the figure was 475,437, following a maximum of 503,502 on February 23rd.

PARIS, April 16.

GERMANY

SHARE PRICES AND DEVALUATION RUMOURS

DURING the five weeks since the new international crisis was precipitated by Herr Hitler's speech to the Reichstag on March 7th the Berlin share market has been consistently firm, apart from temporary profit-taking reactions. The speech of March 7th, delivered during Bourse working hours, caused an immediate advance. But the market for fixed-interest securities has been dull, and average bond prices are no higher than in early March. Shares advanced considerably in the first half of 1935, but declined in the second half; and in the first two months of the new year recovered only a little. The recent average gain has been very considerable; indeed, about the biggest in any equivalent period of the past two years.

In view of the insecurity felt owing to the Abyssinian dispute, a satisfactory solution of which, it is here considered, has receded into the background, and of the confusion in the Locarno quarrel, there seems to have been no political reason for speculative optimism. It is true that for three years past those heavy industry concerns which benefit from re-armament have increasingly tempted speculators; indeed, in the moderate advance of the share market since 1932, the re-armament concerns, steel, motor, engineering and cement, played a disproportionately great rôle. Such shares might naturally get a new impulse from the prospect of fortifications in West Germany, and this they needed because a certain saturation in armaments orders had been reached before the Locarno coup. But the new advance of shares has not been primarily in the armaments group; indeed, steels, the chief armaments shares, have been relatively quiet. Investors and speculators have gone into other, hitherto neglected, groups; in particular, into certain public utilities and potash companies, and some textile shares have risen in spite of new complaints of a scarcity of raw materials. The tendency, indeed, is to buy the securities of solid companies without regard to the return on capital. At the same time, there has been a revival in real estate buying, and the prices of city apartment houses have consequently risen. These facts, and the simultaneous neglect of bonds and shares in banks and in other undertakings whose chief assets are mere Reichsmark currency, indicate that a new "flight into real values" is under way. This can only be attributed to the revived talk of mark

devaluation and to the attacks that are being made by prominent Nazis on Dr. Schacht's anti-devaluation policy.

The dividend prospects of German industrial companies are not very good. The capital investment law restricting dividend payments expired at the end of March, but the later loan stock law of December, 1934, remains in force. Under the former law those parts of declared dividends that might not be paid out to shareholders were payable into a loan stock managed by the company itself. Under the latter law undistributed dividends had to be deposited with the Gold Discount Bank, which formed therewith its own loan stock.

The question of the sale by the Reich of industrial and bank participations, acquired since the 1931 crisis, is discussed in Dr. Schacht's Press organ. This journal pronounces against the management of business concerns by bureaucrats, and adds that present policy aims at freeing business from dependence on State crutches; but it approves of State ownership in cases where mere management, and not risk-taking enterprise, is involved. Municipal conduct of business concerns is in general preferable to Reich conduct. The present private desire to acquire "real values" (for the reasons mentioned above) is a factor in State policy; for when undertakings founded with heavy financial sacrifices by the Reich during and after the war were sold to private interests, these interests acquired substantial real values in return for depreciated currency.

THREE YEARS' "RECOVERY"

The *Frankfurter Zeitung* has begun publication of the results of a private enquiry into the profit-earning capacity of industry. The movements of various important cost factors between 1932 (depth of the depression) and 1935 are given as follows:—

Prices of raw materials, +3 per cent.; prices of home-produced raw materials, +38 per cent.; imported raw materials, +13 per cent.; average hourly wage of men, -5 per cent.; payments for wages and salaries, +21 per cent.; social insurance contributions, +24 per cent.; interest rates on short credits, -20 per cent.; volume of bank credits taken, -25 per cent.; interest sum paid on credits, -39 per cent.; taxes paid, +58 per cent.; freight payments to railways corporation, +34 per cent.; industrial output, +64 per cent.; output of production goods, +113 per cent.; that of consumption goods, +14 per cent.; volume of exports of finished goods, +13 per cent.; prices of exports of finished goods, -35 per cent.; value of finished exports, -25 per cent.; prices of all finished goods, +1 per cent.; gross value of industrial output, +53 per cent.; profits, +23 per cent.

The partial return to profit-earning during the three years 1932-35 was mainly due to a decline of average production costs in consequence of fuller utilisation of plant. While the gross value of production, as shown above, increased 53 per cent., payments for wages and salaries increased only 21 per cent. Rationalisation made considerable progress, not so much in improvement of plant as in organisation, and the ratio of labour to output declined considerably. This phenomenon hardly agrees with the familiar statements, confirmed indirectly by many company reports, that large numbers of men for whom no work was available were forced into nominal employment by the official recovery campaign. The heavy decline in the interest burden of industry was due not only to reduction of rates but to increased self-financing by use of newly gained profits and by the realisation of stocks of goods. In general, profit-earning capacity remains lower than before the depression. Total profits earned in industry and trade were Rm. 12,000 millions in 1928, Rm. 6,000 millions in 1932, and Rm. 7,300 millions in 1935.

The number of unemployed declined in March by 578,000, as against a decline of 363,000 in March, 1935. The number of unemployed is now 1,937,000, against 2,402,000 in March, 1935. Retail turnover in February was 13 per cent. above that of February, 1935, and that of the department stores 3.1 per cent. above. Textile industry reports for March mention local shortages of raw materials; Bavaria complains that the supply of Brazilian cotton has ceased, and adds that the new fibre wool cannot be obtained. For the first quarter of 1936 the Steel Trust reports pig-iron output of 1,483,600 tons, against 1,436,200 tons in the preceding quarter. Ingot steel output was 1,534,500 tons, against 1,516,800 tons. The rapid expansion of steel output seems to have ceased.

The money market early last week was fed by repayment of Gold Discount Bank promissory notes, and the supply of money was abundant. Later the demand increased. The Reichsbank's return for April 7th showed a decline in credits of only Rm. 90 millions, although credits in the preceding week had risen by the large sum of Rm. 615 millions.

BERLIN, April 15.

HOLLAND

SHIPPING DEPRESSION

At the recent annual general meeting of the Netherlands Shipowners' Association the chairman gave a lucid exposition of the difficulties affecting the Netherlands Mercantile Marine. Operating costs in the Netherlands, he said, exceeded by far those applying in other maritime countries, and trading was in general only possible at a pronounced loss. The call for practical and vigorous Government support had therefore become very urgent. For 1935 some 8,200,000 guilders were voted for assistance to Dutch shipping, and for 1936 the sum of 8,000,000 guilders has been granted. The Netherlands Shipowners' Association has deemed it imperative to appeal to the Government that this assistance be increased by 4,000,000 guilders in view of the arrears which have accrued in the necessary writing off for depreciation of the fleet.

Apart from shipowning firms, the Dutch shipbuilding yards are passing through difficult times. Although the yards, generally speaking, happen to be well provided with work for the time being, orders in many cases are so unprofitable that they do not yield enough to permit of the necessary writing off. These circumstances have led to closer collaboration and the joint foundation of a new limited company, the object of which is to buy up and demolish superfluous and obsolete shipyards in and around the Rotterdam area.

INTERNATIONAL TEXTILE INDUSTRY IN THE NETHERLANDS

The establishment of a cotton textile industry in the Netherlands East Indies has been under discussion for some time, and investigations have been conducted into its possibilities. It is now reported that the establishment of an experimental weaving works is to be undertaken as soon as possible. Indies materials and services are to be used as far as possible for the building and equipment. It has also been decided to proceed with the founding of the N.V. Java Textiel Mij., which is to manage the experimental weaving establishment.

The Government of the Netherlands have decided to grant assistance amounting to about 4,000,000 guilders to coffee-growing in the Netherlands Indies, by means of a levy on all coffee imported for consumption in the Netherlands.

The Amsterdam foreign exchange market has quietened down again, and the rates of exchange are now following their normal course. All the same, the Amsterdam investment market remains depressed. It is hardly likely that this is attributable to the situation on the money market; for the latter has been more liquid than in the preceding quarter, as will be evident from the following table setting forth the average rates per cent. for prolongation funds:—

	1931	1932	1933	1934	1935	1936
January	1.596	2.341	1.000	1.000	1.000	2.331
February	1.0625	1.094	1.000	1.000	1.000	1.629
March	1.0443	1.048	1.1129	1.000	1.000	1.681
1st quarter	1.2342	1.725	1.039	1.033	1.000	1.879
April	1.5333	1.021	1.000	1.854	3.517	...
May	1.035	1.026	1.709	1.217	2.952	...
June	1.0025	1.000	2.008	1.000	3.582	...
2nd quarter	1.3939	1.019	1.574	1.357	3.284	...
July	1.4153	1.000	2.677	1.000	1.746	...
August	1.270	1.000	2.677	1.000	4.718	...
September	1.096	1.000	1.000	1.000	5.621	...
3rd quarter	1.954	1.000	2.111	1.000	4.348	...
October	3.065	1.000	1.000	1.000	5.008	...
November	1.758	1.000	1.000	1.000	3.008	...
December	1.0176	1.000	1.000	1.000	3.185	...
4th quarter	2.1797	1.000	1.000	1.000	3.733	...

The cause of the depression on the investment market has to be sought in the policy being pursued by the Government, the Bill dealing with permanent burdens of property owners, the constant increase in the floating debt, and so on. The state of the national debt on December 31st was as follows (in guilders):—

	1934	1935
Consolidated debt	2,700,305,850	2,705,648,400
Floating debt	661,997,053	753,374,505
Total	3,362,302,903	3,459,022,905

For amortisation 37,096,657 guilders were available in 1935, besides 24,024,000 guilders for redemption by drawing out. The interest due on the consolidated debt was 95,912,729 guilders in 1935, as compared with 111,290,618 guilders in 1934.

AMSTERDAM, April 10.

POLAND

"CONTROLLED DEMOCRACY"

THE first ordinary session of Parliament under the new Constitution, which assembled on December 5, 1935, adjourned on March 28th after voting the Budget estimates for the fiscal year which began on April 1st. These estimates provide for a total revenue of 2,221,289,440 zlotys and expenditure of 2,221,204,017 zlotys—without any borrowing and with provision for the service on all outstanding internal and external indebtedness.

The supposition that the new "No-Party" Parliament which was elected and/or appointed under an entirely novel electoral system would be completely subservient to the Government's will has not been realised. The Sejm on several occasions during the session now closed, and particularly in dealing with a private member's Bill for the abolition of ritual slaughtering of cattle, which raised questions of vital importance for Poland's 3,500,000 Jews, not only showed that it has a will of its own, but showed it in a manner that gave considerable encouragement to those who had feared that a nation steeped in the traditions of independence and democratic liberties had within a decade lost all respect for Parliamentary Government. The natural instinct of the Poles to drift into opposition has transformed a hand-picked Sejm into a lively debating society which showed no disposition at all to pass measures merely because the Government proposed them.

The Bill for the abolition of ritual slaughter was finally passed by a majority of only seven, with a Government amendment which will enable the Jews, in communities where they exceed 3 per cent. of the population, to continue to slaughter cattle in the manner prescribed by the ancient ritual, but only for their own consumption of meat. The 30,000,000 Gentiles will no longer be required to eat "Kosher" meat, and the Jewish monopoly over the nation's meat trade will be broken.

COLLECTIVE SECURITY—OR?

Polish scepticism of the value of the collective security system has been somewhat less in evidence since the return of Colonel Beck, the Foreign Minister, from his fortnight's visit to London in the middle of March, and it is surmised that he came back with the impression that the British Government's support of the collective system has greater realism and depth than many Poles suspected it of having six months ago. While it is not expressed in the newspapers, there nevertheless is a disposition here to resent the implications so frequently made in British political discussions of late that Great Britain is being called upon for a supreme act of altruism in guaranteeing everybody's security, and to suggest that "der Tag" might not be very far off when Great Britain herself would derive benefit from the armed support of a host of "small States"—or even from their neutrality. It would be very naïve to suppose that the ultimate aims of a Great Power would be to collect economic liabilities like Memel, Danzig or Austria, any more than that Signor Mussolini would be content to collect deserts.

The observation can safely be made that there would have been much less talk of Poland ultimately finding her way into a revisionist bloc, if the Poles had felt sure about Great Britain; and there would be none at all, if they were reasonably sure that the collective system would work promptly and effectively.

Two grave doubts appear at this moment to be uppermost in the Polish mind—first, can the collective system be made to work effectively against a Great Power? And, secondly, would it work quickly enough? Poland was much too close to the picture ever to forget that in 1917 a collective system which included the United States and Japan did not save Czarist Russia from revolution.

Whether the prevailing political confusion is the result of the economic crisis, or *vice versa*, is debatable. But it would be foolish to suppose that one problem could be solved without the other, and Poland is presumably not the only country which feels that the "money Powers" have not been playing the game—or playing it far too selfishly—during the past six years, and that Sir Samuel Hoare's declaration at Geneva last September, and the Locarno Powers' "peace proposals" of March 19th will have to be implemented in a broader sense than has perhaps yet been realised.

The official Polish attitude so far on the Locarno denunciation is that it is a matter for the Locarno Powers themselves to worry about, and not something to be deposited surreptitiously on the doorstep of the League. The Poles feel that there will be plenty of time for them to take stock of their own position after the Locarno Powers have made up their minds what they believe in, and what the depth of their conviction is.

Industrial recovery has been further retarded during the past month by a series of strikes which, in several centres, have led to disorders and shooting. There have been complaints that the police, and those directing them, have been unnecessarily harsh in dealing with strikers and unemployed demonstrators; but the authorities apparently feel that this is not a time to show weakness on the home front. Economic distress is very acute throughout Poland, and the Government's "new economic programme" is not making any noticeable headway, though the normal seasonal improvement is close at hand.

WARSAW, April 10.

FINLAND

FAVOURABLE BUDGET RESULTS

THE Budget accounts for 1935 have now been completed and show a favourable result. The principal figures, compared with the corresponding results for 1934 and 1933, are as follows:—

	1933	1934	1935
Revenue:—	Mill. mks.	Mill. mks.	Mill. mks.
Current revenue	2,872.6	3,366.9	3,482.2
Loans	200.0	503.6	860.0
Other capital revenue	227.9	265.2	217.1
Total	3,300.5	4,135.7	4,559.3
Expenditure:—			
Current expenditure	2,543.6	2,599.2	2,872.7
Redemption of loans	68.9	394.2	815.3
Other capital expenditure	634.7	1,107.3	845.4
Total	3,247.2	4,100.7	4,533.4
Surplus	53.3	35.0	25.9

Apart from the increase in both revenue and expenditure that was caused by the considerable conversion of loans, it will be seen that the current revenue and expenditure have increased, while the capital revenue and capital expenditure have been slightly reduced. In reality revenue was 85.9 million marks in excess of expenditure, but in accordance with the decision of the Government 60.0 millions of the surplus were transferred to the Budget Equalisation Fund, so that the final surplus, according to the finance accounts, is 25.9 millions. A slight seasonal tightening of the money market has been felt, though the dominating tone of unusual easiness has not been affected.

The combined credits granted by the joint stock banks and the Bank of Finland increased in January and February by 217.0 million marks in comparison with 180.0 millions during the same months of 1935. Deposits in the joint stock banks, savings banks and other credit institutions grew by slightly over 200 million marks, i.e. by about the same amount as last year.

Between January 1st and March 23rd the Bank of Finland increased its gold reserve from 472.0 to 501.3 million marks, and its reserve of foreign currency from 1,266.9 to 1,292.5 millions. Grants of credit increased from 781.9 to 990.2 millions. As the notes in circulation have, as usual, increased appreciably since January, the note reserve has fallen off from 861.0 at the end of last year to 779.1 millions. These are seasonal movements due to intensive lumber work in the forests.

INCREASED IMPORTS AND EXPORTS

Foreign trade was very lively during the first months of the year. Imports for January and February amounted to 832 million marks, against only 637 millions last year; and exports to 798 million marks, against 653 millions. The heavy imports are partly explained by the fact that the duty on sugar, rye and wheat was reduced at the beginning of this year, so that the import of considerable quantities of these commodities was postponed from December to January. There were also considerable imports of metals and metal goods, machinery and apparatus, means of transport, spinning materials and other classes of goods. The increase in exports is due to the shipments of plywood, mechanical and chemical pulp and paper having been larger than in any previous year.

In January and February there was an import surplus of 34 million marks, compared with an export surplus of 16 millions last year.

HELSINKI, April 1.

TURKEY

THE DARDANELLES

THE remilitarisation of the Rhineland has encouraged the Turks to hope for the remilitarisation of the Dardanelles. But there is no official desire to force the issue. Nevertheless, the anomaly of the present situation has only been emphasised by Hitler's action in similar circumstances. The Turks see that all the demilitarisation clauses are going everywhere, and they naturally demand that the demilitarisation handicap to their own national defence on the Dardanelles and the Bosphorus should go too. But they still hope that the common sense of the European nations will concede this shortly, rather than that they should be forced to take unilateral action.

At the moment, though Premier Ismed has stated that war scares do not concern Turkey very closely, the Government is taking every precaution to improve the national defences. The prolongation of the Russo-Turk Treaty for another ten years, bringing its duration up to 25 years, is both a defensive measure for peace and a pledge of further economic collaboration. It will probably mean that the second "five-year plan" now being devised—the first has been completed well under time—will tend to lean on Russia as much as the first did.

The Government's eye is partly on economics and partly on defence in most of its enterprises, and not least in its new railroad construction. The Premier has just opened a further section of line from Afyon towards Adalia, the southern port on the Mediterranean, which is expected to be reached after June next. This is the most important strategic addition yet made to Anatolian communications. Some 2,494 kilometres of new railway have now been built by the Republic.

There is an increase in the Budget estimates, just submitted, amounting to £1.11,880,000, and bringing the total expenditure up to close on £1.217 millions, which is not far from the 1929-30 record of £1.220 millions. Since the slump year of 1932-33 there has been a steady rise of £1.48 millions in the Budget estimates, and the Budgets have been kept balanced progressively.

Half the present increase is going to defence. Particular attention is being given to the development of the air arm, and the special air tax is expected to bring in £1.3½ millions. None of the crisis taxes are remitted or lessened, but there is no tax increase. Returns from business profits are calculated at a fast-augmenting rate.

ISTANBUL, April 11.

LETTER TO THE EDITOR

SELECTIVE RAILWAY ELECTRIFICATION

TO THE EDITOR OF THE ECONOMIST

SIR,—Prevailing low rates of interest afford a favourable opportunity for large-scale railway electrification. Despite the detailed findings of the Weir Committee on this subject, there is one aspect which does not appear to have been adequately considered.

Traffic densities on British main lines are already high enough to justify electrification in the majority of cases. They might be made even higher by suitable reorganisation. The optimistic expectations of a former generation have left the traffic split up over two or more competing lines between almost all our leading cities. Is there any reason why it should not be concentrated on a single electrified route? Under such a régime, only a light service of semi-expresses, plus existing local trains, would be required for intermediate towns on the lines whence long-distance traffic had been diverted.

Such a system would be adaptable to all conditions. Along the less densely worked sections, the necessary quota could be made up by passenger and goods trains. On the other hand, wherever it was desired to reserve the electrified tracks for an intensified passenger service, the goods traffic could be afforded a comparatively clear passage on the unconverted routes. Such segregation of traffic would be cheap and expedite this movement of freight, quite apart from the question of electrification. The pooling arrangements now in operation between the following companies would make it easy to carry into effect.

Many schemes of reorganisation might be suggested. I, personally, for several reasons, favour the plan suggested on the enclosed sketch-map. By the conversion of only some seven hundred and fifty double track miles:

(1) It would bring the electrified services to all the most populous centres of the North.

(2) It would enable full advantage to be taken of the beautifully-engineered curves and gradients of the Euston line, to which traffic could be diverted from as many as four competing routes. A careful analysis of pre-grouping statistics suggests that between Euston and Rugby electrification could be extended to all four tracks. There would almost certainly be sufficient traffic on this section to provide a saturation density of 10,000,000 trailing ton miles per track mile per annum for the goods lines—equivalent to a financial return of over 12 per cent. on the outlay—with a substantial overflow for the passenger tracks during quiet hours.

(3) It would place Birmingham on the main line from London to Crewe and the great cities beyond.

(4) It would afford maximum facilities for segregation of fast and slow traffic in the South or for cumulation in the North, where the severe gradients strongly favour electrification.

(5) Communications in the Midlands would be greatly improved by the convergence of long-distance services at Rugby.

(6) Towns off the electrified routes would enjoy ample communication therewith by means of branch lines.

(7) 100 m.p.h. services would be perfectly feasible with electric haulage.

(8) Trains from the North could be run into South London termini (via Kensington/Addison Road), or straight on to the South Coast if desired. Brighton could be made a suburb of the Midlands.

Such a scheme would be sound in the narrowest business sense. But it would bring benefits to the community over and above its return to railway stockholders. Incidentally, if the railway companies were to buy up land in the neighbourhood of their tracks, they might finance an appreciable part of the cost out of the increased land values alone.

If the companies are not in a position to carry out such a plan as I have outlined, I strongly suggest that the whole matter be investigated by a special committee, including representatives of the Government, the iron, electrical, and other interests concerned, and railway users. At all events, let us be spared the piecemeal planning that has cost the community so dear in the past.

I am, Sir,

Yours faithfully,

K. H. JOHNSTON.

99 Clifton Road,
S.E. 25.

March, 1936.

[We discuss Mr Johnston's suggestions in a leading article on page 120, on which page the map is also reproduced.—ED., *Econ.*]

BOOKS AND PUBLICATIONS

WICKSELL'S MONETARY THEORIES

THE appearance nearly two years ago of an English translation of the first volume of Wicksell's "Lectures on Political Economy" made accessible to students of economics in this country what is perhaps the best advanced text-book on pure economic theory so far written.

The publication in recent months of both the second volume of these lectures and Wicksell's earlier celebrated work "Interest and Prices" now makes possible for all a first-hand study of the monetary doctrines of the great Swedish economist.*

These two books are similar in character and cover much the same ground. As a text-book, neither achieves the standard of Volume I of the lectures. Because during the last thirty years monetary institutions have changed and popular interest shifted, part of the discussion inevitably dates. For example, the treatment of credit as the velocity of cash seems to-day a little pedantic. But though as text-books their value is limited, for other reasons they are indispensable. The second half of "Interest and Prices" contains the detailed exposition of

the doctrine of "money" and "natural" rates of interest which was to exercise such a profound influence on the development of monetary theory; the last chapters of the lectures include the modified, refined and shortened version which Wicksell later preferred.

The doctrine was developed by Wicksell as a solution to the long-standing controversy between the "currency" and "banking" schools and about the relation between banking policy and the price level. Wicksell agreed with Ricardo that easier credit conditions led to higher prices, and restricted credit to lower prices. But he was also impressed with the argument of the banking school that in actual fact rising prices were associated with higher interest rates and falling prices with lower interest rates. The solution to this paradox, Wicksell suggested, lay through the notion of the "natural" rate of interest. It was not the absolute movements of the money rates of interest which mattered but the relation of the money rate to the natural rate. If the money rate were below the natural rate, prices would rise; if it were above the natural rate, prices would fall. Thus a rise in the natural rate while the money rate was unchanged would cause prices to rise, and they would continue to rise so long as a difference between the two rates existed. This was the explanation of the coincidence of rising prices and rising interest rates.

The difficulty in the theory lies, of course, in the definition of the term "natural rate"—and here Wicksell was

ar from clear. In "Interest and Prices" he wrote:—

There is a certain rate of interest on loans which is neutral in respect to commodity prices and tends neither to raise nor to lower them. This is necessarily the same as the rate of interest which could be determined by supply and demand if no use were made of money and all lending were effected in the form of real capital goods.

But in the lectures he put it differently:—

The rate of interest at which the demand for loan capital and the supply of savings exactly agree, and which more or less corresponds to the expected yield on the newly created capital, will then be the normal or natural rate.

This lack of clarity has often been criticised by later writers. In particular, it has been pointed out that a rate which equates saving and investment would not be a rate which stabilised prices if output were increasing. It seems probable that Wicksell started with a conviction of the need for a stable standard of value and so believed that the conditions of monetary equilibrium which he afterwards discovered must somehow or other involve stable prices too.

Be that as it may, the significance of Wicksell's work for modern monetary theory is clear enough. The theory of savings and investment put forward by Mr Keynes in the Treatise on Money bears a close resemblance to Wicksell, as Mr Keynes, indeed, points out. Professor Mises and Professor Hayek, working on different lines and reaching different conclusions from Mr Keynes, also base much of their work on Wicksell. He is thus the progenitor of the two rival approaches to monetary problems most prominent to-day.

Professor Ohlin, in his exceedingly interesting introduction to "Interest and Prices," tells us something of the development of monetary theory in Sweden in recent years. It is to be hoped that before long some part of the work of the successors of Wicksell will also be available in English.

SHORTER NOTICE

Before the War: Studies in Diplomacy. By G. P. Gooch. Vol. I: The Grouping of the Powers. Longmans. 438 pages. 10s.

Among the historians who are occupying themselves with the study of the origins of the war, now that the archives of all the great European Powers except Italy have been opened, Dr. Gooch has a place all his own. There is no sign of his taking sides, and one has correspondingly all the more confidence in his judgments. What is equally remarkable is that he does not hesitate to make judgments, and they are as clear as they are compelling.

Dr. Gooch studies the diplomacy of the pre-war period through the minds and careers of the leading Foreign Ministers who were concerned with it. In this volume he gives us studies of Lansdowne, Delcassé, Bülow, Isvolsky and Aerenthal. In a second volume he promises to complete the picture with studies of Grey, Poincaré, Bethmann-Hollweg, Sazonoff and Berchtold. It may be said that the scheme is a complete, a surprising, success. It makes diplomatic history, ordinarily so insufferably dull, into live and interesting reading. There is not so much overlapping as might be expected, and what there is, is useful as enabling one to see complex issues and negotiations from more than one point of view.

Though all the studies are of equally high merit, that on Lansdowne, in any case of greatest interest to the English reader, is of outstanding importance. It gives the impression of covering original ground. It is hardly yet realised that Lansdowne's period at the Foreign Office was one of tremendous importance to this country. One hears so much more of Grey, very naturally, but it was in Lansdowne's time that the decisions were taken to depart from the long reign of isolation and to enter, with the Anglo-Japanese Alliance and the Anglo-Franco-Russian Entente, into the grouping of the Powers which preceded the war.

Next in interest and importance comes the full-length study devoted to Delcassé, whose period of office covered an almost equivalent change in his country's policy. The studies of Bülow and Isvolsky, though no less good, are of less interest for the reason that, owing to the publication of Bülow's Memoirs, the ground has been somewhat more traversed before. Dr. Gooch has, what may seem impossible, a sympathetic treatment of both Isvolsky and Aerenthal; it is clear that Bülow earns his disapproval, while Lansdowne emerges with the highest marks of them all.

BOOKS RECEIVED

Science in Antiquity. By B. Farrington. (London) Thornton Butterworth, Ltd. 256 pages. 2s. 6d. net.

Planning, Potatoes and Plundering the Public. By A. Beesly. (London) The Liberal Free Trade Committee. 16 pages. 2d.

Provincial Brokers Stock Exchange Year Book, 1936. (Hull) R. Richardson, Ltd., 31 Scale Lane. 175 pages. Gratis to Members. 2s. 6d. each additional copies.

Race and Culture. Royal Anthropological Institute. (London) Le Play Press, 35 Gordon Square, W.C.1. 24 pages. 1s. net.

An Introduction to Some Japanese Economic Writings of the 18th Century. By Neil Skene Smith. (London) P. S. King and Son, Ltd. 72 pages. 3s. 6d. net.

Dialectics, the Logic of Marxism. By T. A. Jackson. (London) Lawrence and Wishart, 2 Parton Street, W.C.1. 648 pages. 10s. 6d. net.

Leitfaden der deutschen Finanzpolitik. By F. Terhalle. (Munich) Duncker and Humblot. 198 pages. Rm. 4.20.

Der Tee im Britischen Weltreich. By F. Klopstock. (Berlin) H. S. Hermann-Büxenstein. 88 pages. No price stated.

Methoden der Krisenabwehr und der Konjunkturpolitik in Frankreich. By H. Laufenburger. (Jena) Verlag von Gustav Fischer. 36 pages. No price stated.

Die Preisgestaltung. By P. Kadosa. (Prague) Verlag Heinr. Mercy Sohn. 324 pages. No price stated.

OFFICIAL PUBLICATIONS

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

Report of the Medical Research Council for the year 1934-35. Cmd. 5079. 3s. net.

Memorandum on the Board of Education Estimates, 1936. Cmd. 5106. 6d. net.

General Annual Report on the British Army for the year ending September 30, 1935. Cmd. 5104. 2s. net.

Report on the Import Duties Act Inquiry (1933): Part II—Iron and Steel Trades, Engineering and Vehicles Trades, Non-Ferrous Metals Trades, Timber, Paper, Clay and Building Materials Trades. 4s. net.

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ROUTLEDGE

MONEY AND BANKING

INDIAN BANKING TRENDS

THE end of March witnessed the first birthday of the Indian Reserve Bank. Thus, it is of interest to examine the Indian banking position. Broadly speaking, the New Reserve Bank has taken over the note-issuing functions formerly executed by the Paper Currency Reserve, and has also assumed the purely central banking functions of the Imperial Bank, such as the custody of public funds and the granting of Ways and Means advances to the Government. The two institutions, however, are working in close and cordial co-operation with each other, and in many centres where the Reserve Bank has not yet opened a branch, the Imperial Bank acts as its agent, conducting Government Treasury business on behalf of the Reserve Bank. The Imperial Bank, on the other hand, now finds itself free to undertake purely banking business, and while it will continue to concentrate upon financing home trade, it is also opening Trustee Departments and undertaking foreign exchange business.

The following table illustrates the progress of the Reserve Bank during the past year:—

RESERVE BANK OF INDIA RETURNS
(In crores of rupees)

	April 5, 1935	June 28, 1935	Sept. 27, 1935	Dec. 27, 1935	April 3, 1936
Liabilities					
Note circulation	167.0	162.4	156.3	172.1	169.8
Deposits—					
Government	18.4	22.3	13.4	7.1	7.9
Other	7.8	17.1	35.8	28.2	35.1
Assets					
Gold	44.4	44.4	44.4	44.4	44.4
Rupee coin	49.9	51.9	58.1	57.2	59.8
Balances abroad	11.9	18.3	15.8	18.0	22.4
Sterling securities	48.6	53.2	66.2	66.2	67.3
Indian Government rupee securities	43.1	38.5	25.5	25.5	24.4
Investments	5.0	6.0	5.4	5.2	5.1

The note circulation shows little change, and the fall in Government deposits may be fortuitous. Other deposits consist almost entirely of bankers' deposits. Under the terms of the governing Act, Indian Banks have to maintain minimum balances with the Reserve Bank, and these were duly established by the statutory date, July 1, 1935. One at least of the Exchange Bank chairmen suggested that this requirement might impair the profits of the commercial banks in times when a good rate could be earned on call or short loans, but there is so far no evidence of any increase in the total cash held by the Exchange Banks since the foundation of the Reserve Bank. All that has happened is a change in the composition of that cash.

On the assets side of the returns the main tendency has been to dispose of rupee securities, replacing them partly by rupee coins, but mainly by sterling balances and sterling securities. At present the note circulation has a gold backing of 26.2 per cent., while sterling balances and securities, which in practice are held by the Issue Department, provide a further 52.8 per cent. of cover. Thus for all practical purposes India is on a sterling standard.

It is very difficult to form a picture of the internal Indian banking position, for so much of the credit facilities required by the agricultural districts are supplied by the countless horde of indigenous bankers who employ their own resources and are entirely outside the main banking system. The Eastern Exchange Banks have their own local connections and branches in some centres, while the Imperial Bank has over 150 offices situated in practically every important town in India. Still, these only touch the fringe of the internal credit position, and little can be deduced except from the general trend of trade and prices. Here the Exchange Bank chairmen have recently spoken hopefully, although some of them rightly insist that the high tariff continues to lay a heavy burden upon the peasant classes.

The position of the Exchange Banks has not been entirely easy. Some own branches in Hongkong and China, and here the devaluation of these currencies has

affected the sterling value of their resources. The rupee itself has remained as steady as a rock. The merchandise export surplus was Rs. 25 crores in 1935, or the same as in 1934, while in 1935 there were also gold exports of Rs. 44 crores and silver exports of Rs. 3 crores. These were sufficient to cover India's external commitments, and the Reserve Bank's returns show how India's sterling resources have increased. The difficulties of the Exchange Banks have arisen from other causes. During all the year Bombay short-term rates were low, and in the latter part of 1935 there was practically no demand for short money; for the banks naturally refused to give any assistance to the "bull" movement in silver, which collapsed at the end of the year. Again, India has lately succeeded in converting part of her National Debt, and this has affected the income of the banks in common with that of other *rentiers*. Finally, the general restriction of world trade has reduced the volume of foreign exchange business, while the Imperial Bank is now appearing as a new competitor. Hence dealings in foreign exchange have been on a very competitive basis, leaving a very narrow margin of profit.

Nevertheless, as the following table shows, the profits of the Exchange Banks have been fairly well maintained:—

INDIAN BANKS' PROFIT AND LOSS ACCOUNTS
(£000's omitted)

	Year	Net Profits	Dividends	Contingencies	Pension Funds	Premises	Other* Allocations
Chartered Bank of India, Australia and China	1934 1935	466 499	420 420	50 ...	25 50	...	29 4
The Eastern Bank	1934 1935	130 125	90† 60	40 30	...	25	10
The Mercantile Bank of India	1934 1935	173 174	63 63	25 25	12 12	10 10	63 64
The National Bank of India	1934 1935	460 458	360 360	50 50	50 50	...	2 ...
P. and O. Banking Corporation	1934 1935	112 113	105 105	...	...	5	7 3

* Includes any change in amount carried forward.
† Includes "jubilee" bonus of £30,000.

Three of the five banks have recorded an increase, while the decline in the profits of the remaining banks is not at all serious. The Hongkong and Shanghai Banking Corporation is excluded from the table, as its activities largely lie further East than India. The dividends of the more purely Indian banks were maintained, except that the Eastern Bank has naturally not repeated its 1934 jubilee bonus. Allocations to contingencies are in most cases either unchanged or reduced, which is another good sign. Still, the chairmen of these banks only paid a well-merited tribute when they ascribed the maintenance of these profits to the unremitting care of their staffs.

The final table summarises the balance sheets of the Exchange Banks:—

INDIAN BANKS' BALANCE SHEETS
(£ millions)

		De- posits	Bills and Loans payable	Ac- cept- ances	Cash	Invest- ments	Bills receiv- able	Ad- vances
The Chartered Bank of India, Australia and China.	1934 1935	46.5 46.0	5.4 3.7	0.9 0.6	7.8 5.3	19.6 21.7	9.6 8.9	21.6 21.1
The Eastern Bank.	1934 1935	6.5 6.8	1.8 1.3	0.8 0.8	1.2 1.2	5.6 5.6	0.7 0.5	2.2 2.3
The Mercantile Bank of India.	1934 1935	13.0 13.9	0.5 0.5	0.2 0.2	1.8 2.0	6.1 6.7	1.8 2.2	5.9 5.1
The National Bank of India.	1934 1935	28.7 28.4	0.8 0.7	0.4 0.4	4.1 4.6	14.6 14.8	4.3 4.4	10.5 10.3
The P. and O. Banking Corporation.	1934 1935	6.4 7.2	5.2 5.9	0.1 0.1	2.0 1.8	6.8 5.4	2.1 3.7	2.7 3.1

On the whole, there are few definite changes to be found in the balance sheets. The real point is that these great

banks came into existence many years ago, to perform definite functions, namely, that of financing India's internal trade and also that of helping India to tap the world's available supplies of capital. They did this at a time when India's internal banking system was imperfectly developed and when the relations of the rupee to gold and sterling had by no means reached their present state of stability. India is now better able to fend for herself, while simultaneously international trade and finance have fallen to a low ebb. Further East, the Chinese dollar has been devalued and divorced from silver, and the banks are waiting to see if China can combine a managed currency with a precarious budget, dwindling revenue, and external pressure and unsettlement in the North. Hongkong, too, is playing a waiting game, for she cannot re-value her own dollar until she sees what happens to the Chinese dollar. Nevertheless, these difficulties should prove temporary, and there is still scope for a banking system whose function it is to link India with the outside world. Even though current conditions may not be easy, fresh assurance is gained from the fact that that banking system is in strong and capable hands.

FINANCIAL NOTES

The Money Market.—Wednesday witnessed a big turnover of funds. The outstanding £44.0 millions of 3 per cent. Treasury bonds were repaid, while there was a 55 per cent. call on the new Australian 3 per cent. stock off-set by the redemption of 5 per cent. New South Wales stock. On balance the Australian banks had to call some of their loans to finance these last two operations, and the Bank return suggests that the British Government had to borrow on Ways and Means to cover the Treasury bond repayments. Hence money has remained fairly comfortable all the week, but on Wednesday the clearing banks noticed a fair demand for loans.

	Mar. 26, 1936	Apr. 2, 1936	Apr. 8, 1936	Apr. 16, 1936
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate ...	1½	1½	1½	1½
Short loan rate:—				
Clearing banks	1½-1*	1½-1*	1½-1*	1½-1*
Others	1½	1½	1½	1½
Discount rates:—				
Treasury bills	1½-1½	1½-1½	1½-1½	1½-1½
Three months' bank bills	1½-1½	1½-1½	1½-1½	1½-1½

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

Last week's Treasury bill tender rate was 10s. 7.13d. per cent., and the banks this week have been ready buyers of Treasury bills maturing in May, June and early July, at their minimum buying rate of ½ per cent.; £45.0 millions of bills were allotted against maturities of £35 millions, so that the tender issue has risen from £498 to £508 millions. The low point for the year was £493 millions, on April 4th. Meanwhile, the payment of the final call on the 2½ per cent. Funding Loan on April 3rd is reflected in a steep drop in tap issues of Treasury bills from £265 to £197 millions. This looks as if part of the call has been paid from "inside." The Bank return, however, suggests that some at least of the maturing Treasury bonds were held "outside," so that apparently the Government and Public Departments have lost money on balance. Next week's floating debt statement will be unusually interesting, as it will reflect this week's repayment.

The Bank Return.—Easter currency withdrawals have raised the note circulation to £421.9 millions, but this figure is just below last Christmas' record. The Bank has continued to buy gold to offset the expansion in the note circulation, and £514,000 was bought on Thursday in addition to the acquisitions shown in the latest return. Nevertheless, the Reserve has fallen to £40.5 millions and the proportion to 26.7 per cent.

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BANK OF ENGLAND

	Apr. 17, 1935	Mar. 25, 1936	Apr. 1, 1936	Apr. 8, 1936	Apr. 15, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.6	200.6	200.8	201.1	201.6
Note circulation	392.4	406.5	413.0	421.4	421.9
Banking Department:—					
Reserve	60.6	54.9	48.6	40.5	40.5
Public deposits	9.1	18.0	9.7	9.6	9.9
Bankers' deposits	100.3	83.6	102.6	93.4	104.9
Other deposits	39.4	37.0	38.5	37.1	36.6
Government securities ...	90.0	80.3	95.9	93.9	106.7
Discounts and advances	5.9	5.0	10.1	9.8	8.8
Other securities	10.0	16.7	14.6	13.7	13.2
Proportion	40.7%	39.6%	32.2%	28.9%	26.7%

This week Government securities have risen by £11.5 millions. As Monday was a holiday, there were two days' Treasury bill maturities to be met on Tuesday against only one day's payment, so that on Wednesday evening the Government must have been short of funds. The authorities also had to cover Wednesday's Treasury bond repayments, so that they may well have had to borrow on Ways and Means. The release of these funds is reflected in an expansion of £10.5 millions in bankers' deposits, which more than offsets the effects of the previous week's currency withdrawals.

The Foreign Exchanges.—The London market has had a quiet week. The British Control continued to support the franc until mid-day on Thursday, when it found itself out-bid by the French authorities. The spot rate has been a shade under Frs. 75, with three months' francs at Frs. 3½ discount, or 17 per cent. per annum. The Paris-New-York cross-rate has been held by the French at just inside the export gold point, being Frs. 15.17½ on Thursday. Three months' guilders have strengthened to 6 cents discount, or under 4 per cent., and three months' Swiss francs to 16 centimes discount, or about 4 per cent. Spot dollars have been \$4.94½, and three months' dollars were offered at ½ cent premium. Following gold losses of Frs. 1,670 millions for the week ended April 3rd, the Banque de France reports losses of Frs. 950 millions for the week ended April 10th. The current week's losses may be between Frs. 800 and 1,000 millions. During the fortnight ended April 10th, rediscounts increased by Frs. 1,500 millions, while the note circulation rose by Frs. 635 millions. It is fairly certain that the French Treasury is seeking to raise a credit for Frs. 1,000 millions in Amsterdam, which suggests that the issue of Frs. 6,000 Treasury bills recently authorised is proving insufficient to carry the Treasury over the elections. Money is very easy in Holland, and there would be no technical difficulties in placing the credit. The authority of the Dutch Government, however, is needed, and it appears that Holland is anxious to secure certain commercial concessions from France in return for the loan. Hence the credit has not yet been definitely arranged, nor have we any knowledge of the proposed terms.

THE STOCK EXCHANGE

INVESTMENT TRUST PROSPECTS

Of the making of fixed trusts and their flexible successors there is, as yet, no end. A lusty infant favoured with good market conditions has become something of a prodigy. It refused, at first, to acknowledge its parentage; for the older investment trusts had half a century's experience of diversification of risks. To-day there is recognition, not least grudging from fixed trust managements, that fixity is inimical to successful long-period investment. An examination of recent managed investment trust trends may, therefore, be the more opportune.

The managed trusts have had less than their usual share of the limelight during the market recovery, but progress has been steady, measured by capital values and ordinary share earnings. During the past twelve months representative investment trust stocks, as measured by the Actuaries' Investment Index, have appreciated by about 15 per cent. According to our own records, the net revenues of 72 investment trusts whose reports were published during the first quarter of the year increased by 13.2 per cent. from £3,065,830 for 1934-35 to £3,470,180 during the latest year. This is a sensible improvement, but one which is no better than the average for the 560 companies reporting in the first quarter of the year, which are discussed in a leading article on page 117. The average return on the ordinary capital of these 72 trusts was 4.7 per cent., against 4.4 per cent. on a comparable though not identical group reporting twelve months earlier.

These are obvious marks of recovery, but so far the high-gear capitalisation of the investment trusts has not decisively affected equity earnings and dividends. Few investment trust stockholders, however, can reasonably hope for a return to the 1929 earnings levels. The intervening years have been littered by defaulted bonds. The consequences have been particularly severe for trusts whose

funds were so placed as to show the utmost geographical diversification in Europe and South America. The theoretical advantages of universal—as opposed to selective—geographical diversification have not withstood the test of a world depression followed by regional recovery.

Low interest rates, which have prevailed for nearly four years, have saddled the trusts with two further problems. Large-scale conversion of Government and industrial fixed-interest securities has effected a permanent reduction in investment trust incomes, unaccompanied in most cases by equivalent economies for the trusts themselves, since opportunities for converting their own debentures have been infrequent. The same factor has limited their opportunities to "switch" and has involved crucial decisions regarding the future maintenance of capital values. Add to these problems the despondent position of the Argentine railway companies, in which many pre-war trusts are largely interested, and the arguments against a resumption of 1929 earnings are conclusive.

What of the credit side of the account? The time-lag factor, obviously, is still working in favour of the trusts. If we compute that, on the average, payment of ordinary dividends occurs about nine months after the profits were earned, a further waiting period averaging somewhat over six months is involved before they are re-distributed to the investment trust stockholder. During 1935 the general increase in industrial profits was approximately 16 per cent. During the first three months of the current year a further increase of 13.3 per cent. was recorded, and the fruits of these profits will not, in the majority of cases, be included in investment trust dividends until 1937.

Meanwhile, the general rise in security values has effected considerable improvement in the capital position of the trusts. Where capitalisations are highly geared a compara-

tively small improvement in the market value of the portfolio can have a greatly magnified effect on the "break-up" value of the ordinary stock. This "leverage," however, is not a market factor of prime importance in London, and only rarely forms the pretext for market activity in a particular stock. Every increase in the market values, however, may reduce the incentive to provide larger capital reserves.

The accompanying analysis of changes in investments and break-up values during the past two years shows a number of significant movements. It may be regarded as a modest supplement to the detailed survey on investment trusts which was published with the *Economist* of December 1, 1934. The movements broadly illustrate the effects of "switching," but where the analyses are based on market values, natural changes in percentages result which are not due to re-distribution of investments. Distributions specifically stated to be based on valuation are shown in italics. The importance of this factor is clear when comparing the latest figures of the British and German Trust with those of the previous year.

The fairly consistent movement out of fixed interest stocks during the past three years is most marked among such Scottish trusts as Scottish Western and Caledonian. Re-investment, however, has not been exclusively directed to equity shares. Many of the trusts show a fairly considerable increase in preference share holdings, tempering their expectations of higher income with a margin of security to ensure the "cover" for their own prior charges. Thus, the Metropolitan Trust, whose holdings have always been weighted with prior charges, has made some exchanges between fixed interest and preference securities, leaving the equity portfolio little altered. Similar movements are shown by the London Border and General, which has more actively followed equity share investment. In most cases, however, the proportion of ordinary shares has increased considerably during the period. Scottish Northern now holds over three-quarters of its portfolio in ordinary shares, largely of an industrial character. The table suggests that progressive equity share markets have held definite though limited attractions for the trusts.

The second section of the analysis, by geographical divisions, brings evidence of the reduction in European holdings, largely represented by German issues. A movement from Central and South American investments has also occurred, while investments in Great Britain and the Empire have shown a modest increase. The limited nature of the movement into an area which has shown the most convincing recovery from depression may be attributed to the low yield basis on which ordinary shares have been valued for some time in London. A management trust seeking to increase current income has limited scope for purchasing high-grade ordinary shares which may discount prospects for twelve or even twenty-four months ahead.

America, quite obviously, has provided the main attraction to the trusts during the past two years. "Roosevelt's second bull market" explains the increase of over 10 per cent. in the dollar holdings of London Border and General, and London and Clydesdale. Some Scottish trusts, like Scottish Northern Investment, have remained faithful to Great Britain and the Empire; but there has always been a tendency, north of the Border, to take a larger interest in the United States. A rough sample reveals five Scottish trusts, in addition to those in the table, whose American holdings amount to more than 20 per cent. They include London and Holyrood (24.3); Scottish Investment (27.5); Second Scottish Investment (27.9); Second Clydesdale (23.2); and Third Caledonian (25.8). American recovery is in good swing, and may have gathered sufficient momentum to take the obstacles of a Presidential year in its stride. For the British holder, however, the dividend tax proposals announced four weeks ago might well involve serious delays in the receipt of part of their dividend income if they were eventually put into effect. The outcome of the proposals in Washington deserves careful attention from the British investor.

The third classification by public authorities and industries reveals that the fall in Government and municipal securities resulting from the reduction of foreign holdings and some modest sales of gilt-edged stocks have found their reflection in the industrial and utility totals. The

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steady fall in rail and transport stocks may be attributed to realisation of overseas rail stocks rather than British issues, which on balance—though not perhaps recently—may well have been increased during the past two years.

"Management" is a relative term, and is hardly to be judged by the trend of percentages during a mere two years. It involves decisions to leave investments undisturbed, as well as to "switch." Each exchange of investments must be such as to strengthen the portfolio; and the recurrent problem of current yield *versus* future prospects is continually involved. For these reasons investors would be wise to draw cautious inferences about effectiveness of management from the investment classifications. A more ready indicator, possibly, is provided by the steady improvement in break-up values which is shown in the tables, after making allowance for the gearing factor already discussed. At the end of 1933 five of the eleven trusts were unable to cover part or all of their equity capital. At the end of 1935 only one trust, in addition to the unhappy British and German Trust, still recorded a shortfall. And in such cases as United States and General, and Scottish Northern (which has £300,000 ordinary capital and £1,049,000 of fixed interest capital) the increase in assets "cover" has been spectacular.

A further recovery of investment trust fortunes is to be anticipated during the next twelve months, if world conditions prove favourable. The factors analysed in this article suggest, however, that it should prove as expansive—but no more so—than the recovery which has already occurred. At this stage of world recovery, investment trusts can but lament that the effects of highly-g geared capital structures, which involved them in difficulties during the slump, have brought only slight countervailing benefits after four years of progress from the trough of depression.

INVESTMENT NOTES

New Flexible Unit Trusts.—Three new trusts with different degrees of flexibility have recently appeared, which extend the activities of the unit trust movement into new fields. One is interested in general industrials, another specialises in aviation and associated issues, on the expectation of vastly increased expenditure on military, and eventually on commercial aircraft, and the third in the electrical industries. Allied Investors Fixed Trusts are managers of the Electrical Industries Trust, which has power to invest in the stocks and shares of 41 electrical manufacturing and supply companies which include, in addition to English and Scottish companies, Palestine Electric, Perak River, and Victoria Fall and Transvaal Power. Outside the listed companies, funds can only be invested in Trustee Securities. The trust is cumulative, with the right to distribute regularly recurring capital bonuses, and is formed for an initial period of 20 years. The initial fund is divided into 10,000 units, and may be expanded. The loading charge is 5½ per cent. plus ½ of 1 per cent. per annum on mean market value of the funds. The trustees are the General Accident Fire and Life Assurance Corporation. The Aviation and Universal Investment Trust has taken power to invest in some 68 companies

PERCENTAGE DISTRIBUTION OF INVESTMENTS, ASSETS, COVER, AND EARNINGS OF 11 TRUSTS

Name and Date of Accounts	By Denomination			Geographical Distribution							Industrial Distribution						Cover per 100 Ord. Stock	Total Revenue	Ordinary Stocks		Quotation	Yield (%)
	Fixed Interest	Pref.	Ord.	Great Britain	British Empire	Europe	U.S.A.	C. and S. America	Other Countries	Govt. and Mun. Secs.	Finance Land & Inv.	Utilities	Com. and Indust.	Rlys. and Transport	Earned	Paid						
%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	£	£	%	%	£ s. d.			
British and German Trust (Dec. 31) —																						
1933	49.3	16.6	34.1	16.4	8.2	64.9	4.6	3.8	2.1	7.7	11.8	4.7	67.0	8.8	Nil	100,811	Nil	Nil	13	Nil		
1934	46.3	13.3	40.4	16.4	11.5	57.9	10.2	3.2	0.9	5.8	11.6	6.3	68.2	8.1	Nil	94,664	Nil	Nil				
1935	44.6	15.5	39.9	15.6	10.7	43.3	26.4	3.5	0.6	4.6	15.1	8.2	65.5	6.6	Nil	94,967	Nil	Nil				
Caledonian Trust (Jan. 31) —																						
1934	46.2	30.4	23.4	34.3	10.4	11.5	19.1	18.5	6.1	7.1	13.4	10.6	55.4	13.5	102.5	113,251	7.2	7	200xd	4 0 0		
1935	42.1	30.6	27.3	34.8	10.9	10.6	19.2	18.2	6.3	7.5	11.9	8.3	59.5	12.7	108.6	117,133	8.3	7				
1936	35.3	33.1	31.7	36.2	10.6	10.9	20.1	16.5	5.7	6.8	10.8	9.2	61.6	11.6	115.7	124,460	10.2	8				
Debenture Corp. (Dec. 31) —																						
1933	74.1	10.2	15.7	48.5	16.0	15.8	*	12.2	7.5	28.3	5.2	*	55.5	11.0	157.8	230,252	10.6	10	248½	4 0 4		
1934	73.5	11.0	15.5	46.7	17.0	15.4	*	12.8	8.1	26.1	5.8	*	57.2	10.9	168.0	230,929	11.2	10				
1935	72.3	11.3	16.4	47.5	16.2	15.0	*	13.6	7.7	25.7	5.9	*	56.6	11.8	169.1	232,487	11.4	10				
London Border and General Trust (Jan. 31) —																						
1934	27.1	17.1	55.8	36.6	27.9	8.6	10.7	12.1	4.1	11.9	13.7	7.3	57.0	10.1	61.3	83,135	0.3	Nil	41½	Nil		
1935	26.1	18.6	55.3	40.4	30.4	6.4	9.5	9.6	3.7	9.1	13.8	7.2	62.7	7.2	76.7	89,554	0.3	Nil				
1936	21.7	22.6	55.7	40.5	20.1	5.2	21.1	8.7	4.4	7.2	12.1	9.5	63.0	8.2	85.3	98,558	1.2	Nil				
London and Clydesdale Trust (Feb. 1) —																						
1934	38.4	39.2	22.4	35.7	15.5	11.5	24.4	7.0	5.9	12.3	2.7	9.4	64.9	10.7	90.3	47,421	7.1	3	142½	2 16 2		
1935	36.0	34.6	29.4	41.8	16.7	6.9	20.7	9.5	4.8	9.7	3.2	11.5	60.1	9.5	103.3	51,135	7.3	3				
1936	31.0	38.0	31.0	38.1	12.7	6.1	33.5	6.8	2.8	7.7	3.5	15.8	63.7	9.3	109.3	64,346	8.2	4				
Merchants Trust (Jan. 31) —																						
1934	32.8	30.2	37.0	51.3	13.0	11.2	10.7	9.7	4.1	8.7	20.4	8.0	51.2	11.7	155.8	179,921	8.0	8	173½	4 6 5		
1935	32.8	30.2	37.0	51.3	13.0	11.2	10.7	9.7	4.1	8.7	20.4	8.0	51.2	11.7	164.2	170,007	7.1	7½				
1936	28.7	30.6	40.7	48.7	14.4	8.9	13.7	10.9	3.4	8.6	20.3	8.3	51.5	11.4	183.6	171,963	7.2	7½				
Metropolitan Trust (Jan. 1) —																						
1934	43.7	27.3	29.0	49.4	10.0	13.5	7.9	15.4	3.8	10.3	16.6	18.5	40.6	14.0	144.5	164,583	12.1	12	285	3 17 2		
1935	41.2	29.1	29.7	50.1	11.4	11.0	8.9	14.8	3.8	10.1	15.6	16.8	43.7	13.8	171.8	161,620	11.4	11				
1936	37.1	32.3	30.6	50.9	12.1	8.5	12.3	13.0	3.2	8.7	16.6	16.1	46.4	12.2	188.5	162,837	12.5	11				
Scottish Northern Inv. Trust (Feb. 5) —																						
1934	12.3	19.4	68.3	58.0	21.5	4.0	8.7	5.4	2.4	2.8	29.6	6.5	52.4	8.7	196.3	67,858	7.1	7	300	3 6 8		
1935	11.5	19.3	69.2	59.2	22.6	3.3	7.8	5.1	2.0	2.5	26.2	5.3	58.0	8.0	240.0	73,270	7.7	8				
1936	10.1	13.8	76.1	61.2	22.1	1.8	7.8	5.2	1.9	2.3	24.4	4.0	65.3	4.0	317.3	89,839	10.1	10				
Scottish Western Inv. Co. (Jan. 31) —																						
1934	45.4	31.3	23.4	33.2	10.9	10.0	19.4	20.7	5.8	6.0	15.0	12.0	53.4	13.6	202.3	133,474	12.3	12	313½xd	4 2 9		
1935	41.7	31.8	26.5	34.1	10.8	9.0	19.7	20.4	5.9	6.7	14.1	9.5	57.1	12.6	213.0	134,032	13.1	12				
1936	34.7	34.8	30.5	35.6	10.6	8.2	20.2	20.1	5.3	6.3	11.7	9.9	59.8	12.3	226.1	141,236	15.2	13				
Traction and General Inv. (Dec. 31) —																						
1933	37.74	23.75	38.51	48.10	14.52	17.70	4.93	10.26	4.49	10.95	20.43	11.86	45.82½	10.94	97.1	96,667	11.0	10	275	4 0 0		
1934	34.99	27.02	37.99	49.96	15.09	13.39	5.25	11.17	5.14	10.40	20.66	9.69	49.18½	10.07	127.9	102,357	11.6	10½				
1935	30.97	28.64	40.39	49.34	15.86	11.00	8.62	9.44	5.74	10.31	20.81	9.93	50.49½	8.46	143.3	104,218	12.2	11				
United States and General Trust Corp. (Dec. 31) —																						
1933	43.7	30.3	26.0	49.8	9.9	13.1	10.4	13.4	3.4	11.9	12.1	17.6	41.9	16.5	49.8	137,934	6.4	5½	160½	3 14 9		
1934	41.0	33.2	25.8	51.5	8.5	11.4	11.2	14.3	3.1	12.0	12.0	14.5	46.3	15.2	91.5	144,825	6.3	6				
1935	37.2	35.0	27.8	51.2	8.6	9.5	14.5	13.1	3.1	10.1	12.9	14.0	47.3	15.7	100.9	146,238	6.8	6				

Note.—Italic figures indicate analysis on market values.

* Not shown separately.

† Includes shipping.

engaged in all branches of the aviation industry, but the managers are apparently empowered to transfer "as much of the funds as they consider advisable" (subject to limits on individual investments) to any "other securities" quoted in the official or unofficial daily lists of the London Stock Exchange. This provision apparently allows complete freedom to the management in investment policy. The Trust is cumulative and the service charge is "approximately 5 per cent.," plus an annual charge of $\frac{1}{2}$ d. per unit over its ten-year life. The trustees may be empowered to form a dividend equalising reserve fund, and nearly half of the service charge on the first million units is to be devoted to a special management reserve fund. The third trust, Keystone Flexible Certificates, has an "A" panel of 20 industrial and miscellaneous companies, and an alternative "B" panel of over 150 industrials, and the maximum number of sub-units is limited to 3,000,000. The life of the Trust is 15 years and the service charge is $7\frac{1}{2}$ per cent., added to cost. Bonus shares received by the Trust and considered as income will be distributed, but if considered as capital may be added to the trust or sold and the proceeds reinvested.

Insurance Share Index.—The further progress registered by our insurance share index, which ended the first quarter at 4,952—a new high level—compared with 4,811 at the end of 1935, proves, on inspection, to have been rather more irregular in comparison with the broad recovery of the previous quarter. The following table shows the course of the twenty-four component shares, assuming an original investment of £1,000 in 1913 in each case, and that all rights have been applied to purchasing an equivalent holding in the original shares:—

(1913 = 1,000 throughout)

	1929	1931	1934	1935	Sept. 30, 1935	Dec. 31, 1935	Mar. 31, 1936
Alliance	1,675	1,475	2,208	2,316	2,247	2,499	2,478
Atlas	3,532	2,809	3,452	3,667	3,619	3,095	4,063
Caledonian	5,700	4,041	4,820	5,032	5,158	5,409	5,535
Commercial Union	4,545	3,549	4,449	4,694	4,354	4,680	4,789
Employers' Liability	2,725	2,068	2,955	2,405	2,252	2,432	2,567
Equity and Law	2,009	1,866	3,733	4,670	4,464	4,999	6,071
General Accident	8,133	7,189	10,165	12,099	12,266	13,866	14,266
Gresham Fire	2,872	2,248	4,651	5,166	4,762	4,857	4,782
Guardian	2,596	2,340	3,272	3,487	3,378	3,718	3,692
Legal and General	6,536	5,696	10,068	11,735	11,148	12,896	13,771
Life Assn. of Scotland	1,989	2,036	3,186	3,667	3,685	3,780	3,780
London and Lancashire	4,543	3,731	4,673	5,039	4,923	5,385	5,462
London Assurance	2,126	1,653	2,687	2,996	2,911	3,105	3,081
Nth. Brit. and Mercantile	4,514	3,857	4,984	5,995	5,860	6,624	6,815
Northern	2,011	1,700	2,149	2,364	2,328	2,507	2,627
Phoenix	1,645	1,569	1,970	2,089	2,063	2,165	2,199
Prudential	2,163	2,027	3,195	3,387	3,261	3,597	3,549
Royal Exchange	3,227	2,772	4,204	4,805	4,744	5,175	5,360
Royal	2,882	2,460	2,828	3,129	3,054	3,355	3,398
Scottish Life	2,680	2,352	3,708	4,382	4,270	4,607	4,494
Scot. Union & National	5,213	3,928	4,732	4,996	4,890	5,176	5,472
Sun Fire	2,853	2,347	3,088	3,271	3,244	3,422	3,422
Sun Life	2,237	2,023	2,632	2,972	2,922	3,224	3,325
Yorkshire	3,941	2,441	3,401	3,575	3,298	4,071	3,865
Average	3,406	2,840	4,025	4,497	4,379	4,811	4,952

The table shows that in fifteen cases the component index numbers registered an advance, most remarkable in the case of Equity and Law, which appreciated by over 20 per cent. Where values declined, however, the recession was generally of small dimensions.

Tin Shares and Market Factors.—Since the International Tin Committee reduced export quotas for the second quarter of this year by 5 per cent. (a policy criticised in the *Economist* of February 29th, page 482) few significant movements either in tin prices or in share quotations have occurred. Developments in the tin market during this interval, however, have again focussed critical attention on the working of the present restriction scheme and the current policy of the controlling Committee. Despite the existence of a 90 per cent. quota for the first quarter of the year, world visible supplies at the end of March showed an increase of less than 1,000 tons over the February figure. On the supply side the chief factor responsible for this continued deficiency of available reserves is the failure of Bolivia to produce up to the level of her permissible quota.

Bolivian output in February, in fact, amounted to no more than 50 per cent. of her standard tonnage against an allowable 90 per cent., and the short-fall of the country to date is no less than 6,000 tons. Opinion is divided whether the deficiency is due to a shortage of labour and the impairment of mine equipment as a result of the Chaco war, or a deliberate curtailment of supplies pending the more favourable exchange agreement recently concluded between the Government and the Bolivian companies. There is, in either event, some force in the view that a time limit should be imposed on the validity of unused quotas, and that arrangements should be made for sharing the output of any participant unable to produce its allotted amount among other members more fortunately placed. On the demand side, a contributory cause of the current stringency has been the unexpectedly large volume of Continental demand, especially from Russia. But sudden and substantial variations in demand have always been characteristic of the tin market and recent movements merely emphasise the necessity of an ample visible supply to meet all contingencies. In addition, the need for a workable arrangement which would permit a more rapid expansion of output in response to a change in the export quota has also been amply demonstrated. At present, reserves of ore and concentrates which tin companies in British areas are allowed to keep at the mine-head are rigidly limited, and the interval between an expansion in permissible output and the appearance of new supplies on the market amounts in all to over two months. The suggestion that the mines should be allowed to keep in reserve about four months' supply of concentrates would increase the flexibility of the control to a marked extent, and enable fluctuations in demand to be met promptly. For investors in tin shares, however, the lesson of experience since last summer, underlined by the events of the past two months, suggests that no permanent stability in the tin market is to be expected while production is subordinated to the maintenance of price levels sufficiently high to permit the most expensive producers to operate profitably. High prices, higher costs, and curtailed output give no advantage to the low cost producers.

The Royal Mail House Sale.—At the end of last week R.M. Realisation shares bounded up several shillings on the news that Royal Mail House had been sold to Lloyd's. The amount involved in the transaction has not been officially stated, but there is every reason to discount heavily the figure of £1,500,000 which has been bruited about the market. In fact, a more reasonable figure would probably be well under seven digits. The entire properties of the Royal Mail, including Royal Mail House, various properties in Rio de Janeiro, Buenos Aires, Jamaica, etc., having a book value of £1,124,271, were authoritatively stated in 1932 to be worth less than the book value "so far as can be judged." As we pointed out in a leading article on the Realisation Companies (February 8, 1936, page 309) the subsequent trend of interest rates and general circumstances has been favourable, but there is no ground at all for extravagant estimates of changes in value. While the present operation will in due course provide substantial funds which will be available for part redemption of the Income Debenture stock, some months must be expected to elapse before completion actually takes place. It had been anticipated for some time that a property company would be floated to take over all the assets of this nature held by the Realisation Companies. This procedure would have provided the advantage of a substantial nucleus, in the shape of Royal Mail House, for the somewhat heterogeneous group of remaining property assets, whose realisation is now more likely to be a piece-meal affair.

Actuaries' Investment Index.—General holiday apathy has characterised the markets in the past week, and although movements in different sections have varied slightly, on balance the Actuaries' Index of 178 industrial equities remains unchanged. The index this week, as for last, is 83.6, compared with 82.7 a month ago.

(December 31, 1928 = 100). The yield for this week is 3.15 per cent., compared with 3.14 per cent. last week and 3.04 per cent. a month ago. Movements in representative sub-groups are tabulated below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yield (%)		
	Month Ago, Mar. 17, 1936	Last Week, Apr. 7, 1936	This Week, Apr. 14, 1936	Month Ago, Mar. 17, 1936	Last Week, Apr. 7, 1936	This Week, Apr. 14, 1936
<i>Higher this Week</i>						
Building Materials (5)	97.7	101.0	102.0	4.69	4.77	4.73
Oil (5)	81.1	82.8	83.7	2.71	2.65	2.61
Electric Supplies (10)	131.4	133.5	135.2	3.71	3.73	3.69
Reweries and Distilleries (21)	141.1	144.1	145.2	4.07	3.98	3.96
<i>Lower this Week</i>						
Coal (7)	99.6	99.8	98.8	4.16	4.07	4.12
Cotton (8)	42.0	41.7	40.9	2.17	2.19	2.20
Iron and Steel (12)	74.5	72.0	71.7	3.04	3.14	3.15

Building materials continue to benefit from good trading reports and the maintenance of building activity and oil shares reflect the market's interest in the approaching dividend season. Despite the record March steel output iron and steel shares are slightly lower.

COMPANY NOTES

Newcastle Companies.—Although Newcastle is associated in the public mind with capital industries and the "Special Areas," and although some of the larger Newcastle concerns exhibit both the fluctuations and the long depression expected of such an area, the typical "Newcastle share" is remarkable for its consistency of dividend.

	(Profits in £'000)							
	1929	1930	1931	1932	1933	1934	1935	1936
Assoc. Breweries (June 30):								
Earned for ord.	73.3	71.1	59.8	25.9	2.2	34.7	54.3	...
Earned %	10.5	10.4	8.9	4.0	0.3	5.2	8.0	...
Div. %	9	10	8	4	1½	4½	7	...
Carricks (Caterers) (Jan. 31):								
Earned for ord.	10.6	24.9	16.9	15.4	3.7	6.5	5.6	6.4
Earned %	9.5	22.2	15.5	14.6	3.5	6.2	5.2	5.9
Div. %	8	8	8	6	6	6	6	6
Cleveland Bridge (Sept. 30):								
Earned for ord.	22.6	23.6	22.2	16.3	15.9	16.1	8.1	...
Earned %	7.7	8.1	7.6	5.6	5.5	5.5	2.8	...
Div. %	6	6	6	5	5	5	3½	...
Conselt Sp. Ore (June 30):								
Earned for div.	25.1	15.1	15.2	0.1	5.0	5.1	5.0	...
Earned %	56.7	35.0	35.5	0.2	11.0	11.8	11.7	...
Div. %	55	32½	32½	5	10	10	10	...
Hood Haggie (Oct. 31):								
Earned for ord.	42.1	37.6	21.1	28.2	34.6	35.5	48.7	...
Earned %	18.8	16.6	8.7	12.3	15.9	16.2	22.6	...
Div. %	12½	12½	10	10	10	10	12½	...
Northern Corp. (Dec. 31):								
Earned for ord.	6.3	6.2	6.2	6.5	6.5	6.7	7.7	...
Earned %	27.9	27.1	27.7	29.3	29.5	29.7	35.3	...
Div. %	16	16	16	16	16	16	16	...
Parsons Marine (June 30):								
Earned for div.	22.3	20.5	15.5	10.2	10.0	11.1	12.3	...
Earned %	10.6†	9.7†	7.3	4.9	4.7	5.3	6.0	...
Div. %	10†	10†	7½	5	5	5	5	...
Province L.L. Industries (Sept. 30):								
Earned for div.	11.6	13.2	14.4	12.7	15.4	17.1	15.6	...
Earned %	18.5	21.0	23.6	20.4	23.9	27.3	15.7	...
Div. %	12½	15	15	15	20	20	15	...
Seaham H. Dk. (Dec. 31):								
Earned for ord.	N.A.	10.0*	6.1*	1.1*	14.0*	35.3	18.0	...
Earned %	N.A.	*	*	*	*	11.2	8.9	...
Div. %	N.A.	Nil	Nil	Nil	Nil	2½	5	...
Tyne-Tees Ship'g. (June 30):								
Earned for div.	23.8	19.8	14.8	20.8	19.8	15.4	19.4	...
Earned %	6.0	4.4	3.6	5.1	4.8	3.8	4.7	...
Div. %	5	5	5	5	5	5	5	...
Waste Heat & Gas (Jan. 31):								
Earned for div.	28.3	30.3	29.1	23.5	28.4	28.6	29.9	30.8
Earned %	9.0	9.8	9.4	7.3	9.2	9.2	9.7	10.1
Div. %	8	8	8	8	8	8	8	8

* Earnings shown after normal preference dividend. In fact, preference arrears were being paid off in each of these years, leaving no earnings available for the ordinary dividend.
† Tax free.

As may be seen from the accompanying table, this is due in part to a conservative tradition which has tended to keep distributions well within earnings, but to a large extent it is due also to relative stability of the earnings themselves. This stability is found in such diverse businesses as



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Provincial Laundries, Northern Corporation (property), Northern General Transport, R. Hood Haggie (wire and other ropes), Carricks (caterers), Binns and Son (drapers, etc.), George Angus (belting, leather and hose), Tyne-Tees Shipping (coastal and North Sea shipping), Waste Heat and Gas Electrical Generating Stations, and Cleveland Bridge and Engineering. Each of these concerns shows a dividend record which, while not in all cases unvarying from year to year, is stable by the ordinary standards of commercial and industrial equities. Moreover, despite the problems of the "Special Areas," such brewing companies as Associated Breweries and Newcastle Breweries have not shown greater fluctuations of profits than breweries operating in many less depressed areas, and have recovered as vigorously as their fellows elsewhere. Investors who are seeking openings off the beaten track of the London market need not, therefore, hesitate to seek for them in Newcastle. The revival of shipbuilding and armament business has already raised many prices well above the levels current even a few months ago. But attractive yields are still to be found. Thus the ordinary shares of Seaham Harbour Dock (which has only recently paid off its preference arrears and returned to the dividend list) yield some 9½ per cent., Northern Corporation ordinary yield 10 per cent., Blackett and Son (stores) yield over 7½ per cent., Consett Spanish Ore yields over 6 per cent., and Provincial Laundries over 5½ per cent. None of these shares enjoy a very free market; but the interest of the investor who is seeking opportunities in the provinces is not necessarily in free markets alone, when adequate yield and security is to be had.

I.C.I. Report.—The full report of Imperial Chemical Industries should give investors most of the information they require, for it includes 25 pages of letterpress, five devoted to the accounts and four showing the group undertakings and the financial record of the company since its formation. The main interest in the accounts will be found in the balance sheet changes, for the revenue accounts contributed to the revenue of the company since its formation. The revenue accounts, which were analysed and discussed in *The Economist* of April 4th, page 21. The balance sheet shows a reduction of capital recently confirmed by the company, and, as a result, £5,434,141 has been added to the reserve. During the year the value of the company's subsidiary companies has increased from £72,270,734. Creditors and other provisions have increased from £1,000,000 higher. In addition to the new reserve of £4,160,000 on the pre-existing capital of £6,000,000 for the free reserve. The Central Reserve Fund, which again received £1,000,000 for the year, is now £3,365,000. In all, £1,400,000 has been added to the reserve and £775,000 from central obsolescence. The numbers applied in reduction of investments, reflecting the reduction of subsidiaries' assets. The relevance of the provisions on this scale, which formed one of the general reasons of the deferred shareholders' opposition to the reorganisation, is clearly evident in the general reduction of the year's trading conditions. The principal impression of vigorous recovery at home, assisted by the technical progress achieved in many departments of production, while in overseas markets satisfactory turnover has usually been achieved, although it has not always been possible to maintain selling prices against local competition. No less important to investors, however, is the evidence that capital expenditure is still required for expanding business and technical progress. The group reference is made to plant extensions in the last current year recently completed. They represent an integral part of the policy which the board has faithfully followed, to secure the highest technical efficiency and to share its benefits between consumers, employees and stockholders. The latest accounts are very satisfactory, but they do not detract from the view that the ordinary shares are regarded as a "gilt-edged" equity which offers great potentialities. The stock is quoted at £4 1s. per cent.

Johnson and Phillips' Progress.—Like the other cable manufacturers, Johnson and Phillips did not begin to feel recovery in the earliest stages of the movement, for their trading results were to some extent influenced by the completion of the special demand for the construction of the "grid" just as general recovery was beginning. Last year, however, business was again good, and, with the exception of 1929, the year's profits are the best for the past decade. This has permitted the restoration of the old 10 per cent. ordinary dividend (out of earnings of 11.5 per cent.) despite increases in capital both in 1934 and in 1935. The 1935 figures compare with those of the two preceding years as follows:—

	1933	1934	1935
Profit	84,628	128,849	157,351
Maintenance and depreciation.....	25,618	31,874	37,203
Fees and taxes	6,005	12,749	18,370
Debt service.....	15,929	18,000	22,000
Ordinary shares:			
Earned	37,076	66,226	79,778
Paid	30,000	50,000	75,000
Earned %.....	6.6	10.6	10.7
Paid %.....	5	7½	10
Reserve.....	5,000	15,000	5,000
Carried forward.....	101,134	101,387	101,165

The balance sheet reflects the expansion of business in the larger sums shown under debtors, stocks, subsidiaries and creditors. But the company has nevertheless been able to pay off the bank overdraft amounting to £54,000 which appeared in last year's balance sheet. It would thus appear that while part of the proceeds of last November's issue of shares (£200,000 gross) has been used for expansion of plant and holdings in subsidiaries, the greater part has been used for financing turnover. Although no specific information is available in the report it is reasonable to expect a good report of the electric supply undertakings at the annual meeting. The company has a considerable business in telephone cables, and it is no doubt securing a share of the enlarged Post Office business—a demand which seems likely to continue for some time. At 46s. 6d., cum the final dividend of 5 per cent., the shares yield approximately £4 8s., which by present standards is a fair return for a sound industrial.

New Aircraft Company Results.—Since publicity was given, some weeks ago, to the difficulties experienced by the aircraft industry in obtaining firm prices for current contracts with the Air Ministry, the aviation share market has lost a good deal of its bloom. Attention has recently centred upon the engine makers, and principally upon Rolls-Royce and Bristol Aeroplane. The Rolls-Royce preliminary profits statement, on which we commented last week (page 89) showed a satisfactory expansion in earnings, but no sign of vast re-armament profits. For the time being, investors must hold these shares, at a low current yield and without the solace of a share bonus, until the effects of the increased expenditure promised for air defence this year begins to filter through. This amount, if the White Paper expansion is realised in 1937 and 1938, will constitute a small instalment of the total. Meanwhile, considerable evidence of the technical and financial difficulties involved in bringing some recently formed aircraft concerns to the full production stage for military aircraft has been revealed. The first accounts of Phillips and Powis, formed last year to acquire a civil aviation concern, show a loss of £20,236 for the thirteen months to December last. Special reasons have been adduced for this result, for a major decision of policy to change from civil to military aviation was taken during the year. Further capital has also been required for repayment of bank loans and working capital. Some 500,000 3½ per cent. 5s. preference shares, convertible to ordinary shares within three years at 3s. premium, will be subscribed by unnamed interests, and the company will thereby "secure an association which should be of the greatest value." The first report of Boulton Paul Aircraft to October 31st last showed a loss of £6,935.

Compared with the latest trading results shown in the prospectus, the loss is not specially significant. It will be recalled that further shares were issued last September to finance extensions. The *General Aircraft* report, issued some weeks ago, disclosed a trading loss of £35,573 for the fifteen months to December last year, and *Airspeed* (1934), which has not yet issued its first accounts, has passed its preferred ordinary dividend. This general failure to achieve prospectus estimates in the initial trading periods shows that the smaller aviation concerns are finding the technical reorganisation to meet Air Force contracts an expensive business, while the lack of firm contract prices makes any estimate of future profits hazardous. Apart from official assurances that capital expended in plant extensions will be fairly protected, the industry's profit prospects are largely in the hands of the Air Ministry's contract officers and public opinion, and investors must perforce remain in ignorance, if not doubt. There seems little justification for a renewal of the speculative boom in airframe shares merely on the prospects of a large expansion of expenditure in 1937-38.

Amalgamated Metal Results.—The results of this holding company, which has extensive interests in the non-ferrous metal trade, indicate a further advance in profits to cover the increased ordinary dividend announced a month ago. As usual, the indicated earnings provide only a small surplus over the ordinary distribution. The detailed accounts—supplemented by consolidated statements of the assets and liabilities of the two subsidiaries, British Metal Corporation and Henry Gardner and Company, Ltd., and their subsidiaries—show a balance of profit earned by two constituent companies amounting to £21,602, compared with £309,238 for the previous year. Of this amount some £60,000 has been applied in writing off expenditure on the mining property included under "advances to allied companies." This mine, after lying dormant for some time, was entering production at the end of the year. After providing £54,000 for preference dividends and £274,187 for ordinary dividends, both of which are paid to the parent concern, a balance of £203,751 is carried forward by the constituent companies, against £170,336 brought in. The following analysis gives the allocation of the parent company's income during the past three years:—

	11 months to March 31, 1934	1935	Years to March 31, 1936
Gross dividends from subsidiaries and ordinary income	239,572	287,401	328,443
Expenses and taxation	4,754	7,778	5,487
Preference dividends	54,000	54,000	54,000
Ordinary shares:—			
Earned	180,818	223,623	268,956
Paid	177,432	221,790	266,147
Earned %.....	4.1	6.1	6.1
Paid %.....	4	5	6
Carried forward	23,654	25,487	28,296

The group balance sheet changes reflect the substantial improvement in the base metal markets last year. Stocks, of which 99 per cent. are covered by forward sales, have jumped from £2,464,919 to £4,329,419. After transferring £200,000 from reserve to write down the value of investments, the total stands in the British Metal-Henry Gardner combined balance sheet at £2,492,702. The further consolidated balance sheet for subsidiaries of the two constituent companies reveals a sound underlying position for the group. The group's interests extend from mine to consumer, but, since its primary activities are concerned with the trading branches, it should benefit further from increased turnover of metals at higher prices. The £1 ordinary shares are quoted at 26s. 9d. to yield £4 14s. per cent.

The Sofina Report.—The report of the Société Financière de Transports et d'Entreprises Industrielles indicates satisfactory progress during the past year. Income from shares and participations amounted to Frs. 123.5 millions, compared with Frs. 106.3 millions for 1934. The

distribution on the 5 per cent. preference absorbs Frs. 1 million, and the total ordinary raised from Frs. 400 per share to Frs. 475 per share. Analysis of the results of the principal companies shows that further progress has been achieved in almost every case, one exception being Nord de la France Company. The statistics of output of electricity provide a number of interesting comparisons. It is clear that industrial recovery has been marked in the gold bloc countries, and that the output of industrial consumption of electricity has in been limited. Striking differences are also shown in the rate of electrification in Europe and America. British electricity supply shares will find much of this section of the report. The general conclusion which precedes the report this year discusses the scope of geographical specialisation of industry, and concludes that international co-operation is essential for proper co-ordination of national development in areas. It concludes, however, on the somewhat gloomy note that economic disarmament is still to seek, and lessons of private business experience, which reanalysis, must first be learned before statesmen can effect an expansion of international trade.

De Beers Report.—In his speech at the annual meeting of the De Beers Dutoitspan Mine on March 18th, Mr. Oppenheimer explicitly foreshadowed the payment of a preference dividend arrears during the year, and further reference to the subject was made in the report dated March 5th. Shareholders therefore anticipating fuller details at the annual meeting to be held on May 2nd. A striking increase in the profits for 1935. Last year's revenue for the account totalled £1,520,100, against £900,300 only £297,400 in 1933. Investment income for 1935, £1,376,700, compared with £531,770—a substantial increase, even when allowance is made for the depreciation dividend of £750,000 included in the latest figures. Assisted by increased profits on investments realised, total income recorded an advance from £1,444,350 to £2,975,930. Mining expenses were increased, but net profit amounted to £2,122,360, as against £768,680. The bulk of the additional earnings, together with the credit balance, has been devoted to certain special appropriations, including £1,602,180 to general reserve. Payment of one instalment of preference dividend arrears absorbed £400,000, and only £58,840 is carried forward, compared with £1,000,000 brought in. Changes in the latest balance sheet are considerable. The Blue Ground Reserve on the company's property has been set off against Blue Ground on Fl. which no longer appears among the assets. The outstanding £2,416,600 5½ per cent. debentures were redeemed on December 31st. Investments in diamond companies, etc. have been reduced from £7,371,150 to £1,485,900. Some £360,250 has been provided from the surplus of realisation over acquisitions, a large amount of £4,238,860 from the

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Appropriation for stabiliment of the diamond Trade," and the balance transferred to Investments and Open accounts. Two of the more important items in the previous balance sheet accordingly disappear. During the year Koffyfontein Estates and Koffyfontein Mines were acquired, their machinery and plant (£72,300) and Blue Ground (£195,130) being written off. General reserve is raised from £2,000,000 to £3,600,000, and the balance sheet total has been reduced from £15,490,000 to £11,004,250. The decks may be regarded as cleared for the resumption of operations on a more adequate scale this year. The Premier, a controlled undertaking, fared rather less well last year, but owing to non-recurrence of the appropriations for Trading Fund, the shareholders' proportion of profits amounts to £60,600, against £24,100. De Beers took over the Premier production quota, but an accumulation of common stones was realised. De Beers also acquired the New Jagersfontein quota, whose diamond sales for last year amounted to only £19,600, as against £70,100 in 1935, when the company's stock of diamonds became exhausted.

* * *

Other Company Results.—The summary of the week's profit and loss accounts, which appears on page 140, is again expanded by the large number of rubber companies reporting to December 31st last. As many as 48 additional companies appear in the table. *Melbourne Electric* shows increased profits of £94,240, but the dividend adjusted for the increased capital is fractionally lower. Results have been published by two new gas holding companies. *Severn Valley Gas* reports a profit of £32,682 for its first complete year of operations and maintains the 5 per cent. dividend rate. *United Kingdom Gas* disclosed a revenue of £22,460 for the period from Imperial Chemical December, 1935. The accounts, in most of the information months' working, since the first pages of letterpress, under August. The ordinary dividend, four showing company since its per annum. This week's record of accounts will be found in the evidence of main interest in the revenue accounts confirm the published sheet changes, which were analysed and discussed in the *Ministry* of April 4th, page 21. The balance sheet reflects the construction of capital recently confirmed by the Court of Appeal, and, as a result, £5,434,141 has been placed to capital reserve. During the year the value of interests in subsidiary companies has increased from £71,367,229 to £72,270,734. Creditors and other provisions and debtors and payments in advance are in each case approximately £900,000 higher. In addition to the new capital reserve described above, the reserve accounts now show a balance of £4,160,000 on the pre-existing capital reserve, and £6,000,000 for the free reserve. The Central Obsolescence Fund, which again received £1,000,000 for 1935, is £225,000 higher at £3,365,000. In all, £1,400,000 from general reserve and £775,000 from central obsolescence has been applied in reduction of investments, reflecting the writing down of subsidiaries' assets. The relevance of reserve provisions on this scale, which formed one of the contentions of the deferred shareholders' opposition to the capital reorganisation, is clearly evident in the general review of the year's trading conditions. The principal impression is one of vigorous recovery at home, assisted by the striking technical progress achieved in many departments of the undertaking, while in overseas markets satisfactory turnover has usually been achieved, although it has not always been possible to maintain selling prices against local competition. No less important to investors, however, is the repeated evidence that capital expenditure is still required to provide for expanding business and technical progress. In every group reference is made to plant extensions in prospect or recently completed. They represent an integral part of the policy which the board has faithfully followed, to maintain the highest technical efficiency and to share its fruits equitably between consumers, employees and stockholders. The latest accounts are very satisfactory, but they afford no ground for modifying the view that the ordinary stock is to be regarded as a "gilt-edged" equity which lacks high-gear potentialities. The stock is quoted at 39s. 6d. to yield £4 rs. per cent.

stabilisation of the financial position of the country and declared that the maintenance of a 6 per cent. dividend was a very satisfactory result and a tribute to the Bank's development. Mr Michael Falcon, chairman of the Norwich Union Life and Fire Offices, congratulated the former on the maintenance of record bonuses and of unimpaired reserves. The Fire Insurance Society's results also showed a general improvement, in spite of the narrow margins of profit on workmen's compensation and motor business. The chairman of the King Line pointed out that despite the minimum freight schemes in the major trade routes, which had been made possible by the British Shipping subsidy, the position of cargo shipping had shown little improvement during the year. There was indeed a danger, he said, that more tonnage would have to be laid up in the near future. The Sofina report is discussed on page 139. Mr M. Dewar, at the first annual meeting of British Timken, discussed the wide fields of demand opening up for the anti-friction bearings made by the company, particularly in the railway and steel industries. The chairman of Lanadron Rubber Estates said that income last year had been considerably reduced by lower prices for rubber, but that the outlook for the coming season was brighter. Mr G. H. Champion announced a dividend of 5 per cent. for Jasin (Malacca) Rubber Estates, but pointed out that 101,387 101,165 were lower than in 1934 owing to restricted crops. Mr H. A. expansion of business in the meeting discussed the order debtors, stocks, subsidiaries and prices and costs, the company has nevertheless been able to pay off the bank overdraft amounting to £54,000 which appeared in last year's balance sheet. It would thus appear that while part of the proceeds of last November's issue of shares (£200,000 gross) has been used for expansion of plant and holding in subsidiaries, the greater part has been used for financing turnover. Although no specific information is available in the report it is reasonable to expect a good report of the electric supply undertakings at the annual meeting. The company has a considerable business in telephone cables, and it is no doubt securing a share of the enlarged Post Office business—a demand which seems likely to continue for some time. At 46s. 6d., cum the final dividend of 5 per cent., the shares yield approximately £4 8s., which by present standards is a fair return for a sound industrial.

* * *

New Aircraft Company Results.—Since publicity was given, some weeks ago, to the difficulties experienced by the aircraft industry in obtaining firm prices for current contracts with the Air Ministry, the aviation share market has lost a good deal of its bloom. Attention has recently centred upon the engine makers, and principally upon Rolls-Royce and Bristol Aeroplane. The Rolls-Royce preliminary profits statement, on which we commented last week (page 89) showed a satisfactory expansion in earnings, but no sign of vast re-armament profits. For the time being, investors must hold these shares, at a low current yield and without the solace of a share bonus, until the effects of the increased expenditure promised for air defence this year begins to filter through. This amount, if the White Paper expansion is realised in 1937 and 1938, will constitute a small instalment of the total. Meanwhile, considerable evidence of the technical and financial difficulties involved in bringing some recently formed airframe concerns to the full production stage for military aircraft has been revealed. The first accounts of *Phillips and Powis*, formed last year to acquire a civil aviation concern, show a loss of £20,236 for the thirteen months to December last. Special reasons have been adduced for this result, for a major decision of policy to change from civil to military aviation was taken during the year. Further capital has also been required for repayment of bank loans and working capital. Some 500,000 3½ per cent. 5s. preference shares, convertible to ordinary shares within three years at 3s. premium, will be subscribed by unnamed interests, and the company will thereby "secure an association which should be of the greatest value." The first report of *Boulton Paul Aircraft* to October 31st last showed a loss of £6,935.

There was a fairly general reaction in the home rail market, due to end of account realisations which passed by the very good traffics, which were £96,000 better than for Good Friday week of last year. It was anticipated that the bad weather conditions over the holiday will be followed by bad traffics this week. Business in foreign rails was very slack, practically the only feature being a back in Cordoba Central issues. There was some profit-taking in American rails.

Industrial issues were inclined to sag when markets reopened after the holidays, but hardened and assisted in part by the recovery on Wall Street and good trade returns. Iron and steel shares, however, were irregular, with some later tendency to strengthen. Beardmore 7 per cent. debentures were marked up on news of intended repayment of part of the issue. Aviation issues were inclined to ease, and there was a general tendency to take profits. Motor issues did better, Leylands in particular benefiting from good trade reports which induced hopes of higher dividends. And electrical equipment issues were able to shake off dullness with the report that cable manufacturers have raised cable prices by some 20 per cent.

Although business was small, prices were well maintained in the brewery section, and Ansells were particularly favoured. Tobacco shares were dull, with most prominent issues losing ground slightly. The stores group did fairly well, Marks and Spencers holding up in anticipation of a good annual report, and Harrods and Harrods (B.A.) both improved. Profit-taking developed in provision and catering company issues, and among textiles Courtaulds and other rayon issues moved downwards. Insurance shares were one of the brightest sections of the market, in contrast to the miscellaneous industrial section where movements were small but erratic. Alpha Cement and Associated Portland issues improved slightly against a general background of slight losses.

Interest in the oil shares market was concentrated on Mexican and Canadian Eagles, particularly on reports that a rich new well has been brought in in Mexico. Shell and Royal Dutch issues were supported by Continental demand based on expectation of good dividends, but otherwise business was not very active. Rubber shares staged a marked recovery, after the holiday, from their past apathy, and although business was small prices were marked up all round. This movement was induced by the improvement in the commodity price, which it is hoped marks the first step towards a further advance in the near future. Malayalam were marked up on resumption of interim dividends for the first time since 1929. The tea shares market showed no such resilience, the very small volume of trading approached stagnation, and hopes of an improvement when the Mincing Lane auctions are resumed next Monday are slight.

In the Kaffir market, conditions were still very dull, and with no interest exhibited by the Cape or by Paris prices tended to fall off slightly. Union Corporation shares were an exception to this tendency and rose on investment buying. Interest was equally slight in the West African department, and not even the rise in the price of copper in the States could induce much activity in Rhodesian copper issues. Diamond shares provided the outstanding feature of the mining markets, with De Beers reaching a new high. There was very little change in the tin shares market.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to April 3, 1936	April 2, 1936	April 3, 1936	April 6, 1936	April 7, 1936	April 8, 1936	April 9, 1936
Government and Municipal Loans	5,549	1,159	1,008	1,211	1,028	951	972
Transport, Communications, and Public Utilities	4,700	1,033	903	835	976	970	821
Commercial and Industrial	21,229	4,640	4,231	4,609	4,487	4,312	3,835
Banks, Insurance and Financial	2,842	556	597	594	520	482	496
Mines (including Nitrate)	4,963	1,017	945	1,011	900	794	694
Oils	1,112	296	180	222	221	196	215
Rubber, Tea and Coffee	1,299	234	236	285	207	231	163
Total	41,694	8,935	8,100	8,767	8,339	7,936	7,196
Corresponding day in 1935	...	7,475	8,114	8,601	7,480	7,184	7,147

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	Week to April 10, 1936†	April 10, 1936	April 11, 1936	April 13, 1936	April 14, 1936	April 15, 1936	April 16, 1936
Government and Municipal Loans	4,162				1,062	1,022	1,128
Transport, Communications, and Public Utilities	3,602				1,032	918	1,105
Commercial and Industrial	17,243				3,877	3,641	4,690
Banks, Insurance and Financial	2,092	Good Friday	Closed	Easter Monday	520	446	590
Mines (including Nitrate)	3,399				952	660	886
Oils	854				280	230	345
Rubber, Tea and Coffee	886				249	268	478
Total	32,238				7,972	7,185	9,222
Corresponding day in 1935					8,087	8,085	8,085

* Including Iron and Steel and Breweries. † Holiday week.

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	April 2, 1936	April 3, 1936	April 6, 1936	April 7, 1936	April 8, 1936	April 9, 1936
114.5	107.4	112.7	112.7	112.8	112.7	113.1	113.1
April 10, 1936	April 11, 1936	April 13, 1936	April 14, 1936	April 15, 1936	April 16, 1936		
Good Friday	Closed	Easter Monday	112.7	112.6	112.5		

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Mar. 16)	April 2, 1936	April 3, 1936	April 6, 1936	April 7, 1936	April 8, 1936	April 9, 1936
138.4	137.0	137.5	137.4	137.4	137.5	137.5	137.4
April 10, 1936	April 11, 1936	April 13, 1936	April 14, 1936	April 15, 1936	April 16, 1936		
Good Friday	Closed	Easter Monday	137.4	137.5	137.5		

FOREIGN STOCK EXCHANGES NEW YORK

THE markets are still paying divided attention to the successive indications of improving industrial and business conditions at home, to the politics of Europe, and to the troubles of the franc. An irregular movement before the holiday was continued at the opening of the week, and on Tuesday there was a pronounced setback after a fairly firm opening, but conditions improved considerably later. Copper shares have been well favoured on the improvement in price of the commodity, and steel shares received support on the increase in production. *Iron Age* estimates steel mill activity at 68 per cent. of capacity, compared with 66 per cent. last week. Power output for the week ended April 11th was 12.1 per cent. higher than for the corresponding week of last year, and bank clearings for the week ended April 8th were up nearly 11 per cent. on a year ago. An improvement in building construction contracts in March may be evidence of revival in that most depressed of industries, from which great improvement is expected in the current year. In midweek the bond market was inclined to be soft, with governments holding their ground.

but industrials falling off. The majority of rail stocks managed to hold their own in Tuesday's general decline, but much needed amalgamations and improvements in transport may be delayed if the Government accepts the demands of heavy compensation for employees who may be dismissed under the schemes proposed by the Federal Co-ordinator of Transport. Oil shares may benefit from the improvement of the gasoline price on the Pacific Coast, and oil men are hoping for a record consumption in the current year.

	Apr. 1936	Apr. 15, 1936	Apr. 1936	Apr. 15, 1936
	1936	1936	1936	1936
U.S. 2½ Treas. Bds. 1945-47.....	102½	103½	104½	104½
Atchafalpa.....	74½	83	84	84
Erie.....	14½	14½	14½	14½
Illinois Central.....	23½	25½	25½	25½
N.Y. Central.....	36½	40½	41½	41½
Pennsylvania.....	33½	33½	33½	33½
Southern Pacific.....	34½	36½	37½	37½
Southern Ry.....	17½	17½	17½	17½
Union Pacific.....	131½	132	133½	133½
Am. Can.....	121½	123	124½	124½
Amer. Smelting.....	86½	82	83	83
Anaconda.....	35½	39	39½	39½
Bethlehem Steel.....	57½	61½	62½	62½
Chrysler Motor.....	97½	101½	102½	102½
Corn Products Rf.....	72½	75½	76½	76½
Eastman Kodak.....	169	165½	167½	167½
Gen. Electric.....	39½	40½	41½	41½
Gen. Motors.....	68½	69½	70½	70½
Int. Harvester.....	86½	87	88½	88½
Mont. Ward.....	44½	43½	43½	43½
Natl. Biscuit.....	34	34½	34½	34½
Phelps Dodge.....	38½	39½	40½	40½
Pullman.....	43	44½	45½	45½
Sears Roebuck.....	67½	66	66½	66½
Un. Fruit.....	73½	73½	74½	74½
U.S. Leather.....	29½	29½	29½	29½
U.S. Rubber.....	67½	70½	71½	71½
U.S. Steel.....	116½	121	122½	122½
Westinghouse.....	49½	47½	47½	47½
Woolworth.....	49½	47½	47½	47½
Am. Tel. and Tlg.....	164½	165½	167½	167½
Int. Tel. Telegr.....	17½	15½	15½	15½
Utilities P. & L.....	58½	58½	58½	58½
W. Union Tlg.....	88½	87½	88½	88½
Shell.....	45	43	43½	43½
Shell Union.....	17½	17½	17½	17½
Std. California.....	44½	43½	44	44
Do. N.J.....	66	63	63½	63½

† Calculated at \$4.94 to £.

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

	1935	1936 (Jan. 1 to April 15)	Beginning of Year 1936	Apr. 1, 1936	Apr. 8, 1936	Apr. 15, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Jan. 8	Highest Mar. 4		
551 Industrials	74.5 (d)	112.3	114.3	127.1 (d)	112.3	125.7
33 Rails	27.4	43.0 (w)	43.9	51.1 (b)	41.5	49.8
37 Utilities	52.2	93.6	97.8	106.2 (a)	93.6	101.7
Total, 421 Stocks	63.1	97.7	100.1	110.6	97.7	109.3
Average yield of 50 Industrial Common Stocks	3.02% (v)	4.06% (b)	High 3.07% (c)	Low 2.95% (e)	3.22% (a)	3.00% (d)

(a) February 11th. (b) February 19th. (c) March 18th. (d) April 8th.
(e) March 13th. (f) November 13th. (g) December 4th.

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

	Lowest of 1936 (Jan. 6)	April 1, 1936	April 2, 1936	April 3, 1936	April 4, 1936	April 6, 1936	April 7, 1936	April 8, 1936
128.2	144.5	145.9	145.2	146.5	147.6	146.6	146.5	

	April 9, 1936	April 10, 1936	April 11, 1936	April 13, 1936	April 14, 1936	April 15, 1936
145.9	Closed	146.2	146.2	143.3	144.8	

TOTAL DEALINGS IN NEW YORK

	April 2, 1936	April 3, 1936	April 4, 1936	April 6, 1936	April 7, 1936	April 8, 1936
Stock Exchange—Shares (Thous.)	2,190	1,580	1,010	2,030	1,570	1,650
Bonds (Thous. \$)	11,240	10,410	6,790	11,250	10,160	10,100
Commodities (Thous.)	463	529	367	541	557	431
April 9, 1936	April 10, 1936	April 11, 1936	April 13, 1936	April 14, 1936	April 15, 1936	
1,650	Good Friday	800	1,450	1,940	1,320	
11,120		6,300	9,280	11,130	11,990	
431		230	367	480	419	

* Two-hour session.

PARIS

Before the holidays business was very small on the Bourse, with interest directed principally to Internationals, and to industrials which were supported on the Bank of France return. After the holiday the opening was uninteresting, but business became more active later, with support for Government issues and banking shares. Diamond issues improved on the Coudisse. The market seems to be encouraged partly by increasing signs of inflationary tendencies, and partly by favourable interpretations of the international political situation.

	Apr. 1, 1936	Apr. 9, 1936	Apr. 15, 1936	Apr. 1, 1936	Apr. 9, 1936	Apr. 15, 1936
Banque de France.....	7,930	7,600	78,035	55	52½	51½
Crédit Lyonnais.....	1,631	1,640	1,830	47	46	52
Suez Canal.....	18,845	18,890	18,700	119	114½	114
Chargeurs Réunis.....	344	316	323	56½	52	55
Rio Tinto.....	1,455	1,169	1,200	619	614	627
Royal Dutch.....	25,700	25,725	25,750	286	290	286½
Wagons Lits.....						
"Chartered".....						
Ford.....						
De Beers.....						
"Johnnies".....						

BERLIN

The Bourse was closed from Friday to Monday inclusive. Prices in the share market advanced last week, with a marked rise in potash issues as a result of the favourable annual report and increase of dividend by the Wintershall concern. Steel issues were quiet, Mannesmann alone showing activity; but motor cars, electrical and public utility shares rose, and some of the textiles gained considerably. Reichsmark bonds were dull, with quotations little changed. Dollar bond quotations were also unchanged. The market opened irregularly on Tuesday of this week, with a marked rise in lignite issues, but later in the day the whole market became firmer. The undertone was still firm on Wednesday, although there was renewed irregularity.

	Apr. 1, 1936	Apr. 9, 1936	Apr. 15, 1936	Apr. 1, 1936	Apr. 9, 1936	Apr. 15, 1936
Reichsbank.....	182.10	184.25	184.75	35.10	36.10	35.25
D.D. Bank.....	91.25	92.25	89.00	182.25	186.10	185.50
Dresdner.....	91.50	93.00	93.25			
I.G. Farben-Industrie.....	163.50	165.90	165.25	50.10	51.50	50.50
Norddeutscher Lloyd (New).....	15.50	17.00	16.40	15.00	15.40	15.10
A. E. G.....						
Siemens and Halske.....						
A. K. U.....						
Hamburg-Amer. ("Hapag New").....						

AMSTERDAM

The markets approached the Easter holiday in active mood, especially in the American section. Philips Lamps gained several points, but lost ground when the markets reopened this week. American issues held their own at first, but lost later in sympathy with Wall Street movements. Rubber shares were uninteresting, and tobaccos were lower, but Philips Lamps recovered slightly on bear covering.

	Apr. 1, 1936	Apr. 9, 1936	Apr. 15, 1936	Apr. 1, 1936	Apr. 9, 1936	Apr. 15, 1936
2½% Dutch Loan.....	75½	75½	75½	39½	43½	42½
5½% German.....	22	22½	22½	24½	24	23½
Unilever N.V.....	107½	107½	107½	188	188	186
Philips Lamps.....	183½	177	173½	247½	247½	247½
Netherlands Ship Union.....	46	44½	44	237½	234½	238
Steel Common.....						
A. K. U.....						
Ford Motor.....						
Deli Batavia Tob.....						
Royal Dutch.....						
Handels Am.....						

CAPITAL ISSUES

The holiday in the corporation loan market has brought a welcome respite to borrowers, underwriters and investors. The resultant improvement in underlying conditions has cleared the way for a resumption of further issues, of which the Birmingham refunding operation, which has been sanctioned by the Treasury, will be first. The loan will be made on Monday next, and will consist of £4,882,700 3 per cent. stock, at 99, redeemable 1956-58. The terms show a reduction of as much as one point in the issue price compared with recent issues. The Tyne Improvement Commission conversion issue in 3½ per cent. stock with a 25-year life is a well secured investment, whose slightly higher yield offers some compensation for its want of trustee status. The only industrial issue of the week has been of the ordinary shares of Mitchell, Shackleton offered at par. This concern, which specialises in the manufacture of crank shafts, has experienced much improved trading conditions during recent years, and the earnings on the straight ordinary capital may be regarded as satisfactory at present levels. Particulars have been published this week of an issue of 3 per cent. stock of the Colony of Jamaica, of which £350,000 has been sold to the market and to Crown Agents at £99. The stock is redeemable between 1956 and 1961.

ISSUES OF THE WEEK

January 1 to April 11, 1936, including conversions, Old Basis, £112,823,570			
January 1 to April 11, 1936, excluding conversions, Old Basis, £67,358,231			
January 1 to April 11, 1936, including conversions, New Basis, £154,169,148			
January 1 to April 11, 1936, excluding conversions, New Basis, £108,803,809			
National Savings Certificates, Net receipts week ended April 11, 1936, Dr. £50,000			
	Nominal Capital £	Conversions £	New Money £
To the Public			
Mitchell, Shackleton and Co., 360,000 10s. ord. shares at par	90,000	...	90,000
Tyne Improvement £500,000 3½ Red. Stock 1961 at par. (To repay £500,000 3½ Stock 1918-52)	500,000	500,000	...
Total	590,000	500,000	90,000
To Shareholders only			
Biting Rubber Estates, 722,363 1/- ord. shares at par....	36,118	...	36,118
De Havilland Aircraft, 100,000 £1 ord. shares at 50/-	100,000	...	250,000
Rosterman Gold Mines, 320,000 5/- shares at par	80,000	...	80,000
Total	216,118	...	366,118
By Stock Exchange Introduction (at opening price)			
Aircraft Components, 400,000 shares 5/- at 6/3	100,000	...	125,000
International Combustion, 351,698 ord. £1 shares at 82/6	351,698	...	1,450,754
Total	451,698	...	1,575,754

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

Nature of R/rrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—	£	£	£	£
1936 (New Basis)	52,266,756	12,165,836	48,620,922	113,053,514
1936 (Old Basis)	46,069,830	5,269,201	16,423,318	67,764,349
1935 (New Basis)	23,264,165	16,223,682	39,646,632	79,134,479
1935 (Old Basis)	10,860,671	9,022,503	10,090,908	29,974,080
Whole year—(Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in fourteen weeks ended April 20, 1935.

PUBLIC OFFER

Mitchell, Shackleton and Company, Ltd.—Issue at par of 360,000 10s. ordinary shares. Acquires from January 1, 1936, a business founded in 1900. Specialises in making various kinds of steel forgings mainly for gas and oil engines. Total net assets, excluding goodwill, £148,033, acquired for £175,000, payable in cash, including £26,967 for goodwill. Profits before depreciation and income tax, eleven months to December 31, 1933, £13,747. Year 1934, £28,640; 1935, £29,833. Lists opened only for two minutes.

BY STOCK EXCHANGE INTRODUCTION

Jamaica (Colony of).—Issue of £350,000 3 per cent. inscribed stock of which £200,000 has been sold to the market at £99 per cent., and the balance of £150,000 has been taken up by the Crown Agents on the same terms on behalf of other Colonial Governments. Secured on general revenues and assets of the Government of Jamaica. To be repaid at par, April 15, 1961, or after April 15, 1956, on three months' notice. For purpose of redemption a sinking fund of not less than 1 per cent. per annum will be formed in this country.

BY TENDER

South Essex Waterworks Company.—Offer for sale by tender of £200,000 5 per cent. preference stock (ranking *pari passu* with existing irredeemable preference stock) at minimum price of issue, £142 per £100 stock. The stock is a full trustee investment, maximum dividends on the existing stock having been paid for the last twenty-five years.

BONUS ISSUE

Anglo-Palestine Bank.—A free capital bonus by the transfer of £100,284 from reserve is to be distributed to holders of ordinary shares of this bank. In addition, powers are to be sought to issue 310,000 "A" £1 ordinary shares on advantageous terms.

ISSUES TO SHAREHOLDERS ONLY

Witwatersrand Nigel, Ltd.—Shareholders in Witwatersrand Nigel, Ltd., and Oceana Development Company, Ltd., are invited to subscribe to a new issue of 800,000 shares of 5s. at the price of 10s. each. The issue of 800,000 shares to the

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public at 10s. per share will be made at the end of the month, but shareholders in Witwatersrand Nigel, Ltd., are entitled to the preferential allotment in respect of their application in the proportion of one new share for every four held, and shareholders in Oceana Development, likewise, to one new share for every two held.

Rosterman Gold Mines.—An issue of 320,000 shares at par is to be made to shareholders in the proportion of one for every five held. New capital is required to finance a more comprehensive development programme.

The De Havilland Aircraft Company, Ltd.—In order to meet the expanding needs of the company the directors have resolved that the remaining unissued 100,000 ordinary shares shall be issued now at the price of 50s. per share to shareholders on the register on April 2, 1936, in the proportion of one new share for every five shares held. These new shares will rank *pari passu* with the existing shares.

Biting Rubber Estates, Ltd.—To provide the purchase money for the Balaardjoser Estate, situated in the Malang district of Java, Dutch East Indies, viz.: Gl. 225,000 (=£31,034 at Ex. 7.25) and additional working capital it is proposed to issue 722,363 ordinary shares of 1s. each (£36,118 3s. 0d.). The issued capital will then amount to £65,000. On this basis the capital cost per acre will be £28 17s. 3d., including approximately £10,000 represented by surplus liquid assets.

CONVERSIONS AND REPAYMENTS

Tyne Improvement 3½% Redeemable Stock, 1961.—Issue of £500,000 stock at par. To be repaid at par on May 1, 1961, unless previously cancelled by purchase or by agreement. Issue to repay £500,000 3½ per cent. stock, 1918-52. Total expenditure on capital account £7,773,615, total loan debt £3,205,123. Gross revenue: 1933, £485,054; 1934, £508,892; 1935, £495,265. Net revenue: 1933, £66,441; 1934, £102,530; 1935, £92,746. Appropriations to redemption fund: 1933, £86,807; 1934, £89,845; 1935, £92,990.

Société Continentale de Gestion (5 per cent. Sterling Bonds of 1933).—Messrs. N. M. Rothschild and Sons announce that the board of the Société Continentale de Gestion, Monaco, has decided to effect a capital repayment of 6 per cent. on the above-mentioned bonds on and after April 30, 1936, against surrender of the six capital coupons Nos. 29-34. Accrued interest on the amount repaid at the rate of 1 per cent. per annum from January 1, 1936, to April 30, 1936, will accompany this payment.

Mount Royal Tunnel and Terminal Company, Ltd.—Repayment of Royal Tunnel and Terminal Company

FORTHCOMING ISSUES

Birmingham Corporation.—Subscription lists will open April 20th for a new 3 per cent. loan, 1956-1958, for £4,882,700 at an issue price of £99 per cent. The issue will replace the outstanding £4,500,000 6 per cent. redeemable stock, 1936-46 which will be repaid on July 1, 1936.

The Eagle Star and British Dominions Insurance Company, Ltd.—An extraordinary general meeting will be held on April 21st to increase the capital by the creation of 144,044 ordinary shares of £3 each to rank *pari passu* with the existing ordinary shares, which will make the total authorised share capital £5,500,000. The directors are satisfied that the two issues of preference shares made in 1933 and 1934 respectively have proved to be in the interests of the company and of advantage to the ordinary shareholders and they consider that the opportunities still presenting themselves for using additional capital in the business and for making investments of an attractive character justify the creation of further ordinary share capital of the company.

Bristol Waterworks.—An issue by tender of £120,000 5 per cent. consolidated preference stock (or an amount which, with premiums, will be sufficient to realise £172,012 16s.) will be made shortly. The minimum price of issue is £143 per £100 nominal stock, yielding at that price £3 9s. 11d. per cent.

Smith's Potato Estates.—Smith's Potato Estates has been incorporated to acquire the Nocton Estate Farm, Nocton, Lincolnshire. Particulars relating to £350,000 4 per cent. first mortgage guaranteed redeemable debenture stock issue of £143,000, the company will be advertised early next week "for information only" and will show that both principal and interest are unconditionally guaranteed by Smith's Potato Estates, Ltd. (1928).

Furnishers, Ltd.—Underwriting has been completed, and the lists will open on April 21st for an issue of 50,000 6 per cent. ordinary shares of 2s. each at 3s. 10d. each at par and 200,000 ordinary shares of 2s. each at 3s. 10d. per share in Furnishers, Ltd.

OTHER RESULTS OF ISSUES

Sangers, Ltd.—Recent results of issues of 142,000 ordinary shares heavily oversubscribed. The 1936-37 issue of 142,000 ordinary shares was oversubscribed by 139% (1934) red 1% and 139% (1934) red 1%.

CALENDAR OF ISSUES APRIL 20 TO APRIL 25, 1936

The grand total of calls in April, 1936, is £91,181,311, which compares with £7,848,585 in April, 1935.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
4/-	Bluestone and Elvin, 275,000 Ord. shares, at 9s.	7/- p.s.	Apr. 22	All
1/-	Bluestone and Elvin, 150,000 6% Cum. Pref. shares, at 21/-	11/- p.s.	Apr. 22	All
£1	Town Investments, Ltd., 50,000 Ord. shares, at 51/-	22/6 p.s.	Apr. 20	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, April 1, 1936	Price, April 15, 1936
Aircraft Components 5/-	20/6	10/6	6/9-7/-	6/6-6/9
Associated London Properties 6% pref. £1	98½	30	3d dis-3d pm	3d dis-3d pm
Belgium 4%, 1936	21/-	6/-	1-1 dis	1-1 dis
Blackburn Aircraft 5% Pref. £1	21/-	6/-	6d dis-par	6d dis-par
Blackpool 3%	100	50	2-1 pm	1½-1½ pm
Bluestone & Elvin Ord. 4/-	9/-	2/-	1½d dis-4½d pm	3d dis-par
Do. 6% Pref. 20/-	21/-	10/-	3d dis-3d pm	1½d dis-4½d pm
Bowmaker 5% Pref. £1	20/-	10/-	...	3d dis-par
British Bedaux Ord. 5/-	6/-	6/-	5/7½-5/1½	5/7½-5/1½
British Vacuum Cleaners 5½% Pref.	22/-	16/-	par-3d pm	1½d dis-4½d pm
Central Electricity 3½%	100	45	2-1½ dis	2½-1½ dis
Ceylon 3%	100	25	½ dis-par	½ dis-par
Cowburns and Scotts Ord. 4/-	4/6	4/6	3/7½-4/1½	3/7½-4/1½
Rife County 3%	100	25	1½-½ dis	2½-2½ dis
Gas Light and Coke 3½% Deb.	par	20	2½-2½ pm	1½-1½ pm
Industrial and General Trust 3½% Deb.	101	6	4½-4½	8½-8½
International Combustion Ord. 20/-	...	...	1-½ dis	1-½ dis
Lanark 3%	100	5	...	3d dis-par
Marshall, Sons & Co. 5/-	5/-	3/-	...	6/7½-7/1½
Metal Closures 4/-	...	...	6/7½-7/1½	1½-1½ dis
Metropolitan Elec. Supply 3% Deb.	100	20	1½-1½ dis	1½-1½ dis
Middlesex 3%	100	20	7½d-10½d pm	7½d-10½d pm
Morgan Harris Pref. 20/-	21/0	21/-	...	...
Newman Industries Ord.	2/-	...	...	...
Do. 6% Ptg. Pref. Ord.	5/-	...	...	...
Peachey (A.) Ord. 2/-	2/3	2/3	...	...
Pressed Steel Ord. 5/-	22/6	22/6	...	...
Railway Finance Corp. 2½%	97	47	par-½ pm	13/1½-13/7½
Saker Bartle Ord. 10/-	12/6	12/6	14/-14/6	19/-19/6
Do. 5½% Pref.	20/-	20/-	19/6-20/-	96½-97½
Stamess Loan 4%, 1936	96	96	2-1½ pm	7/6-8/-
Surrey 3%	100	20	7½d-10½d pm	7½d-10½d pm
Trussed Concrete Ord. 5/-	10/9	10/9	...	10/9-11/3
Do. 6% Pref. 10/-	100	60	1-½ dis	6/10½-7/4½
Walsall 3%	100	60	1-½ dis	1-½ dis
Winn (P.) (Barking) Ord. 4/-	5/6	5/6	7/3-7/9	...
Do. do. 6% Pref. 20/-	20/-	10/-	1/-6d dis	...
York 3%	100	10	½ dis-par	½ dis-par

REPORTS AND NOTICES

GOVERNMENT, &c.

GREEK EXTERNAL LOANS.—The League Loans Committee and the Council of Foreign Bondholders announce that the Greek Government have arranged for a delegation to proceed to London for further discussions regarding the service of the Greek external debt. It is hoped that the discussions will commence on Monday, May 4, 1936.

RAILWAYS

THE PENNSYLVANIA RAILROAD.—The 89th annual report of the Pennsylvania Railroad Company covering operations for 1935 will be presented to the stockholders at the annual meeting on April 14, 1936. The report shows that total operating revenues increased over 1934 by \$24,143,487, or 7 per cent. (due in part to increase in freight rates), but continued subnormal, being 46 per cent. less than the annual average for 1925-1929. Operating expenses increased \$17,132,347 (due principally to higher wages). The company earned a net income of \$23,849,798 as compared with \$21,633,965 in 1934. Surplus for 1935 was equal to 2.8 per cent. upon the outstanding capital stock as compared with 2.5 per cent. in 1934. Surplus per share (par \$50) was \$1.38 as compared with \$1.23 in 1934.

Dividend of 2 per cent. (\$13,167,696) was paid on February 29, 1936, to stockholders and charged against net income for 1935. Stockholders can obtain copies of the annual report from J. Taney Willcox, Secretary, Broad Street Station Building, Philadelphia, Pa., U.S.A.

BANKS

ROYAL BANK LIMITED.—The directors announce that The Rt. Hon. Lord Balfour of Burleigh has been appointed a member of the Board.

BANK OF NEW ZEALAND.—Sir George Elliot has been elected chairman of the board of directors for the ensuing year. Sir George Elliot previously held the office of chairman from 1922-1931, and was associated with the London board during his visit to this country last year.

MISCELLANEOUS

CANADIAN NATIONAL STEAMSHIPS.—For the first time since the formation of the company operating results of the Canadian National (West Indies) Steamships, Ltd., show a surplus available for interest requirements, according to the report for 1935, tabled in the House of Commons, on March 23rd, by Hon. C. D. Howe, Minister of Railways and Canals. Gross revenues for the year amounted to \$3,816,245, an increase of \$306,507 over the revenues for 1934. Operating expenses for the year were \$3,616,214, as against \$3,606,416 for 1934. There was an operating profit for the year of \$200,030, as against an operating deficit in 1934 of \$96,678, a betterment of \$296,708. After payment of bond interest the income deficit was \$269,969, as compared with \$566,678 in 1934.

INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES (Presentation to the late Secretary).—At the end of August, 1935, after 36 years' service, the Hon. George Colville retired from the secretaryship of the Institute of Chartered Accountants. As a mark of their esteem, the members of the council of the institute subscribed for a portrait to be painted by Sir William Llewellyn, G.C.V.O., which will be hung in the hall of the institute.

FURNESS, WITHEY AND COMPANY, LTD.—Mr Maurice C. Houlder, Mr Kenneth Stoker and Mr Robert Sargeant have been elected to seats on the board. Mr Houlder is a managing director of Houlder Bros. and Company, Ltd., Mr Stoker is managing director of Manchester Liners, Ltd., and Mr Sargeant has for many years been manager of the company's Liverpool office.

ALLIANCE TRUST COMPANY, LTD.—The report for the year ended January 31, 1936, shows the amount to be dealt with is £516,517, which includes £34,354 brought forward from the previous year. This figure compares with £528,477 for year to January 31, 1935, which included £54,433 brought in from the previous accounts. Interest on borrowed money absorbed £165,270, as compared with £175,779 for year to January 31, 1935. Preference dividends absorbed £76,180, compared with £77,394. The ordinary stockholders again receive a dividend of 22 per cent. for the year, absorbing £180,952. The sum of £50,000 is transferred to contingent fund, against an allocation of £60,000 for previous year, but the carry-forward is increased from £34,354 to £44,114. The report points out that the continued improvement in economic conditions has resulted in a number of increases in dividends, restoration of defaults and payment of arrears on the company's investments, and while there is a decrease in collections from the mortgage business, the accounts show a substantial increase in net revenue. The meeting will be held at Dundee, April 17th, at 12.30 p.m.

SOUTH AFRICAN DISTILLERIES AND WINES, LTD.—The following is extracted from a statement issued by the board of South African Distilleries and Wines, Ltd.: "We have been advised by cable that a summons was issued in South Africa, on the 1st instant against the former directors of E. K. Green and Co., Ltd., one of our operating companies, alleging the commission by those directors of breaches of the distilling law. None of the directors in question is now associated with that company. Should the case be proved, E. K. Green and Company, Ltd., may be under some liability for loss of excise duty, or otherwise, and as soon as full information is available shareholders will be notified." It is pointed out in the statement that, subject to audit, the trading profits of E. K. Green and Co., Ltd., for the twelve months ended February 29, 1933, show a substantial improvement over those of the previous year.

(Continued on page 159)

SOFINA

SOCIÉTÉ FINANCIÈRE DE TRANSPORTS ET D'ENTREPRISES INDUSTRIELLES, S.A.

INTERNATIONAL LABOUR PROBLEMS

DEVELOPMENT OF ELECTRICAL PRODUCTION THROUGHOUT THE WORLD

Extracts from the directors' report to the shareholders for the financial year 1935, approved by the board at its meeting of March 2, 1936, for presentation to the ordinary general meeting of April 23, 1936.

As on previous occasions the directors of Sofina devote a large section of their annual report to the shareholders, for the year 1935, to the examination of a problem of general interest. The preamble to the report deals with international division of labour. Last year the disproportion—which since has somewhat diminished—between the demand for durable goods and the supply of consumers' goods, was described as one of the chief causes of the present business depression; this is now shown, on broader lines, to be the natural result of an insufficient variety in the goods and services mutually offered and demanded, especially as between nations.

"The decline in international trade, which since 1929 has reduced the quantum of world commerce by one quarter, and its gold value by two-thirds, is often perfunctorily explained as being due to the raising of Customs barriers. . . . In order to diagnose the nature of the ailment it is necessary to get at the roots of the problem, to go back to the first principles that govern exchanges of goods or services."

QUESTION OF SPECIALISATION

The first points considered in the report are, therefore, the merits of specialisation and the countries in which it is possible. The question then arises: why does a man set out to supply one particular kind of goods or services rather than another? Local resources, individual abilities, and the force of habit bring about a rough and ready division of labour. This is modified by technical progress: "production that seemed to be the natural preserve of a particular region, locality or undertaking becomes practicable anywhere, in any season, and by anyone who pleases."

The distribution of occupations is improved by the reasoned endeavours of private management, which seeks to co-ordinate production in various manners. On the other hand, it is affected by Governmental measures, often "dictated by motives other than a desire to provide the best supplies at the lowest price."

However, in the national field the policy of Governments, as of private initiative, usually aims at a better division of labour; but at the same time it places obstacles in the way of international trade and consequently of international specialisation.

The reasons, good or bad, quoted in support of protection are examined at length; monetary instability is shown to be both a cause and a result of the trend towards national self-sufficiency.

INTERNATIONAL CO-OPERATION

The last chapter of the preamble is devoted to international co-operation, and leads to the following conclusions:—

"National activities must be co-ordinated in accordance with the principles that have proved successful in the grouping of individual undertakings; and this co-ordination is equally essential to the common welfare, since individual activities extend, combine and clash beyond national frontiers in spite of all vain dreams of self-sufficiency. Failing more generous motives a more enlightened form of "sacred" self-interest among peoples will seek a better division of labour, and this will induce all nations to international co-operation."

They will be led by the very force of circumstances to realise that, although charity may begin at home, it must go a step further: it must learn to give in order to receive.

The signs of the times certainly do not show much indication of international fellowship; economic disarmament seems as far

off as military and naval disarmament. Yet there are few statesmen who do not in their hearts hope for an expansion of international trade, in the very interests of their own countries. Perhaps their wishes would be nearer fulfilment if they would shape their policy in the matter of foreign trade with greater regard to the lessons of private business experience, as indeed they have begun to do when bringing more order into home trade conditions.

LESSONS OF PRIVATE BUSINESS EXPERIENCE

What are these lessons?

1. Every exchange presupposes knowledge of what is demanded and what can be supplied.

In spite of the ingenuity of private enterprise, assisted by consular services, knowledge of the supplies that one country can offer and that another might wish to buy is still very imperfect. The spreading of information of this kind needs to be organised; it requires international co-operation.

Moreover, Governments concentrate their thoughts to-day on what their countries might sell; much more attention should be given to what they might profitably buy.

If their consular services and the buying agencies established abroad under their patronage were to seek out the specialities their nationals might import with advantage, foreign nations would feel far more inclined to place those orders that are stintingly given when they are begged for or claimed as a right.

2. Every exchange presupposes division of labour.

There is much duplication in world production; firstly because the producers of one country are usually late in discovering what is being produced or is about to be produced elsewhere; and secondly because protection pays no heed to futile duplication.

Instead of encouraging such duplication, Governments should rather agree between themselves to prohibit additional undertakings when those already in existence suffice to meet the needs and new ones could not do so more efficiently.

3. Division of labour cannot be carried far unless exchanges are multilateral.

The return to barter in the form of "clearing" agreements or reciprocal quotas marks a step backward in international trading methods. Nations must revert to a regime enabling each country to use its foreign receipts in any other and on whatsoever expenditure it may deem to be most advantageous.

CURRENCY STABILITY AND TRADE

4. A common monetary standard, complete freedom to transfer money, and a well-organised credit system make for a better division of labour and expansion of trade.

The re-establishment of fixed parities between the principal currencies must to-day be one of the first aims of statesmanship. It is unreasonable to wait until each country is assured of maintaining without difficulty the stability of its currency on the basis of a favourable balance of trade; for it is impossible for all countries to have a credit balance at one and the same time. There must always be a debit, in the trade balance of one country or another, that cannot be covered except by loans or investments from abroad; and these adjusting transactions are impracticable when currencies are unstable in terms of a common standard, even though this instability may not be made the pretext for prohibiting capital transfers.

Fluctuations in world prices usually affect, directly or indirectly, the interests of all countries alike; it is seldom to the advantage of one country to arrest a rise while another is seeking to promote it. The data of the problem and its importance would seem to be sufficiently well known to enable the principal Govern-

ments to agree on a common monetary policy, and the leading central banks to come to an understanding regarding the mutual facilities to be granted in the event of an abnormal influx or efflux of funds. Moreover, such movements will become much less frequent when currencies themselves are no longer subject to speculation.

FINANCING OF FOREIGN UNDERTAKINGS AND INTERNATIONAL TRADE

5. *Financial and technical assistance whereby new or better supplies are placed on the market enriches both those who provide and those who receive it, and at the same time increases the well-being of the communities who acquire the supplies or benefit by the enrichment.*

At the present time there is on the principal money markets an abundance of liquid funds awaiting opportunities of investment; yet the financing of foreign undertakings is practically at a standstill. This is one of the chief causes of the decline in international trade, and especially in the demand for industrial equipment.

If foreign investments are no longer made, it is not merely because of the restrictions imposed thereon by some Governments in order to protect their currencies. It is also and chiefly because the risks have greatly increased: exchange losses and transfer difficulties are dangers to be feared much more than hitherto; and many public authorities in whose fair dealing there was entire confidence have since lapsed into arbitrary practices.

It is imperative that nations should, in their own interests, bind themselves to observe certain principles of law in regard to foreign capital. It should not be difficult to define these rules by an international convention, and to provide that they be enforced promptly by some international juridical body.

GOVERNMENT OBLIGATIONS

6. *Division of labour is improved through the grouping of undertakings for the production of homogeneous articles whose through the apportioning of specialities better output is similar.*

As already exist for some products and for national understanding, communication and intelligence services. This type of transport could be applied in a number of other fields, receiving grouping, mental encouragement and, if necessary, legal sanction. Each Government would have to see to it that agreements entered into by their nationals or by themselves on behalf of their nationals were faithfully carried out. An understanding covering a branch of production would place the entire output, or the part of it to be exported, under the control of an international committee; and, in order to preclude all suspicion of undue favour or leniency, the Governments concerned would agree to concur and participate in the imposition of penalties on defaulters guilty of unfair competition.

Under this regime the production of a given commodity might be suspended whenever advisable, or reduced in a particular country, so that the most favourable situated undertakings might have the exclusive right and duty to supply the needs of world consumption. In these circumstances fair compensation would be made to the persons affected (employers, employees and ancillary undertakings) through the intermediary of the authorities of the country whose production had been cut down, and at the expense of those whose output was maintained or increased.

7. *The whole community suffers when workers are unemployed or means of production remain idle.*

It is in the interest of all nations, and it is also their duty, to remedy unemployment to their utmost capacity, abroad no less than at home. Further, by providing other countries with opportunities of export they create outlets for work in their own countries.

Governments must come together to ascertain in what manner the various countries, and especially those where the general business depression is most severely felt, can best contribute to an expansion of international exchanges. As a result of these investigations they will encourage such exports as are recognised to be desirable. If need be they will grant financial aid to countries lacking sufficient capital to undertake these supplies.

Steps in this direction have already been attempted in Geneva: on the initiative of the late M. Albert Thomas various countries submitted schemes for productive public works that they were unable to finance out of their own resources. But desirable schemes have had to be postponed because the necessary foreign capital appeared to be exposed to excessive exchange risks or inadequately assured of proper legal protection.

We anticipate the objection that these general principles are easy to frame but impossible to put into practice.

Though we agree that they are merely the expression of common sense, we like to think that for this very reason they are not Utopian.

Some of them could be put into practice at once; others tentatively and gradually. The excellent bureaux that are the pride of the League of Nations would no doubt willingly prepare the ground if requested to do so.

Indeed, there is only one serious obstacle to the agreements that would lead to a better division of labour between nations: it lies in the feeling of distrust which causes each country to suspect the aims and motives of others. Yet honest attempts towards a better international division of labour would help to dispel these misgivings, and well-ordered specialisation would assist in preserving peace.

GOOD ELECTRICAL OUTPUT FIGURES FOR 1935

The directors then comment briefly on the company's accounts for the past financial year. Finally, before reporting on the progress of the undertakings in which Sofina has its principal interests, statistical data are given concerning the development of electrical production throughout the world. The figures indicate that the output of electric energy in 1935 has exceeded in most countries that of 1929, "a year whose prosperity would to-day appear almost unattainable."

"Until a more definite and pronounced business recovery sets in it is more particularly the demand for electric lighting and household appliances that is bringing about a rise in the consumption of electricity. . . .

Year by year this demand steadily increases, and its growth brings a two-fold advantage: on the one hand, the consumers' dwellings are better lighted and heated, cleaner and more sanitary, and domestic drudgery is considerably relieved; on the other electrical power, the production and distribution plants are more fully utilised. Consequently, the cost per unit decreases, the average selling price is reduced, services are improved, and the taxation derived from the increasing profits of the distributors affords a means of lightening the taxpayer's burdens.

UNJUSTIFIABLE CLAIMS

But the greater demand does not necessarily lead to these favourable results. The public, as well as governmental authorities, are inclined to believe that progress such as is shown in the table above implies an enviable or even excessive prosperity among electric supply undertakings. The public is urged to claim, and the authorities sometimes impose, unjustifiable or at least premature reductions in charges, regardless of the fact that the capital invested in the plant—the capacity of which must always be ahead of actual needs—has for many years yielded no return, and without considering the cost of the necessary renewals and extensions, or realising that the price at which energy can be economically supplied depends on the character of each customer's demand rather than on the aggregate annual or daily output.

True, the producer and distributor of electricity are most anxious to see an increase in the number of units sold, since theirs is an industry in which the fixed financial charges form the chief item in the cost price. But their undertakings cannot prosper, and consequently render to the public the services it is entitled to expect, if they are forced to sell at too low rates, or if their gross receipts are too heavily burdened.

The sixth Congress of Electric Power Producers and Distributors, at which the principal European power stations will be represented, will meet at Amsterdam next July, and a World Power Conference will be held at Washington in the autumn. At these meetings attention will be specially directed to the numerous ways in which electricity can contribute to the well-being of all, and the methods whereby consumers themselves can reduce the charge per unit, by taking advantage of carefully diversified and graduated tariffs."

Full translations of the report can be obtained from:—

The Electric and Railway Finance Corporation, Limited,
10 Mayfair Place, London, W.1,

and

The Midland Bank Limited,

Poultry,

London, E.C.2.

COMPANY MEETINGS, &c.

BANK OF CZECHOSLOVAK LEGIONS, PRAGUE

DIVIDEND OF 6 PER CENT. MAINTAINED

The fifteenth general meeting of the Bank of Czechoslovak Legions, Prague, was held, on March 27, 1936, in the Banking Hall in Prague.

Dr. Raše, the chairman, stated: Before proceeding to the main points of our meeting, I am grieved to report the loss by death of the late general manager, Mr. František Šíp, the co-founder of our institute, who died on October 2, 1935. His life ended just at the time when his health seemed to be recovering. We feel grateful for the services he rendered.

One of the outstanding events of the past year has been the election of the second president, Dr. Eduard Beneš. We cannot but express our satisfaction because his election guarantees that our country will continue the policy laid down by our first president—The Liberator, Tomáš Garrigue Masaryk—the policy of democracy and peace.

A close observation of present conditions discloses the fact that the present economic and financial situation is now stabilised. The crisis is passed, though a rapid and immediate restoration cannot be anticipated, as the past two years have shown an improvement which was quite normal in the period before the war.

Once more I have pleasure in expressing our appreciation of the services rendered by the general manager, Mr. Josef Khyn, and by the executive, managers and staff throughout the year. We are glad to have at our disposal the services of a staff whose efficiency, loyalty and devotion to the interests of our institution are deserving of the highest praise.

The evidence of the bank's development is obvious from the balance sheet and a full explanation of its items has been given by the general manager, Mr. Khyn. He especially drew the attention of the shareholders to the fact that the open reserve funds of the bank have been reduced from 100,000,000 Kč to 65,000,000 in view of the savings in taxation in accordance with the law permitting a reduction of open reserve funds.

Taking into consideration the difficult conditions, the results of the bank are entirely satisfactory, and enable a dividend of 6 per cent. to be declared from a net profit of Kč 5,850,887.80.

Election of directors: The retiring directors, JUDr. Augustin Straka, Jaroslav Šejd, Josef Doležal, Pavel Varsík and Ing. Dr. Skorkovsky were re-elected. The members of the Auditing Committee, Mr. Václav Šál and Mr. Augustin Turka were also re-elected.

At the close of the general meeting, the Board of Directors re-elected Dr. Raše as president, Dr. Aug. Straka first vice-president and Mr. Stanislav Zavadilík as second vice-president.

STATEMENT OF CONDITION AS ON DECEMBER 31, 1935

Assets		Kč
Cash, due from banks, State bonds, foreign exchange drafts, checks, etc.	135,788,896.10	
Discounted bills	67,358,225.10	
Securities	97,243,854.10	
Participations	38,462,200.00	
Debtors	753,384,095.45	
Premises less depreciation of Kč 961,309.20	37,123,100.00	
Equipment and fixtures less depreciation of Kč 200,614.60	1,123,000.00	
Transitory assets	1,549,473.10	
Other assets	36,749,801.95	
Transit items, Kč 371,240,504.75		
		1,168,782,645.80

Liabilities		Kč.
Stock capital paid up	70,000,000.00	
Reserve funds	65,000,000.00	
Mortgage loans	924,590.10	
Deposits and savings accounts	490,496,496.05	
Creditors	498,046,879.65	
Unclaimed dividends	318,357.00	
Transitory liabilities	1,395,633.25	
Other liabilities	36,749,801.95	
Transit items, Kč. 371,240,504.75		

Net Profit:—		Kč.
Transfer from 1934	421,300.00	
for 1935	5,429,587.80	
		5,850,887.80
		1,168,782,645.80

PROFIT AND LOSS ACCOUNT ON DECEMBER 31, 1935

Losses		Kč.	Kč.
Interest paid:—			
(a) On deposits	34,464,050.55		
(b) Other interests	2,400,628.25		
			36,864,678.80
Administrative expenses:—			
(a) Material expenses	2,885,267.25		
(b) Salaries	16,995,146.80		
			19,880,414.05
Revenue and taxes:—			
(a) Business tax	859,625.60		
(b) Other revenues, taxes and fees	359,307.95		
(c) Contribution to the bank emergency relief fund	700,000.00		
			1,918,933.55
Amortisation quotas:—			
(a) On real property	961,309.20		
(b) On equipment	200,614.60		
			1,161,923.80
Net profit:—			
(a) Transferred from 1934	421,300.00		
(b) Net profit for the year 1935	5,429,587.80		
			5,850,887.80
			65,646,838.00

Profits		Kč.
Balance brought forward from the year 1934	421,300.00	
Interests received:—		
(a) On securities	6,600,369.05	
(b) For discounted bills	7,206,983.00	
(c) For loans	38,478,933.65	
(d) Other interests received	29,241.30	
		52,315,527.00
Commissions charged	7,803,641.95	
Various profits:—		
(a) On securities, foreign exchange and values	1,936,517.15	
(b) On participations	2,677,535.15	
(c) Other profits	1,392,316.75	
		5,106,369.05
		65,646,838.00

COMPARISON OF BALANCE SHEET ITEMS SHOWING THE EVOLUTION OF THE BANK

Year	Own Means		Entrusted Money		Dividend Paid	Turnover		Securities Managed by the Securities Department	Balance Sheet Total	No. of Employees
	Capital Stock	Reserves	Deposits in Saving Accounts	Deposits in Current Accounts		Cash	Bookkeeping			
1920	70,000,000.00	14,000,000.00	—	182,225,042.71	6%	23,767,539.65	430,859,132.94	7,643,076.14	277,840,933.15	52
1921	70,000,000.00	18,000,000.00	40,358,819.28	252,924,946.61	6%	745,246,241.73	7,052,994,561.14	150,318,935.18	422,639,709.02	256
1922	70,000,000.00	26,344,508.20	78,950,291.81	407,115,800.82	6%	1,788,701,595.58	18,502,393,649.50	494,654,607.91	728,901,313.38	370
1923	70,000,000.00	26,800,000.00	94,053,880.64	412,015,239.13	6%	1,642,570,288.74	16,226,726,138.74	615,913,107.70	795,215,108.46	384
1924	70,000,000.00	29,200,000.00	116,699,555.12	418,810,768.94	6%	2,078,551,127.91	21,053,799,617.88	695,571,793.92	883,385,593.55	388
1925	70,000,000.00	32,000,000.00	148,981,780.48	424,458,656.52	6 1/2%	2,297,356,847.42	21,536,828,978.18	771,288,918.13	909,695,646.87	416
1926	70,000,000.00	39,600,000.00	177,934,747.16	478,015,327.39	7%	2,621,860,800.48	23,953,824,298.18	917,474,273.09	806,051,716.28	412
1927	70,000,000.00	40,200,000.00	215,293,824.24	533,589,882.51	7%	3,486,217,650.61	34,744,922,996.16	992,669,879.70	1,014,300,806.70	490
1928	70,000,000.00	41,000,000.00	257,778,925.80	604,280,895.30	8%	4,652,263,659.59	40,491,176,512.40	996,152,539.75	1,019,665,544.50	540
1929	70,000,000.00	63,736,108.20	292,490,126.60	556,960,289.90	8%	4,890,243,962.80	43,793,980,097.00	1,159,045,214.75	1,269,528,077.95	610
1930	70,000,000.00	64,550,000.00	333,159,215.85	754,749,066.85	8%	5,169,844,042.75	49,661,231,123.00	1,184,885,885.80	1,280,366,783.30	592
1931	70,000,000.00	100,000,000.00	357,231,470.20	706,423,091.25	8%	5,414,911,623.45	55,630,373,952.90	1,312,440,671.40	1,198,343,035.50	597
1932	70,000,000.00	100,000,000.00	394,578,595.30	596,885,649.35	6%	4,461,128,441.95	33,301,741,738.30	1,401,543,956.40	1,234,998,358.60	630
1933	70,000,000.00	100,000,000.00	443,789,092.85	581,159,855.70	6%	4,132,299,489.00	28,317,822,597.00	1,350,279,210.00	1,179,076,783.45	605
1934	70,000,000.00	100,000,000.00	506,063,481.70	506,063,481.70	6%	3,317,417,069.55	25,457,405,312.00	1,217,086,773.55	1,168,782,645.80	601
1935	70,000,000.00	65,000,000.00	490,496,496.05	498,046,879.65	6%	3,457,020,922.40	25,457,405,312.00	1,217,086,773.55	1,168,782,645.80	601

NORWICH UNION LIFE INSURANCE SOCIETY

RECORD BONUSES MAINTAINED

The 128th annual general meeting of the Norwich Union Life Insurance Society was held, on the 15th instant, at Norwich.

Dr. Sam Barton (Senior Vice-President) presided in the absence, through indisposition, of the President, Mr Michael Falcon, and read his speech, in the course of which he said that if, from a British standpoint, the year 1935 might be regarded as one of restrained industrial progress, they must nevertheless confess that the recovery which had so far been achieved from the protracted period of trade depression did not admit of feelings of complacency or of any relaxation of effort. The road to national prosperity was uphill and difficult, and forward movements could only be made by stages as opportunities permitted. In this harassed world, with the international and political situations so electrified, we must count ourselves fortunate in comparison with other nations, but none the less it was regrettable that conditions still persisted which rendered necessary the continuance of restrictions tending to hamper international trade, upon which the prosperity of this country so largely depended. Money was certainly cheap, and while in theory this position should encourage commercial activity, there were unfortunately difficulties in the way which limited the practical results, and we were still left hoping for the time when the situation would have so far improved as to make possible some form of currency stabilisation and the introduction of measures for the greater development of foreign sales, so that trade statistics might indicate more rapid progress in directions outside what was customarily styled the home market.

HIGH SCALE BONUSES

Throughout the whole of the past five years those whose responsibilities included the supervision of large funds had had to contend with unsettled conditions accompanied by a decline in investment yields, and it would therefore be a matter of gratification to all policy holders that the Society had come through the ordeal in such a satisfactory manner. Not only were they enabled to maintain the same high scales of bonuses as those allocated in 1930, which were the largest ever declared during the Society's 65 years' history, but they commenced the new quinquennium with their reserves unimpaired, after having made provision for all contingencies.

A deduction had been made from the assurance and annuity funds at the close of last year owing to the cessation of the Society's activities in Switzerland and the transfer of their existing portfolio to a national company, "La Suisse" Society, of Lausanne. The annual premium income of the Society now exceeded £4,000,000, which was approximately the amount of the invested funds at the beginning of the century, as compared with funds to-day of £42,000,000. This was an indication of the development which had taken place, and while the funds had increased ten times during the period, the profits had increased in still greater ratio.

SATISFACTORY INTEREST RATE

The difficulties affecting all financial institutions, incidental to the investing of new money, showed no sign of abatement in 1935, and consequently a drop in the average earned rate of interest was not only to be expected, but was in fact inevitable. It was therefore a matter of great satisfaction that the average net rate of £4 10s. 2d. fell short of the corresponding figure of 1934 by only 1s. 8d. per cent. The claim payments by death were £1,041,330, or 64 per cent. of expectation. The average of the quinquennium worked out at 66 per cent., indicating a favourable mortality experience. He would explain, however, that the difference of 34 per cent. should not be regarded as a fit, but rather as representing the proportion of expected payments fortunately deferred, upon which, until the claims actually arose, the Society would receive interest and further premium.

It was self-evident that a progressive institution such as theirs, producing as it did last year new proposals amounting to £10,787,590, could not avoid the expenses necessarily involved in the acquisition of business, but this did not imply that so long as the results were good extravagance was permissible. The subject of expenses was constantly under supervision, yet over successive years variations in the resulting total could not altogether be avoided. Their level ratio last year was 15.03 per cent. of the premiums received, which was slightly under the percentage for 1934.

The report and accounts were unanimously adopted.

NORWICH UNION FIRE INSURANCE SOCIETY, LIMITED

GENERAL IMPROVEMENT IN RESULTS

The annual general meeting of the Norwich Union Fire Insurance Society, Limited, was held, on the 14th instant, at Norwich.

Dr. Sam Barton (vice-chairman), who presided in the absence through indisposition of the chairman, Mr Michael Falcon, said he was glad to be able to refer to a general improvement in the results. The fire premium income was £1,670,126, a reduction of £60,467 when compared with the previous year, of which more than half applied to their United States business, and the remainder was spread over the foreign field, the home section of the business showing a small increase. They had made a fairly good profit on the home account, and in the foreign field they had enjoyed a very much better experience than in the previous year. The result of the account was that they had a profit balance of £151,019, or 9.04 per cent., to transfer to profit and loss account, as against 6.04 per cent. in the previous year.

In the accident account there were two very marked features when compared with the preceding year. The first was a drop in premiums of £226,644, reducing the income to £1,453,562; the other was the improved result. As a result of the general manager's visit to America immediately after the last annual meeting, the board decided to reduce very considerably the volume of business, and the loss of premium income following this deliberate action exceeded the decrease he had mentioned. Taking the accident account as a whole they had a profit of £12,219, slightly less than 1 per cent., as against a loss of £88,739 last year, a turnover of £100,958.

THE MARINE ACCOUNT

The income in the marine account was £151,640, being an increase of nearly £10,000 over the previous year, but they were not making any transfer to profit and loss, as, although the fund of £153,990 was substantially in excess of all known or expected liabilities, the account for 1934 showed by itself an unfavourable experience. This was due to heavy losses sustained on certain special lines written in the United States. These had been removed from the books and they had no further commitments of this kind.

To the profit balances from the fire and accident departments there was to be added interest and dividends amounting to £162,695, less by £13,206 than in 1934, and the directors recommended the same dividend as in the previous year, leaving a balance of £400,232, an increase of £24,537 over the amount brought in.

Although they had had an improved experience in many directions during 1935, and had gone a long way on the road of stopping the drain of heavy losses from United States casualty business, they realised that their policy in dealing with the latter problem had involved a large reduction in income, and that the current year would be the same in this respect. Their efforts therefore were directed to replacing this unprofitable business by seeking to extend their connections at home and in those foreign fields from which profit might be expected. Unfortunately foreign business continued to be more and more difficult to transact, taxation and legislation detrimental to British companies being a progressive handicap.

INCREASING HOME BUSINESS

It had always been a matter of pride that this society had had relative to its total business a large proportion in the home field, and it was very satisfactory to know that it was increasing. Two sections of the business, however, were not free from anxiety. Workmen's compensation business yielded at best a very narrow margin of profit, and motor business was difficult to transact profitably under existing conditions.

The general political situation in Western Europe was necessarily a disturbing factor at the present time, but it was to be hoped that a satisfactory solution of the dangers and difficulties might be found. When this was done the clear indications of an improvement in trade in this country, and in a varying degree elsewhere, were an encouraging feature which they sincerely hoped would suffer no setback. This being so, they could feel some confidence in forecasting that the improvement in business shown by the accounts now submitted would continue during the current year. The board had confidence in the ability of the organisation, if not handicapped by circumstances beyond its control, to make the 139th year of the society one of further progress.

The report and accounts were unanimously adopted.

THE KING LINE, LIMITED

BENEFITS OF THE ASSISTANCE ACT

OUTLOOK FOR CARGO SHIPPING

SIR VERNON THOMSON'S SPEECH

The forty-seventh annual general meeting of the King Line, Limited, was held, on the 15th instant, at Winchester House, Old Broad Street, London, E.C.

Sir F. Vernon Thomson, K.B.E. (the chairman), presided.

The Secretary (Mr F. W. Matthews) having read the notice convening the meeting and the report of the auditors,

The Chairman said:—Gentlemen,—The report and accounts for the year 1935 having been duly circulated among the shareholders, you will, I hope, as customary, take them as read. (Agreed.) The profit on the company's trading for the year 1935, inclusive of subsidy and dividends, etc., amounts to £49,098. After deducting £14,051 interest, providing £3,000 for income tax, writing £3,500 off investments and applying £31,708 towards depreciation of the fleet, there remains a slightly reduced credit balance of £22,545 to be carried forward.

The company's seventeen vessels, of which nine are motor and eight steam ships, are of an average age of twelve years, and after deducting the reserve fund stand in our books at an average price of £5 9s. 4d. per ton deadweight. They have all been well maintained. The directors are not unmindful that owing to the world trade depression shareholders of this old-established company have received no dividend for the last six years, but the provision of adequate depreciation necessarily comes first in soundly managed shipping companies. The available balance of profit for the year was accordingly utilised in writing down the book value of the fleet.

SUBSIDY UPON VOYAGES

Our meeting is held about a month later this year than normally. This is to enable the exact amount of the subsidy upon voyages completed in 1935 to be included in the accounts now submitted. A shareholder having inquired the amount of the subsidy so included, I have pleasure in stating that it was £41,441 13s. 7d., and it may further interest shareholders to know that, this being in the nature of a windfall, for the year in question the managers have taken no commission on this item of the company's profits.

During the year 1935 the volume of the world's seaborne trade showed slight expansion and the freight markets of the world showed little improvement upon those of the preceding year. But for the beneficial effects of the British Shipping (Assistance) Act, which rendered possible the minimum freight rate schemes in the major maritime trade routes of the world, with world tonnage in excess of the demand and unrestrained competition, the year would have been much worse than the abnormally bad preceding year.

To restore prosperity to shipping a revival of international trade is necessary. It is generally recognised that this could best be promoted by two things:—(1) A reduction of trade barriers; and (2) currency stabilisation. These are beyond individual shipowners' power. In addition to meeting these revolutionary times with efficiency and organisation, we can but continue to emphasise these facts to all who appreciate the vital importance of shipping to Britain.

THE FUTURE

As to the future, notwithstanding the reduction of tonnage from vessels broken up and lost, aggregating 2,000,000 tons last year, the immediate outlook for cargo shipping in the present disturbed state of the world is unfortunately not encouraging; it seems likely that tonnage will again have to be laid up. However, I do not believe that in the long run the progress of the world with its international trade is to be arrested permanently in its development, and this company is well placed to take advantage of any improvement in trade.

I shall be glad to try to answer any questions, and now have pleasure in proposing:—"That the report and accounts for the year ended December 31, 1935, as submitted, be received and adopted," and I will ask Mr George Dodd to second that.

Mr George Dodd seconded the resolution, and it was carried unanimously after some congratulatory remarks by Mr A. Hunt, a shareholder.

The retiring director, Mr George Dodd, was re-elected, and the auditors, Messrs. James Brown and Sandeman, were reappointed.

BRITISH TIMKEN, LIMITED

ANTI-FRICTION BEARINGS

MR MICHAEL DEWAR'S SURVEY

The sixteenth ordinary general meeting of British Timken Limited, was held, on the 8th instant, at the company's office at 65 Cheston Road, Aston, Birmingham.

Mr Michael Dewar, chairman and managing director, said: This is the first annual general meeting since the public became interested in the company, and you may like to know something of the company and the anti-friction bearing industry of which it is a part.

Your company makes practically all kinds of anti-friction bearings, but the type with which it is most concerned is the very successful tapered-roller bearing.

Railways throughout the world have, in recent years, adopted anti-friction bearings in considerable quantities. In this country only the electrically-operated railways have taken up anti-friction bearings to any considerable extent so far. Experiments, however, are being conducted on locomotives, and one large London Midland and Scottish Railway locomotive has been completely equipped with your company's bearings on all axles, and is now on regular passenger work. One great advantage of anti-friction bearings for railway work is that they need very little attention.

The machine tool industry has also developed the use of anti-friction bearings, as considerable savings of power and greater accuracy of work are achieved.

ROLLING MILL DEVELOPMENTS

The British steel industry is at last coming into its own again and plants are being remodelled with new furnaces, rolling mill and other machinery. Your company expects to play a most important part in the equipment of these mills. We are placing at the disposal of steel producing firms, rolling mill managers and rolling mill builders our unrivalled experience of the use of large anti-friction bearings in steel works. More heavy rolling mills throughout the world have been equipped with Timken bearings than with any other make of anti-friction bearing. Your company has manufactured the largest anti-friction bearings ever made in Europe, weighing over three tons each, but these were destined for a Continental rolling mill.

SAVING OF POWER

The power saved through the use of anti-friction bearings may average about 35 per cent., and the capital cost of the accessor plant for rolling mills that have to employ motors of several hundred horse power is therefore considerably reduced. Further, the quality of the product of such mills and the speed of operation are both improved.

Turning to one of the oldest industries—namely, agriculture—we find that, according to a speaker at the recent Oxford Conference on mechanised farming, the horse has been given a new lease of life through axles equipped with pneumatic-tyred wheels mounted on anti-friction bearings. Most of these bearings are made by your company. Horses are now able to draw over rough ground a very much greater load than they can do with the type of wheels and axles.

MASS PRODUCTION FACTORY

In turning to the accounts, I should like to point out that you are interested in a company which owns a mass production factory. From the shareholders' point of view mass production only means reasonable profits provided the machinery is fairly fully employed. A drop in the volume of work means far more than commensurate drop in profits.

The net profit for the year, after charging depreciation of £61,121 19s. 8d., out of which there has been transferred to the reserve £13,500, and to general reserve £25,000, £22,621 19s. 8d., to which has to be added the balance forward from 1934—namely, £17,405 8s. 8d.—making available of £40,027 8s. 4d. The directors propose the payment of a dividend of 10 per cent., less tax, on the 250,000 shares, absorbing £19,375, leaving to be carried forward £20,652 8s. 4d. Cash in hand at £61,296 15s. 6d. was sufficient for our present requirements.

The report and accounts were adopted.

Reserve the "1 portio	
16,711	54,899
14,583	48,610
13,692	40,534
12,162	40,459

JASIN (MALACCA) RUBBER ESTATES, LIMITED

DIVIDEND OF 5 PER CENT.

The twenty-sixth annual general meeting of Jasin (Malacca) Rubber Estates, Limited, was held, on the 15th instant, at 19 Leadenhall Street, London, E.C.

Mr G. H. Champion (the chairman), who presided, said that the profit on estate working, at £2,693, compared with £5,302 earned in 1934. The reduction in profit was due partly to the smaller crop harvested as a result of restriction, and partly to an increase in expenditure. After adding interest and profit on sale of Government securities, the profit for the year was £3,121, and including £4,926 brought forward there was a total of £8,047 for disposal. The board recommended the payment of a dividend of 5 per cent., less income tax, leaving £5,047 to be carried forward.

The company's investment in Middleton Plantations, Limited, stood at £2,500. Although that company had not yet reached the dividend-paying stage, it was making good progress, and they regarded the shares as a satisfactory holding.

Latest reports indicated that the estate had been maintained in a satisfactory state of upkeep. The 100 acres shown as immature in the report might now be classed as mature, as they had this year received an assessment for standard production. Their young areas, which were planted between 1926 and 1931, had now all received an assessment, but they were not included in the tapping round, as their exportable allowance could be harvested more economically from the older rubber. Those young areas, which represented approximately one-third of the company's total planted acreage, had been budgrafted and they should consequently receive a high standard production assessment as they reached maturity.

There was no gainsaying the fact that the Rubber Regulation Scheme was gradually achieving the objects for which it was inaugurated, and it must be a source of satisfaction to all interested in the producing side of the industry that the recent strike in the U.S.A. and the present uncertain political situation had had so little effect on the market price of rubber. Given a satisfactory outcome of the present political negotiations there was every reason to expect a continuance of the progress so far attained.

The report and accounts were unanimously adopted.

LANADRON RUBBER ESTATES, LIMITED

BETTER MARKET OUTLOOK

The twenty-eighth ordinary general meeting of Lanadron Rubber Estates, Limited, was held, on the 15th instant, at 1-4 Great Tower Street, London.

Mr Eric Macfadyen (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said that from a high level of 6½d. reached in January, standard sheet dropped to a low level of 5½d. in September, and although a gradual recovery occurred in the last four months, the London average price for the year worked out at slightly under 6d. The company obtained over the average price for the quantity they were permitted to export, but about two-thirds of a penny less than in 1934.

The market recovery which began during the latter part of 1935 had continued so far this year. This had been due to the increasing effectiveness of the regulation exports, and the outlook encouraged the belief that it might proceed further. Current trade absorption was good, and stocks everywhere were lower. In the circumstances, and in view of the company's sound financial position, the directors recommended a dividend of 3 per cent. That had not been fully earned in the year under review, but the money was available to pay it, as well as providing for depreciation on their usual conservative scale.

Last autumn he visited Malaya, in the course of which he inspected all the company's estates, and on the whole was well satisfied with all he saw. The directors had embarked upon a gradual renovation of this fine old estate. They were confident that it would grow a second crop of rubber as well as it had grown the first, and that its earning capacity would be multiplied several times.

The outlook for rubber, taking the longer view, was promising, and the immediate outlook was for a better season this year. If the present price was held for the remainder of 1936, he expected profits to revert to about the 1934 level at any rate, and the tendency of stocks appeared to justify anticipating at least that much. The prospects of better results in future years depended upon increased export releases, or a higher price, or both, and the growth of consumption, coupled with the smooth working of export regulation, appeared to justify a measure of optimism.

The report was unanimously adopted.

SUNGEI KRUIT RUBBER ESTATE, LIMITED

DIVIDEND OF 6 PER CENT.

The twenty-sixth ordinary general meeting of the Sungei Kruit Rubber Estate, Limited, was held, on the 9th instant, at 30 Mincing Lane, London.

Mr H. A. Barrett (the chairman) said that the year 1935 had been a testing period for the International Restriction Scheme. It had yet to attain its objective—the reduction of stocks to normal proportions—and, although the year 1935 had seen slow but steady progress towards that end, such progress had been made not, as they had all hoped, by increased consumption of rubber, but almost entirely by decreasing the supplies, while the successive cuts in the exportable allowances of the producing companies had not raised the price of rubber but had only served to maintain it at round about 6d. per lb.

Although they all recognised how ably the International Committee had handled a difficult situation, the result so far had been that without any compensating increase in price producers had had perforce to reduce their crops and yet maintain their labour forces, and that was the reason why this company, in common with most of the producing companies, had to present accounts which did not show such good results as those for the year 1934.

In the circumstances he thought they might congratulate themselves on having made a reasonable profit. Although for their reduced exportable crop they had not been able to cut down expenditure and had had to be content with the sale price of 6d. per lb., compared with 6.18d. for 1934, the profit amounted to £4,831. That permitted them to recommend a dividend of 6 per cent. They continued to receive satisfactory reports as to the condition of the property.

With regard to the current year, they had again a rather larger standard of assessment, 1,015,491 lbs., as compared with 988,636 lbs. for 1935, and with the steady improvement in the statistical position of rubber in the world market was now in a sounder position than it had been for a very considerable time. Should the 40 per cent. cut in exports be maintained, he feared their costs would remain on the high side, although he trusted that they might reasonably expect a higher price for their product.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the four days ended April 11, 1936, amounted to £7,220,000, against ordinary expenditure of £8,981,000. After allowing for an increase in Exchequer Balances of £156,638, the operations for the week, as shown below, increased the gross National Debt by £3,145,000 to approximately £7,926 millions.*

(000's omitted)	
2½% Funding Loan	+ £450
Public Department Advances	+ £5,205
Treasury Bills	- £1,840
National Savings Certificates	- 50
N. Atlantic Shipping Issues	- 50
P.O. and Telegraph Capital Expenditure	- 550
British Shipping Issues	- 20
	+ £5,655
	- £2,510

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appeared in the *Economist* for April 4, 1936.

REVENUE	Total Receipts into the Exchequer			
	April 1, 1935, to April 13, 1935	April 1, 1936, to April 11, 1936	Week ended April 13, 1935	Week ended April 11, 1936
ORDINARY REVENUE				
Inland Revenue—				
Income Tax	7,628,000	6,875,000	727,000	2,281,000
Sur-tax	1,480,000	1,280,000	520,000	440,000
Estate, etc., Duties	4,300,000	2,470,000	1,330,000	1,290,000
Stamps	130,000	200,000	130,000	200,000
Excess Profits Duty and Corporation Profits Tax	30,000	20,000	30,000	20,000
Land Tax and Mineral Rights Duty	30,000	20,000	30,000	20,000
Total Inland Revenue	13,568,000	10,845,000	2,737,000	4,231,000
Customs and Excise—				
Customs	7,270,000	6,085,000	3,786,000	3,159,000
Excise	1,300,000	1,000,000	700,000	533,000
Total Customs and Excise	8,570,000	7,085,000	4,486,000	3,692,000
Motor Vehicle Duties (Exchequer Share)	2,447,000	238,000	1,102,000	Dr 853,000
Post Office (Net Receipt)	1,400,000	250,000	250,000	150,000
Crown Lands	64,465	65,733	...	...
Receipts from Sundry Loans	543,521	38,356	495,930	...
Miscellaneous Receipts	...	...	...	...
Total Ordinary Revenue	28,592,986	18,220,089	9,072,930	7,220,000

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, April 8, 1936

ISSUE DEPARTMENT

£		£	
Notes Issued:—		Government Debt	11,015,100
In Circulation	421,415,710	Other Government Securities	247,603,030
In Banking Department	39,734,218	Other Securities	400,597
		Silver Coin	976,273
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	201,149,928
	461,149,928		461,149,928

BANKING DEPARTMENT

£		£	
Proprietors' Capital	14,553,000	Government Securities	93,861,996
Reserve	3,121,076	Other Securities	247,603,030
Public Deposits*	9,604,555	Discounts and Advances	9,773,482
Bankers'	93,439,994	Securities	13,691,690
Other Accounts	37,142,297		23,465,172
	130,582,291	Notes	39,734,218
		Gold and Silver Coin	799,536
	157,860,922		157,860,922

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

Return for Week ended Wednesday, April 15, 1936

ISSUE DEPARTMENT

£		£	
Notes Issued:—		Government Debt	11,015,100
In Circulation	421,890,628	Other Government Securities	247,603,068
In Banking Department	39,739,057	Other Securities	402,192
		Silver Coin	979,642
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	201,629,685
	461,629,685		461,629,685

BANKING DEPARTMENT

£		£	
Proprietors' Capital	14,553,000	Government Securities	106,671,996
Reserve	3,142,220	Other Securities	247,603,068
Public Deposits*	9,903,592	Discounts and Advances	8,755,790
Bankers'	104,911,379	Securities	13,162,458
Other Accounts	36,568,844		21,918,248
	141,480,223	Notes	39,739,057
		Gold and Silver Coin	749,734
	169,079,035		169,079,035

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

Both Departments	Amount, April 15, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	421,890,628	+ 474,918	+ 29,441,444
Public deposits	9,903,592	+ 299,037	+ 756,280
Bankers' deposits	104,911,379	+ 11,471,385	+ 4,616,866
Other deposits	36,568,844	- 573,453	- 2,822,968
Total outside liabilities	573,274,443	+ 11,671,887	+ 31,990,702
Capital and rest	17,695,220	+ 21,144	+ 23,425
Government debt and securities	365,290,162	+ 12,805,036	+ 17,432,448
Discounts and advances	8,755,790	- 1,017,692	+ 2,832,746
Other securities	13,564,650	- 527,637	+ 3,334,364
Silver coin in issue department	979,642	+ 3,369	- 919,992
Coin and bullion (bank's reserves)	202,399,419	+ 429,955	+ 9,334,561
Reserves of notes and coin in banking department	40,488,791	- 44,963	- 20,106,883
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	35.3%	- 0.76	- 5.4%
(b) Gold stocks to deposits and notes ("reserve ratio")	26.7%	- 2.2%	- 9.0%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936							
Mar. 25	480,615	406,494	18,000	83,617	36,959	1.7 in	2%
April 1	480,850	413,018	9,736	102,648	38,469	235 in	2%
" 8	481,150	421,416	9,605	93,440	37,142	300 in	2%
" 15	461,630	421,891	9,904	104,911	36,569	480 in	2%

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion Ratio	Govt. Securities	Discounts & Advances	Other Securities		
1936								
Mar. 25	257,505	1,493	201,394	37	80,305	4,963	16,711	54,899
April 1	258,106	917	201,634	35	85,875	10,108	14,583	48,616
" 8	258,623	401	201,949	36	83,862	9,773	13,692	40,534
" 15	255,618	402	202,379	35	106,672	8,756	13,162	40,489

REVENUE	Total Receipts into the Exchequer			
	April 1, 1935, to April 13, 1935	April 1, 1936, to April 11, 1936	Week ended April 13, 1935	Week ended April 11, 1936
SELF-BALANCING REVENUE				
Post Office	1,400,000	1,450,000	950,000	950,000
Motor Vehicle Duties apportioned to Road Fund	...	1,194,000	...	1,194,000
Total Self-balancing Revenue	1,400,000	2,644,000	900,000	2,144,000
Total	27,992,986	21,166,089	10,020,930	9,364,000
EXPENDITURE	Total Issues out of the Exchequer to meet Payments			
	April 1, 1935, to April 13, 1935	April 1, 1936, to April 11, 1936	Week ended April 13, 1935	Week ended April 11, 1936
ORDINARY EXPENDITURE				
Interest and Management of National Debt	18,303,210	18,184,957	550,710	3,506,728
Payments to Northern Ireland Exchequer	291,260	257,057	198,759	224,556
Other Consolidated Fund Services	...	...	...	...
Post Office Fund	...	...	...	...
Total	18,534,470	18,442,014	749,469	2,731,284
Total Supply Services (excluding Post Office)	14,700,000	16,550,000	5,550,000	6,250,000
Total Ordinary Expenditure	33,234,470	34,992,014	6,299,469	8,981,284
New Sinking Fund (1928)	223,883	227,561	...	227,561
SELF-BALANCING EXPENDITURE				
Post Office	1,400,000	1,450,000	950,000	950,000
Road Fund	...	1,194,000	...	1,194,000
Total Self-Balancing Expenditure	1,400,000	2,644,000	950,000	2,144,000
Total	34,858,353	37,863,575	7,249,469	12,352,845

The aggregate revenue from April 1 to April 11, 1936, is shown below:—

FINANCIAL YEAR, 1936-37, APRIL 1, 1936, TO APRIL 4, 1937	
(000's omitted)	
Expenditure	34,992
Increase in balances	98
Revenue	18,522
Gross borrowing	£16,796
Less	
New Sinking Fund	228
Net borrowing	16,568
	35,090

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—	April 13, 1935 April 11, 1936 April 11, 1936		
	£	£	£
Advances by Bank of England	500,000	33,060,000	+ 5,205,000
Advances by Public Departments	27,865,000	695,055,000*	- 1,840,000
Treasury Bills outstanding	812,805,000	841,170,000	+ 3,365,000
Total Floating Debt	812,805,000	841,170,000	+ 3,365,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on April 9, 1936, and the total amount applied for was £74,285,000. Tenders were accepted for Treasury bills at three months dated Tuesday to Saturday, at £99 17s. 4d., about 56 per cent., and above in full. The average rate per cent. was 10s. 7.13d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934	£	£	£	£ s. d.
January 5	35,000,000	76,260,000	30,000,000	0 18 11.5
April 6	40,000,000	80,390,000	38,000,000	0 17 9.01
July 6	35,000,000	62,745,000	32,000,000	0 16 4.14
October 5	35,000,000	65,260,000	31,510,000	0 15 9.702
1935				
January 4	30,000,000	49,580,000	27,500,000	0 6 1.64
April 5	40,000,000	76,095,000	40,000,000	0 10 2.93
July 5	40,000,000	60,905,000	40,000,000	0 12 4.32
October 4	45,000,000	71,245,000	44,000,000	0 12 8.05
1936				
January 3	35,000,000	68,075,000	35,000,000	0 10 10.72
March 20	40,000,000	81,165,000	40,000,000	0 10 5.15
March 27	40,000,000	64,815,000	40,000,000	0 10 0.23
April 3	40,000,000	76,280,000	40,000,000	0 10 2.78
April 9	45,000,000	74,285,000	45,000,000	0 10 7.13

BANKERS' CLEARING RETURNS

LONDON
(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to April 1	8,520,255	522,741	892,045	9,935,041
Week ended April 8	706,984	48,767	86,396	842,147
Week ended April 15	475,641	26,572	45,578	547,791
Total to date, 1936	9,702,830	598,080	1,024,019	11,324,929
Total to date, 1935	9,562,407	556,334	929,225	11,047,966
Increase or decrease in 1936	+140,423	+41,746	+94,794	+277,013
	+1.5%	+7.5%	+10.2%	+2.5%
Total for year 1935	32,443,575	1,897,112	3,229,064	37,569,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+1,703,458	+137,584	+244,552	+2,075,594
	+5.5%	+7.2%	+8.1%	+5.8%

PROVINCIAL
(000's omitted)

	Week ended April 11	Month of March	Aggregate Totals January 1 to April 11
	1935	1936	1935
No. of working days	26	26	
BIRMINGHAM	1,845	2,037	9,580
BRADFORD	777	907	3,794
BRISTOL	1,147	1,028	4,868
DUBLIN	693	864	3,209
LIVERPOOL	593	663	2,280
MANCHESTER	616	628	2,792
NEWCASTLE	5,028	4,761	25,824
NOTTINGHAM	9,876	8,993	42,786
HEFFIELD	679	791	3,452
	29,330	27,940	108,060
			115,751
			+7.1
			474,699
			486,973

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the Economist for October 9. Turkey in January 4. Lithuania, Estonia, Egypt in March 28. Federal Reserve Banks, Romania, in April 4. Bank for International Settlements, Argentina, Poland, Yugoslavia, Norway, Denmark, Danzig, Finland April 11.

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

	Apr. 17, 1935	Mar. 26, 1936	Apr. 1, 1936	Apr. 8, 1936	Apr. 16, 1936
Gold Certificates on hand and due from the Treasury	5,682,860	7,665,840	7,665,340	7,665,350	7,664,830
Total reserves	5,927,940	8,034,340	8,030,250	8,015,440	8,020,310
Total cash reserves	2,284,200	353,630	350,040	336,360	341,740
U.S. Govt. securities	6,660	6,070	7,250	5,500	6,180
U.S. Govt. bonds	1,840	4,670	4,670	4,690	4,690
U.S. Govt. notes	11,960	10,740	11,920	10,860	10,860
Industrial advances	26,160	30,500	30,360	30,260	30,310
Total U.S. Govt. securities	2,430,850	2,430,270	2,430,240	2,430,250	2,430,250
Total bills and securities	2,468,980	2,471,690	2,472,710	2,470,880	2,471,690
Total resources	9,052,830	11,137,190	11,164,390	11,090,680	11,295,190
Federal Reserve notes in actual circulation	3,178,870	3,732,330	3,772,020	3,781,040	3,761,760
Aggregate of excess member bank reserves over requirements	...	2,310,000	2,310,000	2,420,000	2,550,000
Deposits—Member bank—					
reserve account	4,501,200	5,059,150	5,077,090	5,161,320	5,333,050
Government deposits	205,420	1,146,560	1,085,690	964,390	829,730
Total deposits	4,706,620	6,205,710	6,162,780	6,125,710	6,162,780
Capital paid in and surplus	306,770	302,740	302,730	302,710	302,720
Total liabilities	9,052,830	11,137,190	11,164,390	11,090,680	11,295,190
Ratio of total reserves to deposit and F.R. note liabilities combined	72.7%	78.2%	78.2%	78.2%	78.2%
U.S.R.R. Banks					
TREASURY COMBINED					
Monetary Gold Stock	8,672,000	10,177,000	10,185,000	10,190,000	10,190,000
Treasury and National Bank Currency	2,549,000	2,502,000	2,504,000	2,505,000	2,505,000
Money in Circulation	5,512,000	5,837,000	5,884,000	5,906,000	5,906,000
Treasury Cash and Deposit with Federal Reserve Banks	3,149,000	3,667,000	3,614,000	3,502,000	3,408,880

	Apr. 17, 1935	Mar. 26, 1936	Apr. 1, 1936	Apr. 8, 1936	Apr. 16, 1936
Total gold reserves	2,247,020	3,128,090	3,237,050	3,100,000	3,100,000
Total bills discounted	3,960	4,590	3,980	3,980	3,980
Bills bought in open market	2,030	1,740	1,740	1,740	1,740
Total U.S. Govt. securities	739,320	734,380	729,380	729,380	729,380
Total bills and securities	751,420	748,380	742,770	742,770	742,770
Deposits—Member bank—					
reserve account	1,923,300	2,300,690	2,404,000	2,404,000	2,404,000
Government deposits	...	...	...	...	...
Total deposits	...	...	...	...	...
Capital paid in and surplus	...	...	...	...	...
Total liabilities	...	...	...	...	...
Ratio of total reserves to deposit and F.R. note liabilities combined	77.0%	82.4%	83.2%	82.4%	82.3%

	Apr. 15, 1935	Mar. 16, 1936	Mar. 1, 1936	Mar. 8, 1936	Mar. 15, 1936
Gold and silver sterling	15,707	15,994	16,000	16,000	16,000
Other coin, bullion and cash	5,398	5,290	5,290	5,290	5,290
Money at short call—London	19,273	14,557	21,500	21,500	21,500
Short-term loans	7,302	6,089	2,500	2,500	2,500
Securities	67,149	70,828	75,000	75,000	75,000
Discounts and advances	6,120	7,645	7,645	7,645	7,645
LIABILITIES					
Notes issued	47,050	47,044	47,044	47,044	47,044
Reserve premium on gold	8,895	4,125	4,125	4,125	4,125
Deposits	85,168	70,825	70,825	70,825	70,825

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

	Apr. 8, 1935	Mar. 16, 1936	Mar. 23, 1936	Mar. 30, 1936	Apr. 6, 1936
ASSETS					
Gold	3,001	2,801	2,801	2,801	2,801
Sterling exchange	21,820	24,866	25,147	24,830	24,500
Subsidiary coin	176	195	202	202	201
Investments	2,093	1,791	1,821	1,823	1,804
LIABILITIES					
Bank notes	9,377	9,907	9,979	10,153	10,269
Demand liabilities—					
Government	11,743	8,756	8,602	8,788	8,278
Other	4,442	9,375	9,649	9,113	9,203
Ratio of reserves to sight liabilities	97.1%	98.7%	98.5%	98.5%	98.4%

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

	Mar. 18, 1936	Mar. 25, 1936	Apr. 1, 1936	Apr. 8, 1936
ASSETS				
Reserve, of which—	191,289	193,091	190,831	193,467
Gold coin and bullion	180,002	180,013	180,383	180,299
Dominion Government securities	108,757	108,718	108,046	107,905
LIABILITIES				
Note circulation	85,520	85,662	85,983	89,648
Deposits—				
Dominion Government	21,522	25,433	21,654	23,358
Chartered banks	188,818	184,907	184,174	182,263
Ratio of reserves to notes and deposit liabilities	64.3%	64.9%	65.0%	65.1%

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

	Apr. 12, 1935	Mar. 13, 1936	Mar. 20, 1936	Mar. 27, 1936	Apr. 3, 1936	Apr. 10, 1936
ASSETS						
Gold coin and bullion	26,478	23,498	29,102	29,644	27,487	24,290
Bills discounted: Foreign	6,283	5,136	5,145	5,208	5,169	7,074
Investments	1,725	1,750	1,750	1,758	1,737	1,737
Other assets	12,826	15,624	15,892	16,487	16,159	13,362
LIABILITIES						
Notes in circulation	12,185	13,085	12,704	13,585	14,439	13,930
Government deposits	2,753	7,079	7,658	7,269	7,454	3,513
Bankers' deposits	27,133	26,115	26,202	26,444	22,836	22,390
Ratio of cash reserves to liabilities to public	59.0%	59.0%	59.3%	58.9%	58.2%	55.5%

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

	Apr. 12, 1935	Mar. 27, 1936	Apr. 3, 1936	Apr. 10, 1936
ASSETS				
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	49,82,75	59,47,50	59,25,93	59,25,52
Balances abroad	11,94,94	23,08,17	22,45,00	21,77,88
Sterling securities*	48,62,95	67,31,87	67,31,87	67,31,87
Indian Government rupee securities*	43,05,15	24,42,66	24,42,73	24,42,81
Investments	5,03,38	5,06,20	5,06,20	5,06,20
LIABILITIES				
Note circulation	1,67,67,76	1,68,81,81	1,69,83,56	1,73,22,74
Deposits—				
Government	17,20,79	8,56,18	7,86,67	6,89,89
Other	7,81,83	36,34,04	35,09,96	35,30,93
Ratio of gold and sterling to liabilities	50.05%	57.1%	57.2%	57.2%

* Held against notes.

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

	Apr. 12, 1935	Mar. 20, 1936	Mar. 27, 1936	Apr. 3, 1936	Apr. 10, 1936
ASSETS					
Gold	81,384,650	65,700,421	65,586,828	63,917,128	62,972,020
Advances on Gold Coin	1,185,607	1,247,090	1,228,162	1,597,735	1,616,651
Bills discounted	4,142,832	11,142,252	12,339,341	13,527,096	13,788,005
Negotiable bills abroad	873,307	1,102,484	1,099,573	1,125,249	1,125,249
Advances against sec.	3,200,000	3,200,000	3,200,000	3,707,677	5,707,677
To the State	3,179,472	4,144,989	3,642,885	3,607,406	3,755,099
Negotiable Bonds	5,804,930	5,817,166	82,680,708	83,196,695	84,581,292
Sinking Fund Dept.	3,629,871	3,697,049	2,915,942	2,888,984	2,793,178
Other assets (excluding forward exch.)	14,738,487	7,842,697	1,168,109	7,260,043	7,190,851
LIABILITIES					
Notes in circulation	2,147,726	2,419,616	2,413,793	2,643,758	2,577,851
Public deposits	80.2%	70.2%	69.4%	67.4%	67.0%
Private deposits	...	...	...	...	...
Other liabilities	...	...	...	...	...
Ratio of gold and sterling to liabilities	72.7%	78.2%	78.2%	78.2%	78.2%

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

	Apr. 8, 1935	Mar. 23, 1936	Mar. 31, 1936	Apr. 7, 1936
ASSETS				
Gold	80,854	71,768	71,792	68,909
Of which deposited abroad	21,818	20,264	20,264	19,528
Reserve in foreign currencies	4,307	5,510	5,435	5,435
Bills of exchange and cheques	3,605,653	3,650,306	4,255,650	4,181,043
Silver and other coin	107,930	257,072	166,168	166,665
Advances	738,873	41,939	55,921	50,442
Investments	609,378	609,378	609,378	609,378
Other assets	471,184	473,561	473,561	473,561
LIABILITIES				
Notes in circulation	3,528,874	3,843,429	4,267,485	4,138,955
Other daily maturing obligations	843,371	672,896	767,519	698,961
Other liabilities	211,896	143,814	157,997	157,949
Cover of note circulation	2.40%	2.01%	1.80%	1.74%

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

	Apr. 11, 1935	Mar. 12, 1936	Mar. 19, 1936	Mar. 26, 1936	Apr. 2, 1936	Apr. 8, 1936
ASSETS						
Gold	2,830,883	3,339,886	3,315,290	3,319,418	3,339,417	3,363,592
Silver and other coin	68,328	63,608	66,166	63,571	60,205	60,205
Securities	1,037,388	1,184,040	1,168,369	1,181,972	1,194,587	1,212,354
Advances	190,692	94,531	93,628	84,360	79,298	74,970
LIABILITIES						
Notes in circulation	3,883,561	4,147,449	4,164,895	4,163,421	4,221,957	4,241,040
Deposits: Govt.	39,470	15,609	10,237	8,966	37,660	19,289
Other	428,841	711,304	659,894	671,741	609,529	643,106

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

	Apr. 15, 1935	Mar. 16, 1936	Mar. 23, 1936	Mar. 30, 1936	Apr. 6, 1936
ASSETS					
Gold.....	661,958	636,689	705,292	713,628	713,628
Silver.....	20,125	19,687	19,859	19,475	18,444
Home bills discounted Loans and advances in current account	42,243	24,557	24,407	24,405	24,435
LIABILITIES	187,637	126,685	124,184	127,546	127,427
Notes in circulation.....	856,765	761,919	757,444	781,454	782,043
Deposits.....	77,536	130,805	141,401	121,337	122,239

II.—Forward Rates (Closing quotations)

London on	April 8, 1936	April 9, 1936	April 11, 1936	April 14, 1936	April 15, 1936	April 16, 1936
	(a) Per £	(a) Per £	(a) Per £	(a) Per £	(a) Per £	(a) Per £
New York, cent.	1 Month 1-1/2	1-1/2	1-1/2	1-1/2	1-1/2	1-1/2
	2 " 2-1/2	2-1/2	2-1/2	2-1/2	2-1/2	2-1/2
	3 " 3-1/2	3-1/2	3-1/2	3-1/2	3-1/2	3-1/2
Paris, fra.	1 Month 2-1/2	2-1/2	2-1/2	2-1/2	2-1/2	2-1/2
	2 " 2-1/2	2-1/2	2-1/2	2-1/2	2-1/2	2-1/2
	3 " 3-1/2	3-1/2	3-1/2	3-1/2	3-1/2	3-1/2
Amsterdam, cent.	1 Month 1-1/2	1-1/2	1-1/2	1-1/2	1-1/2	1-1/2
	2 " 1-1/2	1-1/2	1-1/2	1-1/2	1-1/2	1-1/2
	3 " 1-1/2	1-1/2	1-1/2	1-1/2	1-1/2	1-1/2
Brussels, cent.	1 Month 1-par	1-par	1-par	1-par	1-par	1-par
	2 " 2-1	2-1	2-1	2-1	2-1	2-1
	3 " 3-2	3-1	3-1	3-2	4-2	4-3
Geneva, cent.	1 Month 3-5	4-5	4-5	4-5	4-5	4-5
	2 " 11-13	13-15	12-14	11-13	11-13	10-12
	3 " 18-20	20-22	20-22	19-21	16-18	16-18
Milan, lire	1 Month ...	...	...	...	...	...
	2 " ...	...	...	...	...	...
	3 " ...	...	...	...	...	...

(a) Premium, i.e. "under spot." (b) Discount, i.e. "over spot."

OVERSEAS BANK RATES

Changed	From	To	Changed	From	To
Albania	Nov. 16, 1935	8 7/8	Madrid	July 15, 1935	5 1/2
Amsterdam	Feb. 4, 1936	3 2/3	Oslo	May 24, 1935	4 3/4
Athens	Oct. 14, 1935	7 1/2	Paris	Mar. 28, 1936	3 1/2
Batavia	July 1, 1935	4 1/2	Prague	Jan. 1, 1936	3 1/2
Belgrade	Feb. 1, 1935	5 1/2	Pretooria	May 15, 1935	4 3/4
Berlin	Sept. 22, 1932	5 1/2	Tallinn	Oct. 1, 1935	5 1/2
Brussels	May 14, 1935	2 1/2	Riga	Jan. 1, 1935	6 1/2
Bucharest	Dec. 15, 1934	6 1/2	Rome	Sept. 9, 1935	4 1/2
Budapest	Aug. 28, 1935	4 1/2	Sofia	Aug. 15, 1935	7 1/2
Calcutta	Nov. 28, 1935	3 1/2	Stockholm	Dec. 1, 1935	3 1/2
Copenhagen	Aug. 21, 1935	2 1/2	Swiss Bank		
Danzig	Oct. 21, 1935	6 1/2	places	May 2, 1935	2 1/2
Heilingsfors.	Dec. 3, 1934	4 1/2	Tokio	April 7, 1936	3-65 3-285
Kovno	Jan. 1, 1934	7 1/2	Vienna	July 10, 1935	4 1/2
Lisbon	Dec. 13, 1934	5 1/2	Warsaw	Oct. 26, 1935	6 1/2
New York Fed.	Reserve Feb. 1, 1934	2 1/2	Irish	June 30, 1932	3 1/2

Central Bank of Chile.—Discount rate for member banks, 4 1/2%; discount rate for the public, 6%. (a) 5 1/2% applied to banks and credit institutions. (b) 6% applied to private persons and firms.

NEW YORK MONEY AND EXCHANGE RATES

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

Call money	Apr. 16, 1936	Mar. 25, 1936	Apr. 1, 1936	Apr. 7, 1936	Apr. 15, 1936
Time money (90 days' mixed coll.)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptances:—					
Members—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-mem.—eligible, 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Commercial accept., 90 days	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

Rates of Exchange, New York on—	Par Level	April 16, 1935	April 1, 1936	April 7, 1936	Apr. 15, 1936
London—60 days	Old par 4-8666	4-8437	4-9462	4-931	4-9262
Cable	New par 4-8375	4-8375	4-9457	4-941	4-941
Cheques	8-2397	8-2397	8-2397	8-2397	8-2397
Paris—cheques	Cents for 1 franc 6-63	16-955	16-97	16-945	16-925
Brussels	Cents for 1 franc 32-67	32-385	32-66	32-62	32-61
Switzerland	Cents for 1 franc 8-91	8-31	7-93	7-91	7-90
Italy	Cents for 1 lira 40-33	40-32	40-33	40-31	40-27
Berlin	Cts. for Austr. shg. 23-82	18-83	18-83	18-77	18-75
Vienna	Cents for 1 peseta 32-67	13-68	13-70	13-68	13-66
Amsterdam	Cents for 1 guilder 68-06	67-49	68-10	68-04	67-92
Copenhagen	Cents for 1 kroner 45-37	21-70	22-17	22-10	22-065
Stockholm	Cents for 1 drachma 1-29	0-94	0-94	0-94	0-94
Athens	Cents for Can. \$1 169-31	99 1/2	99 1/2	99 1/2	99 1/2
Montreal	Cents for 1 yen 84-40	28-62	28-97	28-92	28-91
Yokohama	Cents for 1 dollar 39-87	30-12	30-12	30-00	30-05
Shanghai	Cents for 1 rupee 61-80	36-67	37-52	37-41	37-36
Calcutta	Cents for 1 peso 32-38	33-09	32-99	32-94	32-94
Buenos Aires	Cents for 1 milreis 11-96	8-19	8-36	8-34	8-33
Rio de Janeiro					

SOUTH AFRICAN EXCHANGE RATES

(BUYING RATES PER 100 STERLING)	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on—Rhodesia	£100 5 0	£100 17 6	£101 7 6	£101 17 6	£102 7 6
South Africa	£100 17 6	£101 7 6	£101 17 6	£102 7 6	£102 17 6
(SELLING RATES PER 100 STERLING)		Sight	Telegraphic		
London on—Rhodesia		£ 99 15 0	£ 99 15 0		
South Africa		100 2 6	100 2 6		

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period April 11th to 20th at 139.25 per cent. The previous rate was fixed as from April 1st at 138.78 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

THE ANGLO-SOUTH AMERICAN BANK, LTD., issues the following details relative to quotations for certain of the South and Central American exchanges. All these exchanges, with the exception of

that of Bolivia, are related to the United States dollar, and the approximate sterling rates may be obtained by applying the dollar-sterling exchange rate:—

Bolivia.*	"Export" market selling rate fixed at 50 bolivianos per £ as from April 1, 1936.
Colombia.*	Sight rate, 175 1/2 pesos per 100 United States dollars on March 31, 1936. This rate applies to holders of permits buying in the "open" market.
Ecuador.	Sight selling rate on New York was maintained in February at 10.50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
Salvador.	Sight rate on March 27, 1936, 2.50 1/2 colones per United States dollar.
Venezuela.	Sight rate on New York, 4.04 bolivares per United States dollar, on April 15, 1936.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

	London on Australia and New Zealand						Australia and New Zealand on London*						
	Buying				Selling		Buying				Selling		
	Australia		New Zealand		Australia (any Mail)	New Zealand (any Mail)	Australia		New Zealand		Australia (any Mail)	New Zealand	
T.T.	Air	Ord.	...	...	125	124	125		...	...	124	125	124
	Mail	Mail	Mail	Mail			Air	Ord.	Mail	Mail			
Sight.....	126	126	125	125	125	124	124	124	124	123	125	125	124
30 days...	126	126	125	125	...	...	124	124	124	123	125	125	124
60 days...	127	127	126	126	...	...	124	124	124	123	125	125	124
90 days...	127	127	126	127	...	...	124	123	122	125	125	124	124

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended April 9, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD

From	Bullion*	Coin†	To	Bullion*	Coin†
British S. Africa.....	2,478,327	£	Anglo - Egyptian	£	£
Tanganyika Territory	7,780	...	Sudan	1,110	...
Anglo - Egyptian	2,707	...	Norway	11,300	...
Sudan	865,774	...	Netherlands	6,065	...
British India	17,393	...	Belgium	10,195	...
British Malaya	83,230	...	France	470	1,42
Hong-Kong	146,163	128	U.S.A.	529,443	65.08
Australia	19,910	...	Other countries	251	...
New Zealand	405,828	...			
Germany	42,617	3,600			
Netherlands	435	425			
Belgium	377,521	54,957			
France	3,183	52,108			
Switzerland	54,792	23,049			
U.S.A.	1,722	300			
Other countries					
Total.....	4,507,387	60,489	Total	558,834	1,42

IMPORTS AND EXPORTS OF SILVER

From	Bullion*	Coin†	To	Bullion*	Coin†
Irish Free State	£	£	British India	£	£
British India	60,594	285	Norway	268,555	9.0
Germany	2,397	56	Netherlands	4,462	2
Netherlands	28,700	180	France	1,025	...
Belgium	4,017	28	Portugal	3,526	...
France	...	62	Egypt	1,260	64
Japan	37,044	214	Other countries	...	...
Other countries	156	...			
Total.....	72,314	60,941	Total	279,778	21

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MARKET

Messrs Samuel Montagu and Company write on April 8, 1936, as follows:—

The Bank of England gold reserve against notes amounted to £200,849,881 on the 1st instant, as compared with £200,614,855 on the previous Wednesday. Purchases of bar gold announced by the Bank during the week amounted to £300,047. In the open market about £1,400,000 of bar gold changed hands at the daily fixing. There was a good general demand from the Continent, which maintained prices at a good premium over gold exchange parities; the premium over French franc parity, however, tended rather to diminish.

Quotations during the week:—

	Per fine ounce	Equivalent value of £ sterling
April 2	140s. 7d.	12s. 1.03d.
" 3	140s. 7 1/2d.	12s. 0.99d.
" 4	140s. 7d.	12s. 1.03d.
" 6	140s. 7 1/2d.	12s. 0.99d.
" 7	140s. 8 1/2d.	12s. 0.90d.
" 8	140s. 10d.	12s. 0.77d.
Average	140s. 7.92d.	12s. 0.95d.

The s.s. "Viceroy of India," which sailed from Bombay on the 4th instant, carries gold to the value of about £379,000.

SILVER MARKET

A quietly steady tone has been maintained, prices showing only small variations during the week. Offerings on China and Continental account, with re-selling by speculators were met by buying for the Indian Bazaars, who also effected some re-sales.

The market has presented no new features and there is no indication of any appreciable change in the near future.

Quotations during the week:—

	IN LONDON	IN NEW YORK
Bar silver per oz. std.	Cash	Two Months'
April 2	20d.	19 1/2d.
" 3	20d.	19 1/2d.
" 4	19 1/2d.	19 1/2d.
" 6	19 1/2d.	19 1/2d.
" 7	19 1/2d.	19 1/2d.
" 8	19 1/2d.	19 1/2d.
Average	19.937d.	19.927d.

The highest rate of exchange on New York recorded during the period from April 2nd to April 8th was \$4.96 1/2 and the lowest \$4.94 1/2.

The following statistics of imports and exports of gold and silver for the week ended April 16, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD

From	Bullion*	Coin†	To	Bullion*	Coin†
Gold Imported into Great Britain and Northern Ireland, week ended April 16, 1936			Gold Exported from Great Britain and Northern Ireland, week ended April 16, 1936		
British West Africa	125,425	£	France	£ 228	£ 2,600
British South Africa	2,849,820	...	Switzerland	26,100	...
New Zealand	47,030	...	U.S.A.	459,741	...
Jamaica and Dependencies	260	5	Other countries	847	...
Trinidad and Tobago	5,071	...			
Germany	406,670	...			
Netherlands	20,509	1,095			
France	465,038	35,717			
Switzerland	...	97,464			
Other countries	973	26,068			
Total	3,918,796	37,417	Total	486,916	2,600

IMPORTS AND EXPORTS OF SILVER

From	Bullion*	Coin†	To	Bullion*	Coin†
Silver Imported into Great Britain and Northern Ireland, week ended April 16, 1936			Silver Exported from Great Britain and Northern Ireland, week ended April 16, 1936		
Irish Free State	£	£	Bombay—via other	£	£
British W. Africa	2,350	815	Denmark	6,800	...
British S. Africa	5,357	...	Germany	1,253	...
New Zealand	2,899	4,040	France	8,640	675
Jamaica and Dependencies	...	2,310	Liberia	1,215	33
Germany	400	105	Other countries	2,411	168
Netherlands	480	349			
Belgium	3,022	14			
France	9,623	140			
Japan	19,917	...			
Total	41,698	11,305	Total	20,319	12,000

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1936	ARRIVALS	1936	WITHDRAWALS
Apr. 9	Bar Gold 299,942	Apr. 9	Nil
" 11	Nil	" 11	Nil
" 14	Bar Gold 179,814	" 14	Nil
" 15	Nil	" 15	Nil
" 16	Nil	" 16	Nil
Total	479,756	Total	Nil

Movement April 9, 1936, to April 16, 1936 (inclusive)..... £479,756 in

Movement during year 1935

Movement during 1936 (January 1 to April 16, 1936, inclusive)

Movement April 29, 1925, to April 16, 1936 (inclusive)

Movement September 21, 1931 (gold standard suspended) to April 16, 1936 (inclusive)

GOLD MARKET

Writing on April 15, 1936, Messrs Samuel Montagu and Company say that:—

The Bank of England gold reserve against notes amounted to £201,149,928 on the 8th instant, as compared with £200,849,881 on the previous Wednesday. Purchases of bar gold announced by the Bank during the week amounted to £479,756. In the open market, business has been fairly active; about £1,240,000 of bar gold was disposed of at fixing, daily offerings being rather above the average during the three working days of the week under review. General demand from the Continent continued and prices have shown little change, although the premium over gold exchange parities tended to ease slightly.

	On Debenture Capital				On Preference Capital				On Ordinary Capital			
	1933	1934	1935	1936	1933	1934	1935	1936	1933	1934	1935	1936
1st quarter	4.77	4.73	4.44	4.51	5.0	4.9	5.1	5.3	7.5	7.5	8.3	9.2
2nd "	4.97	4.75	4.75	...	4.9	5.2	5.7	...	5.0	5.7	6.7	...
3rd "	4.94	4.88	4.67	...	4.4	4.7	4.9	...	5.3	6.0	6.7	...
4th "	5.04	4.95	4.84	...	3.2	3.7	4.5	...	5.2	6.8	7.9	...
Year	4.99	4.82	4.72	...	4.6	4.8	5.2	...	5.8	6.5	7.4	...

	No. of Reports	Reports published in Quarter ended March 31		Increase		Decrease	
		1935	1936				
		£	£	£	%	£	%
Breweries	19	1,857,373	2,067,266	209,893	11.3	...	...
Canals, docks, etc.	6	367,008	411,810	44,802	12.2	...	...
Electric lighting & power	26	8,765,945	9,268,627	502,682	5.7	...	...
Financial, land and in- vestment	38	2,850,090	4,107,390	1,257,300	44.1	...	...
Gas	39	3,591,128	3,677,014	85,886	2.4	...	...
Hotels and restaurants...	6	131,034	137,125	6,095	4.6	...	...
Iron, coal and steel	27	3,984,884	5,710,937	1,726,153	43.3	...	...
Motor cycle and aviation	7	1,135,550	1,343,527	212,977	18.8	...	...
Oil	1	207,169	168,160	...	...	44,009	21.5
Rubber	34	332,373	290,998	...	...	41,377	12.4
Shipping	5	156,080	216,557	60,477	38.6	...	...
Shops and stores	40	8,438,063	8,938,286	500,223	5.9	...	...
Tea	5	23,803	10,515	...	...	13,288	56.2
Telegraphs & telephones	3	290,799	355,304	64,705	22.3	...	...
Textiles	31	3,521,539	3,865,889	344,350	9.8	...	...
Tramway and omnibus	8	1,079,334	1,175,898	96,512	8.9	...	...
Trusts	72	3,065,830	3,470,180	404,350	13.2	...	...
Waterworks	17	789,242	828,214	38,972	4.9	...	...
Building materials	23	3,503,789	4,276,215	772,426	22.1	...	...
Food, confectionery and drink	24	1,474,366	1,756,130	281,764	19.1	...	...
Electrical equipment ..	5	1,316,050	1,775,832	459,782	34.9	...	...
Newspapers, printing and publishing	15	1,105,874	1,175,843	69,969	6.3	...	...
Tobacco	8	12,544,160	13,468,860	924,700	7.4	...	...
Warehouse and trading	16	388,476	418,542	30,066	7.9	...	...
Miscellaneous	94	919,655	6,817,557	897,902	15.2	...	...
Total	569	66,839,644	75,731,976	8,892,332	13.3	...	...

	Net Profits	Ordinary Dividends	Preference Dividends	To Reserve, etc.			
	£	£	%	£	%		
Breweries	2,067,266	1,078,240	52·1	452,744	23·8	456,282	24·3
Canals, docks, etc.	411,810	88,342	21·4	235,989	57·3	87,479	21·3
Electric lighting and power	9,268,627	3,428,255	36·9	1,569,509	16·9	4,270,863	46·2
Financial, land and investment	4,107,390	2,950,930	71·8	359,337	8·7	797,123	19·3
Gas	3,677,014	2,884,120	75·7	634,441	17·3	158,453	7·0
Hotels and restaurants	137,129	71,702	52·3	39,855	29·0	25,572	18·7
Iron, coal and steel	5,710,037	1,506,799	26·4	1,619,237	28·3	2,584,001	45·3
Motor, cycle and aviation	1,348,527	866,147	64·2	103,918	8·1	373,462	27·7
Oil	163,160	137,500	84·2	Nil	...	25,660	15·8
Rubber	290,996	246,476	84·7	Nil	...	44,520	15·3
Shipping	216,557	85,407	39·4	18,769	8·7	112,381	51·6
Shops and stores	8,938,286	5,146,120	57·5	2,050,624	22·9	1,741,542	19·6
Tea	10,515	8,700	82·8	5,823	55·5	<i>Dr. 4,008</i>	<i>Dr. 38·3</i>
Telegraphs and telephones	355,504	230,382	64·8	27,998	7·8	97,124	27·4
Textiles	3,865,989	2,556,933	66·1	894,591	23·1	414,365	10·8
Tramway and omnibuses	1,175,896	702,015	59·7	168,775	14·3	305,106	34·5
Trusts	3,470,180	1,450,886	42·2	1,611,589	46·4	377,705	10·9
Waterworks	828,214	481,815	58·1	242,811	29·3	103,588	12·6
Building materials	4,276,215	2,272,739	53·1	461,958	10·8	1,541,518	36·1
Food, confectionery and drink	1,756,130	970,435	55·2	522,651	29·7	263,044	15·1
Electrical equipment	1,775,832	814,538	45·8	230,322	12·9	730,972	41·3
Newspapers, printing and publishing	1,175,843	598,194	50·8	315,590	26·9	262,059	22·3
Tobacco	13,468,860	11,586,033	86·0	1,216,015	9·0	666,812	5·0
Warehouse and trading	418,542	207,845	49·9	188,621	45·0	22,076	5·3
Miscellaneous	6,817,557	4,080,878	59·7	1,441,528	21·1	1,295,151	19·0
Total	75,731,975	44,481,431	58·7	14,457,695	19·1	16,792,850	22·2

	Debiture Capital	Rate of Int.	Preference Capital	Rate of Int.	Ordinary Capital	Rate of Div.	Rate of Div. a Year Ago
	£	%	£	%	£	%	%
Breweries	10,901,307	4·4	8,297,010	5·9	11,338,142	9·5	9·3
Canals, docks, etc. ...	3,230,708	4·1	6,215,610	5·8	7,529,449	1·2	1·0
Electric lighting and power	42,414,558	4·7	30,789,931	5·1	47,789,965	7·2	7·8
Financial, land and investment	11,104,314	4·4	6,778,063	5·3	37,837,202	7·7	5·0
Gas	32,173,515	4·0	13,425,731	4·7	51,390,484	5·6	5·7
Hotels and restaurants	1,365,000	4·0	716,960	5·1	1,326,260	4·4	5·3
Iron, coal and steel ...	9,146,661	5·3	31,248,930	5·1	38,590,691	3·8	2·3
Motor cycle and avia- tion	407,098	6·0	2,032,000	5·3	3,016,000	28·6	13·6
Oil	Nil	—	Nil	—	500,000	27·5	36·1
Rubber	227,256	6·9	—	—	7,886,575	3·1	4·2
Shipping	300,000	5·0	375,000	5·0	3,169,600	2·7	2·9
Shops and stores ...	11,944,923	4·4	31,513,496	6·5	26,763,939	19·3	18·1
Tea	5,200	5·0	94,215	6·2	211,235	4·1	6·3
Telegraphs and tele- phones	275,000	5·5	399,970	7·0	2,415,605	9·5	8·5
Textiles	8,313,425	5·6	22,042,149	4·0	48,326,372	5·5	5·2
Tramway & omnibus	2,053,604	4·4	3,350,000	5·1	8,696,601	8·1	7·9
Trusts	50,483,293	4·4	39,043,672	4·1	31,679,125	4·7	4·9
Waterworks	5,060,446	4·4	4,886,805	4·4	7,235,351	6·6	6·6
Building materials ...	4,287,558	4·6	7,967,933	5·8	14,388,157	15·6	12·0
Food, confectionery and drink	789,750	5·3	7,462,699	7·0	11,122,407	8·8	9·8
Electrical equipment	2,046,930	4·0	3,833,050	5·8	9,338,626	8·7	5·7
Newspapers, printing and publishing ...	3,382,491	5·1	6,619,776	4·8	6,233,737	9·6	7·8
Tobacco	93,672	5·0	18,792,663	4·4	60,171,925	19·3	18·3
Warehouse & trading	50,000	4·0	3,139,332	6·0	6,503,933	3·4	3·5
Miscellaneous	13,904,472	4·5	23,030,941	6·2	43,448,150	9·4	8·8
Total	214,461,181	4·4	272,155,938	5·3	484,889,588	9·2	8·3

Note.—The figure in the last column of the above table for the rate of dividend in the first quarter of 1935 does not correspond with the figure given for that quarter in the historical table in the text on page 118, as the number of companies reporting in the first quarter of 1936 was 569 as against 592 in the first quarter, 1935.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
		£	£	£	£	£	%	£	£	£	%
Banks											
Anglo-Palestine Bank	Dec. 31	10,398	130,196	140,594	5,625	24,068	8†	100,284	10,617	113,843	8†
Breweries											
Whitbread and Co.	Dec. 31	189,412	346,673	536,085	43,407	184,392	18	100,000	208,286	346,316	18
Electric Lighting, etc.											
Melbourne Electric Supply..	Aug. 31	441	94,240	94,681	40,000	48,036	4†	...	845	76,474	(s)6½
Financial Land, etc.											
African City Properties	Dec. 31	33,417	58,236	91,653	7,500	37,500	15	11,920	34,733	53,470	13
Agricultural Mortgage Cor- poration	Mar. 31	4,634	23,713	28,347	...	...	...	20,997	7,350	31,396	2½
Argentine Estates of Bovril	Sept. 30	Dr. 7,374	27,290	19,916	15,000	...	...	...	4,916	Dr. 31,386	...
Gas											
Severn Valley Gas	Mar. 31	2,022	32,682	34,704	12,320	17,294	5	...	5,090	16,643	5
Motor Cycle and Aviation											
Phillips and Powis Aircraft	Dec. 31	...	aDr. 20,236	Dr. 20,236	...	...	...	...	Dr. 20,236	...	...
Oil											
British Controlled Oilfields	Dec. 31	116,628	152,485	269,113	...	...	...	151,308	117,805	83,161	...
Rubber											
Bahru Selangor	Dec. 31	1,777	859	2,636	...	781	3½	Dr. 20	1,875	1,321	8½
Batu Tiga (Selangor)	Dec. 31	12,969	12,690	25,659	...	14,412	6½	500	10,747	15,946	7½
Bukit Cloh	Dec. 31	2,713	1,766	4,479	...	1,562	3½	Dr. 34	3,001	4,109	7½
Ceylon Para	Dec. 31	7,799	7,334	15,133	...	6,623	8	...	8,510	17,823	12½
Ceylon Timber and Rubber	Dec. 31	188	1,172	1,360	...	1,904	4	Dr. 80	256	3,044	6
Edinburgh	Nov. 30	1,055	2,043	3,098	...	...	...	1,000	2,098	2,356	1½
Eow Seng	Dec. 31	3,406	1,723	5,129	...	1,840	2	1,000	2,289	7,009	3½
Golconda (Malay)	Dec. 31	1,572	4,415	5,987	...	5,650	5	Dr. 1,820	2,157	6,919	7
Hanwella	Dec. 31	94	911	1,005	...	800	5	...	205	2,903	5
Harpenden (Selangor)	Dec. 31	3,877	Dr. 499	3,378	1,627	...	...	...	1,751	3,558	...
Jasin (Malacca)	Dec. 31	4,926	3,122	8,048	...	3,000	5	...	5,048	2,757	5
Mengkibol (Central Johore)	Dec. 31	3,015	5,224	8,239	668	4,375	3	...	3,196	9,626	6
New Crocodile River.....	Dec. 31	1,366	7,407	8,773	...	6,106	3½	53	2,614	7,563	2½
Panagula	Dec. 31	1,878	1,753	3,631	...	...	...	1,000	2,631	4,102	4
Rosehaugh (Ceylon)	Dec. 31	4,048	695	4,743	...	...	...	500	4,243	14,956	...
Rubber Estates of Ceylon ...	Dec. 31	611	Dr. 1,351	Dr. 740	...	...	...	Dr. 1,250	510	1,136	2½
Sampang (Java)	Dec. 31	1,629	2,075	3,704	...	1,460	2	1,000	1,244	3,913	Nil
Seaford	Dec. 31	16,620	7,874	24,494	...	8,000	4	1,580	14,914	10,328	5
Shelford	Dec. 31	2,533	3,512	6,045	...	3,200	4	...	2,845	6,731	7½
Siak	Dec. 31	Dr. 2,734	780	Dr. 1,954	...	...	...	150	Dr. 2,104	Dr. 819	...
Stagbrook	Dec. 31	756	3,774	4,530	...	3,177	3½	1,000	353	4,233	3½
Sungei Choh	Dec. 31	667	4,006	4,673	...	4,000	2	500	173	8,378	3½
Sungei Siput	Dec. 31	9,449	2,671	12,120	...	2,326	5	...	9,794	7,143	15
Sunnygama	Dec. 31	2,542	6,835	9,377	...	4,500	6	...	4,877	12,165	5
Tanah Estates	Sept. 30	Dr. 11,259	Dr. 1,488	Dr. 12,747	...	...	...	997	Dr. 13,744	Dr. 3,087	...
Shipping											
Houlder Brothers and Co. ...	Dec. 31	15,704	42,955	58,659	5,500	32,000	4†	...	21,159	35,688	4†
United British Steamship...	Dec. 31	16,035	39,694	55,729	...	...	...	39,069	16,660	1,394	...
Shops and Stores											
Army and Navy Stores.....	Jan. 25	120,966	148,943	269,909	...	102,500	12½	44,236	123,173	129,853	12½
McIlroy (William)	Feb. 19	21,798	12,586	34,384	5,600	7,000	7	...	21,784	19,685	8
Tea											
Pundaloya Tea Co. of Ceylon	Dec. 31	2,673	9,947	12,620	1,724	7,186	12½	1,000	2,710	4,554	10
Textiles											
Full-Fashioned Hosiery.....	Dec. 31	12,802	22,100	34,902	...	6,200	4	14,969	13,733	(c) 29,344	9
Trusts											
American Investment and											
General	Mar. 15	58,626	104,792	163,418	43,750	48,125	5½	12,000	59,543	72,724	5½
Edinburgh Investment	Mar. 15	205,072	60,399	265,471	21,375	38,000	7½	...	206,096	55,094	6
Second Scottish Northern	Mar. 15	14,712	29,416	44,128	11,903	14,688	7½	...	17,537	26,920	7
Waterworks											
Monte Video Waterworks ...	Dec. 31	272,851	85,101	357,952	...	39,000	3†	30,000	288,952	91,553	3
Other Companies											
Amalgamated Metal Corpn.	Mar. 31	25,487	322,956	348,443	54,000	266,147	6	...	28,296	277,623	5
Eugene Limited	Dec. 31	...	35,558	35,558	4,400	23,333	40	1,500	6,325	...	...
Galloway (P. H.)	Dec. 31	17,096	13,619	30,715	7,500	12,000	10	...	11,215	22,540	10
Imperial Chemical Industries	Dec. 31	608,451	7,706,539	8,314,990	1590738	{ 3500781 217,365 12,460 }	{ 8 ord. 2 (t) 2 (t) }	2,367,366	638,740	7,349,107	{ 8 ord 2 def 5 (t) }
India Tyre and Rubber	Dec. 31	16,091	60,262	76,353	18,988	...	...	27,908	17,057	53,789	5
Johnson and Phillips	Dec. 31	101,387	115,130	216,517	...	75,000	10	40,352	101,165	94,180	7½
Mackintosh (John) and Sons	Dec. 31	94,089	63,540	157,629	70,000	...	...	...	87,629	(b) 72,316	...
Olympic Portland Cement...	Dec. 31	28,160	19,761	47,921	...	9,948	5	10,000	27,973	23,632	5
Smart Brothers	Dec. 31	25,640	246,809	272,449	32,938	42,722	10	163,230	33,559	245,179	10

(t) Equivalent to 2 per cent. on former deferred shares.

OIL OUTPUTS

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—A cablegram has been received from Burmah reporting the production of crude oil by this company for the month of March as 48,132 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended March 28th: Venezuela, 14,439 barrels; Trinidad, 26,062 barrels; total, 40,501 barrels. Production for March: Venezuela, 63,836 barrels; Trinidad, 110,747 barrels; total, 174,583 barrels. Shipments for March: Venezuela, 54,701 barrels; Trinidad, 106,532 barrels; total, 161,233 barrels. Production for the week

ended April 4th: Venezuela, 14,694 barrels; Trinidad, 25,308 barrels; total, 40,002 barrels. Production for the week ended April 11th: Venezuela, 15,139 barrels; Trinidad, 24,986 barrels; total, 40,125 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LIMITED.—The total production during the month of March, 1936, amounted to 133,315 barrels, or approximately 19,045 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended March 21, 1936, was 514,000 barrels. Production for the week ended March 28, 1936, was 529,000 barrels. Production for the week ended April 4, 1936, was 508,000 barrels.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended March 28, 1936, was: Bolivar district, 730,011 barrels; Maracaibo district, 30,079 barrels; total, 760,090 barrels. Production for the week ended April 4, 1936, was: Bolivar district, 703,027 barrels; Maracaibo district, 27,978 barrels. Total, 731,005 barrels.

TAMPICO OIL, LIMITED.—The total production from the company's properties in Mexico during March was 10,974 barrels, in respect of

which the royalty due to Tampico Oil, Limited, amounted to 823 barrels.

TRINIDAD LEASEHOLDS, LTD.—Oil produced during March, 45,072 tons; oil purchased during March from other companies, 59,290 tons.

ANGLO-IRANIAN OIL COMPANY, LTD.—Production in Iran for the month of March amounted to 663,000 tons, making a total of 1,964,000 tons for the first three months of 1936.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

A NUMBER of commodity markets remained closed during the past week, but next week business will be normal again.

The market in raw sugar improved on the announcement that the United States' import quota will be increased this year. There were no tea auctions at Mincing Lane this week. The general trend of quotations for provisions was downwards, bacon, butter and cheese showing a fall in price on the week. Wheat prices were marked up a little owing to the absence of selling pressure and the poor condition of the crop in the United States. Beef was also slightly dearer than a week ago.

The coal trade has benefited from the cold weather; inland demand continued brisk, but export business remained dull. Business in iron and steel materials, though interrupted by the Easter holidays, is expected to continue brisk. Meanwhile, the continued scarcity of certain materials indicates the existence of a number of bottle-necks in the industry. Among non-ferrous metals, copper continued to advance in price. The improvement in the copper position is discussed in a Note of the Week. The rubber situation underwent no change during the past week. The market in raw cotton was firm on reports of unfavourable weather in the United States. Raw wool prices remained firm, but quotations for jute tended to sag.

The downward trend of the prices of primary products in the United States was arrested last week. Thus Moody's index of the dollar prices of staple commodities stood at 171.0 on Wednesday, against 168.8 a week earlier, 170.6 a month ago and 157.2 on the corresponding day last year.

COAL

SHEFFIELD.—Demand for industrial fuel of all descriptions is well maintained. There is a scarcity of best steams and washed singles. Sales of house coal are at a fairly high level for the time of year. Export conditions show little change. Forward enquiry is fairly active, but high prices hinder the fixing up of definite contracts. Bunker coal is unchanged and there is little or no coke available for shipment. The blast furnaces are consuming the whole of the output of coke, none of this being available on the open market. High prices rule.

Quotations: Best Yorkshire steams, 19s. to 19s. 6d.; washed trebles, 18s. 6d. to 19s.; washed singles, 15s. 6d. to 16s.; washed smalls, 14s. to 14s. 6d.; screened gas coal, 19s. to 20s. 6d.; furnace coke, 22s. (all f.o.b.); best Yorkshire house, 23s. to 24s. (at pits).

NEWCASTLE-ON-TYNE.—All classes of steam coal are firm; Northumberland grades have a steady sale in the home coasting market, and Durhams have been sold in large quantities to the Scandinavian countries. Graded steam coals are steady and at present there is some enquiry for shipment over next year. Durham gas and coking coal is quiet, there being little foreign demand. The loss of the Italian market is now causing much idle time at collieries. Coke of all descriptions continues to be firm, demand for export being as good as home trade.

Current f.o.b. prices for export:—**NORTHUMBERLAND.**—D.C.B. screened, 16s.; smalls, 13s.; Howards, Bentinck, Newbiggin, screened, 15s. 6d.; smalls, 13s.; Tyne Prime, large, 14s. 6d.; smalls, 12s. 6d.; Hartley Main large, 14s. 9d.; smalls, 12s. 6d. **DURHAM.**—Lambton/South Hetton, screened steam, 15s.; smalls, 13s. 6d.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon, unscreened gas, 14s. 8d.; second-class gas, 13s. 6d.; coking unscreened and/or smalls, 13s. 3d.; Prime unscreened bunkers, 15s.; second-class unscreened bunkers, 14s.; Prime Foundry coke, 24s.; Newcastle and District gas coke, 24s.

GLASGOW.—There is a strong demand for most sizes of nuts, both on land-sale account and for export. With the exception of trebles, supplies are now short and prices are nominal in some cases. Large coal is moving steadily, but prices of most sorts show an easier tendency. Shipping business during the past week was on a better scale.

Current export prices f.o.b. district ports:—**LANARKSHIRE.**—Ell best, 17s. 6d.; splint best, 19s.; splint second, 16s. 9d.—17s.; navigation, screened, 15s.—15s. 6d.; navigation, unscreened, 14s.—14s. 6d.;

steam, 15s.; trebles, 16s.; doubles, 16s.; singles, 15s. 6d.; pearls, 14s.; dross, 12s. 6d. **FIFE.**—Best unscreened navigation, 13s. 3d.—13s. 6d.; unscreened navigation, 13s.; first-class steam, 14s. 9d.—15s.; third-class steam, 14s.—14s. 6d.; trebles, 15s.—16s.; doubles, 15s.—15s. 6d.; singles, 14s. 9d.—15s.; pearls, 13s. 6d.—14s. **LOTHIANS.**—Best splint, 14s. 6d.; prime steam, 13s. 6d.—14s.; secondary steam, 12s. 9d.—13s.; unscreened navigation, 14s.; trebles, 15s.; doubles, 15s.; singles, 15s.; pearls, nominal. **AYRSHIRE.**—Best unscreened navigation, 15s. 6d.—16s.; steam, 13s. 6d.—14s.; trebles, 15s. 6d.; doubles, 15s.; single, nominal; pearls, nominal; dross, nominal.

CARDIFF.—The South Wales collieries were idle for the usual Easter holidays till the night shift on Wednesday, and on the Cardiff Exchange operations have been practically suspended since last Thursday. Loading was resumed at the docks on Tuesday, and with a fair supply of tonnage in dock, shipments are likely to be of normal proportions for a holiday week. Last week exports, foreign and coastwise, both totalled 331,800 tons, compared with 305,300 tons the previous week, and 349,703 tons in the corresponding period last year. Prices are nominally unchanged. The course of the wages dispute in France is being watched with considerable interest, as in the event of a stoppage of work at the French collieries South Wales is likely to be the foreign export district that will be most immediately affected. It was reported on Wednesday morning that some contractors had already been requested to accelerate deliveries. With the opening of the Canadian season the anthracite trade is showing greater activity, and a number of vessels have already been cleared, chiefly for Montreal and Quebec.

Current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 6d.; best dries, 18s. 6d.; Black Veins, 18s. 3d.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; Western Valleys, 17s. 6d. to 17s. 9d.; best small steams (washed), 13s. 6d. to 14s. 6d.; coking smalls, 14s. 3d. to 14s. 6d.; second steams, 13s. 6d. to 14s. 6d.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s. 9d.; rubbly culm, 11s. 6d. to 12s.; special foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship, French, 24s. 3d.; Portuguese, 21s. to 21s. 6d.

IRON AND STEEL

MIDDLESBROUGH.—There is still considerable difficulty in making new purchases of foundry pig iron in this area. Quantities of this class of iron are being brought into the district both by rail and by sea in order to keep the local foundries supplied. Local makers assert that their customers are being kept supplied with sufficient iron to cover their needs. The price for No. 3 Cleveland foundry pig iron is officially maintained at 70s. per ton delivered locally, but actually no business is being done. It is understood, however, that this figure will only apply until June 30th, and for supplies after that date it is understood that an increase of 5s. per ton is being asked. Production of hematite pig iron has been increased by the additional furnace which was transferred last week, making nine on hematite in the North-East Coast area now producing this quality. The price for No. 1 East Coast hematite pig iron is officially 77s. per ton delivered in the Middlesbrough area, but it is understood that this is limited to sales for delivery up to July 31st.

Shipments of pig iron from the Tees during March show the effect of the heavy demand from home users, the total quantity shipped during that month being 3,467 tons, of which 1,641 tons went coastwise, and the remainder to foreign destinations. The export trade in manufactured steel improved during March, the total quantity shipped from the Tees for foreign destinations being 19,680 tons, which, with 13,916 tons coastwise, give a total of the shipments of manufactured steel for the month of 33,596 tons.

Local demand for steel continues strong, shipbuilding, structural and railway steel being in better request. The supply of semi-manufactured steel is still insufficient to meet all requirements.

Only odd cargoes of foreign ore are changing hands based on best Bilbao rubio at 18s. 9d. per ton c.i.f. Tees, whilst blast-furnace coke is firm at 24s. per ton delivered at the furnaces. Heavy steel melting scrap is changing hands at 57s. 6d. per ton delivered works.

SHEFFIELD.—The Easter holiday in the steel trade has been the shortest for many years. Resumption was general on Wednesday, but many works restarted on Tuesday morning, and the big open-hearth plants were running throughout the holidays. The reason for this curtailment is the pressure for supplies of all sorts of steel material and the inadequacy of much of the plant. Re-rollers and forgers working for the trade cannot give the desired deliveries. There is a distinct scarcity of steel. Expansion in the foundry pig-iron section continues. An additional furnace at Renishaw,

THE PENNSYLVANIA RAILROAD

SUMMARY OF ANNUAL REPORT FOR 1935

THE 89th Annual Report of the Pennsylvania Railroad Company covering operations for 1935 will be presented to the stockholders at the annual meeting on April 14, 1936. The report shows that total operating revenues increased over 1934 by \$24,143,487, or 7% (due in part to increase in freight rates), but continued subnormal, being 46% less than the annual average for 1925-1929. Operating expenses increased \$17,132,347 (due principally to higher wages). The Company earned a net income of \$23,849,798 as compared with \$21,633,965 in 1934. Surplus for 1935 was equal to 2.8% upon the outstanding Capital Stock as compared with 2.5% in 1934. Surplus per share (par \$50) was \$1.38 as compared with \$1.23 in 1934.

OPERATING RESULTS

	1935	Comparison with 1934 Increase or Decrease
TOTAL OPERATING REVENUES were	\$367,812,186	I \$24,143,487
TOTAL OPERATING EXPENSES were	263,100,184	I 17,132,347
LEAVING NET REVENUE of	104,712,002	I 7,011,140
TAXES amounted to	25,234,425	I 1,502,999
EQUIPMENT, JOINT FACILITY RENTS, etc., amounted to	9,082,936	D 751,213
LEAVING NET RAILWAY OPERATING INCOME of	70,394,641	I 6,259,354
INCOME FROM INVESTMENTS AND OTHER SOURCES was	36,413,423	D 3,600,468
MAKING GROSS INCOME of	106,808,064	I 2,658,886
RENTAL PAID LEASED LINES, INTEREST ON FUNDED DEBT AND OTHER CHARGES amounted to	82,958,266	I 443,053
LEAVING NET INCOME (Equal to 3.6% of Capital Stock)	23,849,798	I 2,215,833
APPROPRIATIONS TO SINKING AND OTHER FUNDS, etc.	5,721,402	I 279,497
SURPLUS (Equal to 2.8% of Capital Stock)	18,128,396	I 1,936,336

Dividend of 2% (\$13,167,696) was paid on February 29, 1936, to stockholders and charged against net income for 1935.

Splendid work has been done by our employees in accomplishing the results recorded. The Company's stockholders and bondholders can materially aid by helping to secure additional traffic and thus increase revenue. The Pennsylvania Railroad cordially invites their active interest in getting people to travel and ship via the Pennsylvania Railroad.

Philadelphia, Pa., March 30, 1936

M. W. CLEMENT, President

THE PENNSYLVANIA RAILROAD

SHIP AND TRAVEL VIA PENNSYLVANIA

Stockholders can obtain copies of the Annual Report from

J. Taney Willcox, Secretary, Broad Street Station Building, Philadelphia, Pa.

Derbyshire, has just been put into blast. Prices of iron and steel generally are extremely firm, and those of low-carbon acid steel billets have been advanced 10s. Further advances are considered likely, although producers are reluctant to take any steps which might cause a check to the prevailing good trade. Perhaps the busiest shops in Sheffield to-day are those producing hand and engineers' small tools. Owing to the heavy home demand, less attention is being given to the export trade.

GLASGOW.—The Easter Holidays were scarcely observed at the various plants in the West of Scotland, but the influence of the holidays in other centres is felt and business generally is quiet. In the Clyde district works were closed on Monday only, and in many other areas in the West of Scotland there was no stoppage. While the amount of new business placed has been rather less than in recent weeks, there is plenty of work on order books, and in almost every branch plant is running to capacity. There is an exceptionally large number of tenders for important work in hand at the moment, including, among others, tank and plate work, steel structural work, and steel windows. There is every prospect that much additional work will soon be placed with the iron and steel industry of the West of Scotland.

CARDIFF.—Owing to the Easter holidays there was no meeting on Tuesday of the Swansea Metal Exchange, and at most of the works operations were suspended this week. Last week shipments were exceptionally heavy and totalled 100,072 boxes, compared with 62,586 boxes the previous week, and 94,639 boxes in the corresponding week last year. As supplies received from works were also below the average, stocks in warehouse and vans fell to 75,624 boxes, as against 132,497 boxes the previous week and 152,740 boxes a year ago.

OTHER METALS

COPPER.—Despite holiday influences, prices displayed a remarkable firmness during the past week. In the United States the domestic price of the Kennecott Copper Corporation was raised by 0.25 cents to 9.50 cents per lb., thus bringing the quotations of this group into line with those of Anaconda and Phelps Dodge. The present position and the immediate outlook for copper are discussed in a Note of the Week.

Sales on the London Metal Exchange: 3,000 tons on Tuesday, against 1,150 tons last week; 1,850 tons on Wednesday, against 1,250 last week. Domestic spot was quoted at 8.97½ cents per lb. in New York on Wednesday, against 8.85 cents a week ago and 8.75 cents a month ago. Wednesday's official closing price for standard cash in London was £37 3s. 9d. to £37 5s., compared with £36 13s. 9d. to £36 16s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 63,334 tons, show a decrease of 1,903 tons, while stocks of rough copper, at 7,035 tons, show a decrease of 500 tons on the week.

LEAD AND SELLER.—Lead prices have been slightly harder, and spelter quotations a shade easier, although the undertone in both markets shows little change. Demand is not unsatisfactory, but lead prices are held down by large offerings, while spelter remains rather depressed on account of the uncertainty concerning the revival of the Zinc Cartel.

Sales of lead on the London Metal Exchange: 1,650 tons on Tuesday, against 1,150 tons last week; 700 tons on Wednesday, against 1,150 last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £16 per ton, compared with £15 18s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 600 tons on Tuesday, against 100 tons last week; 900 tons on Wednesday, against 550 last week. Wednesday's quotation in East St. Louis was 4.90 cents per lb., against 4.90 cents the week before and 4.90 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £15 1s. 3d. per ton, against £15 3s. 9d. last week.

TIN.—On account of the devaluation of the Bolivian currency, prices on this market have shown an easier tendency. It will be remembered that exports of tin from Bolivia are some 7,500 tons below the permissible level, owing to the shortage of labour. It is anticipated in market circles that the currency devaluation should enable higher wages to be offered; and that this will be sufficient to overcome the labour difficulty and enable Bolivia to catch up with her quota. Whether this expectation will be realised remains to be seen. Meanwhile, it does not appear that the discussions of the International Tin Committee have yet borne fruit in the shape of an agreement for the prolongation of the restriction scheme after the end of this year. Mr Thomas stated in the House last week that the negotiations "had not yet reached the stage where the question of renewing the agreement on behalf of the British dependencies concerned required the consideration of the Government."

Sales of tin on the London Metal Exchange: 100 tons on Tuesday, against 335 tons last week; 105 tons on Wednesday, against 250 last week. The New York quotation on Wednesday was 47.00 cents per lb., against 47½ cents a week ago and 48.25 cents a month ago. Wednesday's official closing quotation in London for standard cash was £209 10s. to £209 15s. per ton, compared with £211 to £211 5s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 442 tons, an increase of 73 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged.

Quicksilver, on the spot, was quoted at £12 12s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £61 to £62 per ton ex warehouse, duty paid, as against £62 to £63 last week. Chinese wolfram for April-May shipment was quoted at 33s. 9d. to 34s. 6d. per unit, c.i.f., the same as last week. Platinum (refined) was maintained at £7 per ounce.

TEXTILES

COTTON.—Manchester.—The Easter holidays have had the usual disturbing effect upon the market. Export demand remains disappointing, but quite a useful business has been done for the home trade. Favourable developments are being impeded by the uncertain political situation.

Sentiment in raw-cotton markets has tended to become more bullish. The strength of prices has been largely due to unfavourable weather reports from the United States belt. Persistent rains East of the Mississippi River are delaying crop preparations, whilst dryness continues in the South-West. It would be a mistake, however, to take these early reports as an indication of the yield as there is plenty of time for a change in the outlook. The turnover in piece goods has again consisted of numerous small lots and no foreign outlet has been really active. Makers with wide looms are generally busy, but many producers of narrow cloths are in need of fresh contracts. Miscellaneous sales have been arranged for the several outlets of India. Fancies and specialities have attracted more attention than staple makes. There has not been any development in the off-take for China, but useful lines have been booked in dyed goods for Java and the Straits Settlements. Certain fine fabrics have attracted a little more attention for the Continent, chiefly Switzerland and Scandinavia. There have been signs of rather more activity in home-trade cloths, but the unseasonable weather is an adverse factor. Business in the yarn market has been quiet.

COTTON PRICES

	1936				Corresponding Date	
	Mar. 25	Apr. 1	Apr. 7	Apr. 15	1934	1935
Raw Cotton—Mid. American per lb.	6.33	6.51	6.47	6.50	6.31	6.68
Sakellaridis Fully Good Fair Egyptian per lb.	9.27	9.19	9.11	9.06	8.44	8.32
Yarns—32's twist per lb.	10½	10½	10½	10½	10½	10½
40's twist per lb.	10½	10½	10½	10½	10½	10½
60's twist (Egyptian) per lb.	15½	15½	15½	15½	15½	15½
32-in. Printers 116 yds., 16 by 16, 32's and 50's per lb.	17 0	17 0	17 0	17 2	18 3	17 9
36-in. Shirtings 75 yds., 19 by 19, 32's and 40's per lb.	24 0	24 0	24 0	24 3	22 9	24 0
38-in. ditto, 38 yds., 18 by 18, 10 lb. per lb.	9 11	10 0	10 0	10 1	10 10	10 5½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb. per lb.	8 11	9 0	9 0	9 1	9 8	9 3½

COTTON DOUBLING SPINDLES REDUNDANCY SCHEME.—In Lancashire trade circles it is fully expected that the Cotton Spinning Industry Bill will soon become law. In the meantime, further progress is being made with the scheme for dealing with the question of redundant plant in the doubling section of the cotton-spinning industry. A meeting of the special committee of the Federation of Master Cotton Spinners' Associations, appointed to deal with this matter, has been held in Manchester this week, when a summary of the results of the questionnaire recently issued to doubling firms was presented. After discussion, the committee decided to adjourn pending the receipt of further information. It is estimated that there are about 3,000,000 doubling spindles in Lancashire and Yorkshire and probably 30 per cent. are owned by the Fine Cotton Spinners' Association. It is significant that although redundancy in this branch of the textile trade is apparent, numerous mills are working two shifts.

WOOL.—Bradford.—Offices have been closed for two days this week and as the machinery in several of the mills is still idle, it is impossible to report much change in the market compared with a fortnight ago. The pressure of business has somewhat abated. The call for the delivery of tops against contract has slackened, though this is not altogether unwelcome, for tops have been going to the spindles without having had time to mature. Even with the present output there is every probability that as a result of foreign demand wool will continue to sell at higher prices than are realisable on a given day for tops. Sales of wool to Russia have been made within the past three weeks, that country having been unable to cover requirements during the March series of London sales. This demand is welcome to those who are carrying stocks of raw wool, but at current prices spinners are unwilling to buy tops for delivery more than two months hence. Even this cautious buying is unlikely to react prejudicially upon the next clip, for the current one will be nearly exhausted when the new one comes forward. The pressure on spinning machinery has slackened, for manufacturers have supplied most of their urgent orders for spring goods, and some mills, which a few weeks ago had more work than could be done with their own machinery, now find that it is unnecessary to put work out on commission. Some of the botany spinning machinery will be idle all this week instead of two days, which is the customary period for Easter. Spinners of coloured botany yarn are very busy, for there is a big demand for fancy yarns. Some have contracts on their books which will last about three months, and others will only take contracts for delivery eight to ten weeks hence.

In spite of the quieter tone all round, the position is sound, for employment is much better than a year ago, and nobody expects any serious reaction in wool prices. Prices for semi-manufactures

show a distinct lag compared with the cost of the raw material, but preparations are being made for the autumn and winter trade in cloths for ladies' and men's wear, and in spite of the extensive use of cotton and artificial silk, a large percentage of wool is used in the manufacture of these goods.

GRAIN MARKETS

WHEAT.—The wheat markets have been firmer during the past week and prices have recovered some of the ground recently lost. Although export offers of French wheat have been renewed, there is no selling pressure from Canada or Australia. Moreover, the market has been stimulated by an unexpectedly bullish official report on the American winter wheat crop. The indicated production of 493 million bushels compares with a total outturn of 433 million bushels a year ago, and is smaller than was anticipated; in addition, the condition of the crop falls short of expectations.

On Wednesday last, "May" futures were quoted in Chicago at 98 cents per bushel, against 94½ cents the week before and 97½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba (Vancouver), ex ship, 33s. 3d. per 496 lbs., against 32s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 32s. 9d., against 32s. 3d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 981,000 quarters, against 1,245,000 in the previous week and 1,237,000 quarters in the corresponding week a year ago.

FLOUR.—Demand for home-milled remains quiet, while imported flour is steady in price. Shipments of flour from North America last week totalled only 59,000 sacks, against 100,000 in the previous week and 84,000 sacks in the corresponding week last year. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered country, 29s. 6d. per 280 lbs., against 29s. 6d. a week ago; delivered London, 28s. 6d.; as compared with 28s. 6d. a week ago. Manitoba patents, ex store, 26s. to 27s. 9d., against 26s. 3d. to 28s., a week ago. Australian, ex store, 21s. 9d. to 22s. 6d., against 22s. to 22s. 6d. a week ago.

BARLEY.—The tone of the market in imported descriptions has been steady during the week under review. Meanwhile, weather conditions in this country have been unfavourable for seeding the new spring barley crop and a decrease in acreage is anticipated. Trading has been very limited during the past week. "May" futures were quoted at 38½ cents per bushel in Winnipeg on Wednesday, against 38½ cents a week ago and 38½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 21s. 6d. to 23s., as against 21s. 6d. to 23s. a week ago; "English Malting" at farm, 25s. to 40s., against 25s. to 40s. a week ago.

OATS.—Demand remains very quiet, but the recent improvement in prices has been maintained. On Wednesday, "May" futures were quoted at 27 cents per bushel in Chicago, against 26½ cents a week ago and 26½ cents last month. Quotations in London, Wednesday: "English Black" at farm, 18s. to 19s. per 336 lbs., against 18s. to 19s. a week ago; "English White" at farm, 18s. to 19s., against 18s. to 19s. a week earlier.

MAIZE.—Although the volume of business has naturally been small over the holiday period, the tone of the market remains steady. There has been no pressure to sell and the smallness of the crop movement in Argentina has been a supporting influence. "May" futures were quoted on Wednesday at 61 cents per bushel in Chicago, against 59½ cents a week ago, and 60½ cents last month. Quotations in London, Wednesday, "Plate," landed, 19s. 6d. per 480 lbs., compared with 19s. 3d. a week ago; "Plate," ex ship, 18s. 9d., as against 18s. 6d. a week ago; "Plate," 18s. 6d., as against 18s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £5 5s. per ton, the same as last week.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to April 11	117,426	160,232	203,393	95,341
32 weeks to April 11	7,445,702	9,162,645	11,247,234	11,324,063
Average price of English wheat per cwt.	s. d. 5 1	s. d. 4 4	s. d. 4 10	s. d. 6 5

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Apr. 9, 1932	Cwts. 76,207	Cwts. 51,508	Cwts. 30,766	s. d. 6 0	s. d. 8 0	s. d. 7 3
Apr. 8, 1933	117,426	53,590	34,211	5 1	6 4	5 9
Apr. 14, 1934	160,232	20,158	24,154	4 4	7 11	5 11
Apr. 13, 1935	203,393	49,793	30,912	4 10	7 3	6 9
Apr. 4, 1936	204,620	71,760	40,706	6 5	7 6	6 1
Apr. 11, 1936	95,341	35,991	21,963	6 5	7 8	6 2

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

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NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Apr. 16, 1935	Dec. 31, 1935	Apr. 7, 1936	Apr. 15, 1936
Winnipeg (No. 1, Manitoba) — Cents per 60 lb.	65½	82½	89½	84½	79½	81½
Chicago (No. 2 Winter) — Cents per 60 lb.	84½	98½	102½	101½	94½	98

The visible supply of wheat in Canada amounts to 110,611,000 bushels, against 111,746,000 bushels last week, and 107,375,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—After the official quotations had been lowered last week, demand failed to respond and the market has been slow. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 86s. to 90s.; Canadian, 82s.; Danish, 92s.; as against 88s. to 94s., 86s. and 96s., respectively, a week ago.

BUTTER.—Butter has been in quiet demand during the holiday period and prices are lower on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 87s. to 88s.; Australian, choicest salted, 87s. to 88s.; Danish, 105s.; compared with 89s., 88s. to 89s., and 108s., respectively, a week ago.

CHEESE.—A quiet business has been transacted and prices show a slightly easier tendency. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 74s. to 86s.; Canadian, finest coloured, 64s.; and New Zealand, finest coloured, 53s.; against 74s. to 86s., 64s. and 53s. 6d., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. In London Accras have been a quiet market. On Wednesday last, good fermented new crop, "April-May," was quoted 23s. 6d. per 250 kilos, c.i.f. Continent, against 23s. 7½d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 6,299 bags; delivered, for home consumption, 4,954 bags; exported, 258 bags; stocks, 149,296 bags, against 195,041 bags a year ago.

COFFEE.—The London spot market has again been quietly steady. In New York a similar tendency has been in evidence. On Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered, for home consumption, 67 cwt.; exported, 4 cwt.; stocks, 11,657 cwt., against 18,615 bags a year ago. Central and other South American, landed, 9,472 cwt.; delivered, for home consumption, 1,799 cwt.; exported, 1,622 cwt.; stocks, 112,480 cwt., against 100,260 packages last year. Other kinds, landed, 6,572 cwt.; delivered, for home consumption, 3,700 cwt.; exported, 1,937 cwt.; stocks, 163,223 cwt., against 114,475 packages last year.

EGGS.—A fair demand has been experienced during the past few days, prices showing little alteration. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 8s. 9d. to 9s. per 120, as against 8s. 9d. to 9s. last week, while Danish (15½ lb.) made 8s. 3d. to 8s. 6d. per 120, against 7s. 9d. to 8s. last week.

MILK.—Information relative to the operation of the Milk Marketing Scheme during March, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:—

	Mar., 1935	Dec., 1935	Jan., 1936	Feb., 1936	Mar., 1936
Regional pool prices* (per gallon)	d.	d.	d.	d.	d.
Northern	13	13½	13½	14½	12½
North-Western	12½	13½	13½	14½	12½
Eastern	13½	14	13½	14½	13½
East Midland	13½	13½	13½	14½	13
West Midland	12½	13½	13½	14½	12½
North Wales	12½	13½	13½	14½	12½
South Wales	13	13½	13½	14½	12½
Southern	13½	14	13½	14½	13½
Mid-Western	12½	13½	13½	14½	12½
Far Western	12½	13	13	14	12½
South-Eastern	13½	14½	14	15	13½
Liquid milk price (per gallon, all regions)	16	17	17	17	17
Manufacturing price (per gallon, average)	6.23	6.022	5.947	5.942	5.793
Total sales under contract	72.21	65.76	67.23	65.22	74.05
For liquid consumption	48.01	45.70	46.12	44.71	47.54
For manufacturing	24.20	20.06	21.11	20.51	26.51

* On account to the nearest farthing.

Accredited producers receive 1d. per gallon in addition to the above prices. Premiums for level deliveries and for Grade "A" or special services are paid to the producers concerned in addition to the pool price. Transport charges are payable by individual producers and are deducted from accounts.

FRUIT.—Business at Covent Garden for the Easter holidays was generally good, with prices steady, states *The Fruitgrower*. Quieter conditions have, however, prevailed this week and warmer weather would now be welcome. Demand for apples remained active for the holiday trade, but quotations declined in response to the increase in available supplies. Pears were a good trade but Australian plums declined in price. South African grapes also eased in price, but sold well at the lower level of quotations. Forced strawberries were in evidence, but prices for these are now declining generally. Oranges sold well at steady rates, while lemons remained short and dear. Grapefruit have been a rather slow market.

MEAT.—Business at Smithfield Market was rather quiet after the holidays, prices showing little change from last week's level. On Wednesday last Argentine chilled hindquarters were quoted at 3s. 4d. to 3s. 8d. per 8 lbs., as compared with 3s. 2d. to 3s. 6d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. 2d. per 8 lbs., against 3s. 4d. to 4s. 2d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,281 tons, a decrease of 831 tons on the corresponding week last year. Beef and veal accounted for 4,972 tons, mutton and lamb 2,656 tons, and pork and bacon 1,131 tons, as compared with 5,426, 3,174 and 983 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

LONDON, April 15th				The prices in the following are revised with the assistance of an eminent firm in each department.			
CEREALS AND MEAT				Wool—			
GRAIN, Etc.—				English Southdown, greasy, per lb. 13½			
Wheat—				Dry and Drysalted Cape—			
No. 2, N. Man. 496 lb. 32 9				Market Hides, Manch'—			
Eng. Gaz. av., per cwt. 6 5				Best heavy ox and heifer			
Barley, Eng. Gaz. av. 7 8				Best cow			
Oats—				Best calf			
Maize, La Plata, landed, 19 6				INDIGO—			
Flour, Lon. stan. ex mill, 27 3				Bengal, gd. red. vio. to			
Rice, No. 2 Burma, per cwt. 7 10½				fine			
Tapioca, per cwt.—				Sole Bends 8/14 lb.—			
Fair Flake, Singapore				per lb.			
MEAT—				Bark Tanned Sole			
Beef, per 8 lbs.—				Shoulders fm DS Hides			
English long sides 3 8 4 6				Do. Eng. or WS do.			
Argentine chilled hinds 3 4 3 8				Belles from DS do.			
Mutton, per 8 lbs.—				Do. Eng. or WS do.			
English wethers 5 0 6 0				Dressing Hides			
N.Z. frozen 3 4 4 2				Ro. Eng. Calif. 20/30 lb.			
Lamb, per 8 lbs.—				Aust. Bends			
N.Z. frozen 4 8 5 6				VEGETABLE OILS—			
Pork, English, per 8 lbs. 5 4 6 0				Linseed, naked, p. ton net			
BACON— OTHER FOODS				Rape, refined			
English—per cwt. 86 0 90 0				Cotton seed, crude			
Irish 86 0 94 0				Cocoonat, crude			
Danish 92 0				Palm			
Dutch 88 0				Oil Cakes, Linseed, Eng.			
HAMS—				per ton			
Canadian 96 0 97 0				Oil Seeds—Linseed			
American 94 0 96 0				La Plata, p. ton, April			
BUTTER—				Calcutta—per ton			
Australian 87 0 88 0				Turpentine, per cwt.			
New Zealand 87 0 88 0				PETROLEUM PRODUCTS—			
Danish 105 0				Motor Spirit, No. 1, Lon-			
CHEESE—				don			
Canadian—per cwt. 64 0				Petroleum, Amer. ref.			
New Zealand 73 0				bri. London—per gal.			
American 74 0 86 0				Fuel oil, in bulk, for			
English Cheddars 40 0 43 0				contracts, ex instal.			
COCOA—				Thames			
(Duty, British grown, 11/8; foreign, 14/- cwt.)				Furnace—per gall.			
Accra, f.f. 24 3 24 6				Diesel—per gall.			
Trinidad 38 0 48 0				ROBIN—			
Grenada 33 0 38 6				American—per ton 12/10 13/10/0			
COFFEE—				RUBBER—			
(Duty, British grown, 4/8; foreign, 14/- cwt.)				St. ribbed smoked sheet			
Santos sup. c. & f. cwt. 38 0				per lb.			
Colombian, good 48 0 56 0				Fine Hard Para per lb.			
Costa Rica, med. to good 52 0 75 0				SHELLAC—			
East Indian 48 0 70 0				TN Orange—per cwt.			
Kenya, medium 48 0 62 0				SHELLS—			
EGGS—				W. Aust. M.-O.-P. 2 10 8 0			
English—per 120 8 9 9 0				TALLOW—			
Danish 8 3 8 6				London Town per cwt.			
FRUIT—Oranges				TIMBER—			
Dania boxes 12 0 16 6				Swedish u/s 3 x 8—per std.			
Jaffa 9 0 14 6				" 2½ x 7—			
Lemons, Malaga, cases 22 0 35 0				" 2 x 4—			
" Sicilian boxes 18 0 26 0				Can'dn Spruce, Dis. per load			
Apples: Amer. (var.) bris. 9 6 11 6				Pitchpine—per std.			
(var.) boxes 9 6 11 6				Rio Dals—per std.			
" Australian 9 0 12 0				Teak—per load			
Onions—				Honduras Mahg. logs—c. ft.			
Valencia, case 6 6 7 0				African			
Egyptian, bags 6 6 7 0				Amer. Oak Boards—			
Grapes, Almeria barrels 18 0 22 0				" Ash—			
Grapefruit, Jamaica 18 0 22 0				English Oak Planks—			
LARD—				" Ash—			
Irish bladders 64 0 72 0				West Indian—			
U.S. 63 6 64 9				Sugar, Cuban Centrifugals, 96			

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

UNITED STATES

(New York quotations, unless otherwise stated)

	Apr. 16, 1935 Cents	Mar. 18, 1936 Cents	Apr. 7, 1936 Cents	Apr. 15, 1936 Cents		Apr. 16, 1935 Cents	Mar. 18, 1936 Cents	Apr. 7, 1936 Cents	Apr. 15, 1936 Cents
Wheat, No. 2, Winter, nearest future, Chicago, per bushel.....	102½	97½	94½	98	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3.25	3.50	3.75	3.75
Maize, nearest future, Chicago, per bushel	89½	60½	59½	61	Cotton, middling, spot, per lb.	11.90	11.45	11.64	11.72
Oats, nearest future, Chicago, per bushel	50½	26½	26½	27	Rubber, smoked sheet, spot, per lb.....	11 116	15 116	15 78	16
Rye, nearest future, Chicago, per bushel	61½	55½	52½	53½	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel.....	94	104	104	104
Barley, nearest future, Chicago, per bushel	(a)	(a)	(a)	40	Copper, "Electrolytic," Do- mestic, spot, per lb.....	7.52½	8.75	8.87½	8.97½
Coffee, Rio No. 7, cash, per lb.	6 78	6 14	6 14	6 14	Copper, "Electrolytic," Export, prompt, per lb.....	7.75	9.97½	9.10	9.20
" Santos No. 4, cash, per lb.	8 78	9	8 78	8 78	Spelter, East St. Louis, spot, per lb.....	4.07½	4.90	4.90	4.90
Cocoa, Accra, nearest future, per lb.....	4.62	5.00	5.05	5.01	Lead, spot, per lb.....	3.70	4.60	4.60	4.60
					Tin, " Straits," spot, per lb.....	51.12½	48.25	47.12½	47.00
					(a) Nominal.				

in London during the past week were as follows: Black, landed, nil; delivered, 19 tons; stocks, 1,676 tons, against 2,186 tons a year ago. White, landed, 13 tons; delivered, 57 tons; stocks, 12,537 tons, against 19,594 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. ex warehouse on Wednesday, as compared with 8s. 6d. per cwt. a week ago. "April-May," in singles to Continent and U.K., was quoted at 7s. 10½d. per cwt., against 7s. 10½d. per cwt. a week ago. Movements in London during the past week were as follows: Landed, 162 tons; delivered, 82 tons; stocks, 1,003 tons, against 1,275 tons a year ago.

SUGAR.—The event of the week was the announcement from New York on Monday that the sugar quotas will be increased this year. Consumption in the United States is increasing by almost 5 per cent. annually, and, since the production of beet has been adversely affected by bad weather, Mr. Wallace announced an increase of 383,000 tons in the quotas of other producers. Cuba will be the chief beneficiary, for her 1936 quota has been increased by 130,000 tons. The total quota was originally fixed at 6,434,000 tons, but it is now estimated that 6,900,000 tons will be needed. Meanwhile, business on the New York market has been steady at unchanged rates. The London spot market displayed a quiet tendency until Wednesday, when a firmer tone was in evidence. The spot price in New York on Wednesday was 3.75 per cents per lb., as compared with 3.75 cents per lb. last week and 3.50 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "May delivery" at 4s. 11½d. to 4s. 11½d., against 4s. 10½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 10,841 tons, against 7,748 tons last week and 18,101 tons in the same week of last year; deliveries, 11,545 tons, against 16,367 tons last week and 15,537 tons last year; stocks, 221,589 tons, against 222,293 tons last week and 176,515 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Apr. 11, 1935	d. 11-38	d. 13-97	d. 16-43	d. 10-00	d. 8-73	d. 9-90	d. 12-74
Mar. 12, 1936	13-23	13-17	14-93	11-09	10-53	11-76	13-50
Mar. 19, "	12-96	13-75	14-90	11-15	10-77	11-97	13-34
Mar. 26, "	12-97	14-05	15-45	11-06	10-73	12-04	13-49
Apr. 2, "	12-91	13-33	15-84	10-86	10-47	11-98	13-43
Apr. 7, "	12-73	14-74	15-95	Nil	Nil	11-78	14-30

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(With this issue appears our monthly Trade Supplement)

"A BITTER DISAPPOINTMENT"

MR NEVILLE CHAMBERLAIN's fifth Budget, opened in the House of Commons on Tuesday afternoon, has reversed the process of relaxation which was started two years ago. What is worse, it is, only too clearly, the first of a series of re-armament Budgets. The Chancellor's "bitter disappointment" at this reversal of his hopes will be shared by millions of taxpayers throughout the country.

The villain of the piece is, of course, the enormous increase in expenditure on armaments. Mr Chamberlain flattered this expenditure by comparing it to the acquisition of fire-fighting appliances to ward off a fire whose heat could already be felt. It will seem to many people an apter metaphor to say that we are increasing our stock of powder at a time when men are running about with naked torches. The Budget is being strained and taxes are being increased to pay for nothing but the wickedness and the folly of mankind.

After estimating the probable expenditure of the coming year and the revenue on the basis of existing rates of taxation, and making a conservative provision for the Supplementary Estimates which will certainly appear in the course of the year, Mr Chamberlain found himself with a gap of £21,291,000 between revenue and expenditure. This prospective deficit would, indeed, have been smaller if he had seen fit to reduce the Fixed Debt Charge to the amount that has actually been spent on interest and management in the last two years. But the figure was left at £224 millions, which will, in all probability, provide another sum of the order of £12 millions for debt redemption. It is perhaps as well to preserve the principle of reducing debt out of revenue, even though the sum provided is so small, relatively to the total of the National Debt, as to be no more than a "token payment."

Mr Chamberlain decided to meet his deficit out of revenue. That decision is undoubtedly wise. Apart from the single factor of defence expenditure, this is one of the Treasury's fat years. The yield of taxation is increasing, interest rates are at their lowest and unemployment expenditure is declining. It cannot be expected that these conditions will last for ever. Within comparatively few

years we must expect a decline in revenue, an increase in interest rates and a higher burden of unemployment assistance payments. If we were to start budgeting for a deficit now, in what state would British public finances be when the lean years arrived?

Instead of making concessions, as in the last two years, the Chancellor thus found himself engaged on a search for sources of increased revenue. One small concession he did, indeed, make by increasing the income-tax allowances for married couples and young children. The married man, especially the father of a family, has borne a very heavy burden in recent times and this small relaxation will not be grudged him, even in this hard year. For the rest, the Chancellor found his increased revenue in four main sources: measures against the evasion of taxes; an increase of 3d. in the standard rate of income tax; an increase of 2d. per lb. in the tea duty; and a raid on the Road Fund. With the two former of these expedients it is hard to find fault. The taxpayer is fully entitled to search for legal methods of evading the intent of the tax laws. But the Treasury is at least equally entitled to stop the gaps that the taxpayer's ingenuity has disclosed. The increase in the standard rate is naturally unwelcome, especially, because of its odd amount, to accountants. But when increased revenue is wanted it is both inevitable and proper that it should be sought primarily in the income tax.

The two remaining methods by which the Chancellor closed the gap are, however, more objectionable. The tea duty was presumably selected for the precise reason that it enters every household in the country, in pursuance of the Chancellor's dictum that "what benefits all must be paid for by all." But even if it be accepted (which it cannot be without argument) that a contribution was required from the indirect taxpayer, in spite of the large increases in indirect taxes in recent years, the tea duty was a poor choice. It is one of the most regressive of taxes, since tea is one of the commodities, like bread, of which the poor family buys more than the rich. Raids on the Road Fund are, by now, almost common form. But this year's raid was no ordinary one, for the Chancellor announced his intention of bringing

the independence of the Fund to an end, of taking the whole of the yield of motor licence duties into revenue and meeting expenditure on roads out of the general Budget. Is this anything more than a device to permit future raids to be executed in secrecy? The income of the Road Fund comes from specific taxation raised from a special class of the community (already very heavily taxed for the benefit of the general revenue) and its expenditure goes in direct benefits to this community. Properly regarded, the Fund is not so much a matter of taxation and expenditure as a trading service. So long as it remained independent there was always the possibility of raising capital sums secured upon it, if particularly heavy expenditure upon the roads became advisable. The Chancellor's action will render impossible any such self-financing plan, precisely at a time when the very rapid increase in the number of motor vehicles on the roads is making capital development urgently necessary.

By these expedients the Chancellor has balanced his Budget for 1936-37. It is not impossible that revenue may once more exceed the estimates, although Mr Chamberlain seems to have estimated this year with less of his traditionally excessive caution. But it is certain that the present basis of taxation will not balance the Budget for 1937-38, and Mr Chamberlain's remarks on future budgetary problems formed the most significant—and ominous—part of his speech. He argued, in brief, that the present generation of taxpayers could not be expected to shoulder the full burden of an increase in armaments. Indeed, since the "benefits" of re-armament would inure in part to posterity, some part of the cost could legitimately be left to the future. Moreover, taxation must not be raised so high as to cripple industry. This led to the conclusion that, while the current maintenance of the defence forces should in any case be met out of revenue (and he warned the House that maintenance would cost more in future), some part of the emergency expenditure necessary to bring the defence forces up to the prescribed standard could properly be met by a loan.

We find this argument both fallacious and dangerous. The fallacy consists in the belief that the real cost of re-armament can, by any means other than foreign borrowing, be placed on the future. The National Debt can, indeed, be increased and future generations can be compelled to transfer larger sums from their tax pocket to their interest-income pocket, doubtless at considerable inconvenience to themselves. But increased armaments must come out of the current national income. If they are paid for by loan, the cost still falls on the present generation. If the loan is subscribed out of the normal savings of the public, the cost appears in a slowing-down of non-military capital development. If the borrowing involves an inflationary rise in prices (as it did during the war), the cost falls directly upon the standard of living of the people. If we want increased armaments we must provide them out of the resources available to us now, and the only valid consideration is how the necessary money can best be raised from the present generation of citizens, by taxation, borrowing or inflation.

The danger of the Chancellor's argument arises from the fact that the beginning of our heavy armament expenditure coincides with a fairly advanced stage in the present trade cycle. Difficult though our budgetary problem may be now, it will be very much more difficult in a few years' time. Great Britain owed much of her comparative monetary stability after the war to the fact that she financed a higher proportion of the cost of the war out of current taxation than any other European belligerent. The proper course now is to finance re-armament—"maintenance" and "emergency increase" alike—out of taxation as long as we can. Prematurely to talk of loans is to encourage the nation to blink the painful fact that re-armament is going to take an uncomfortably large share of the National Income in the next few years. We congratulate Mr Neville Chamberlain on his courageous decision to balance this year's Budget mainly by increased taxation rather than by spurious devices such as the appropriation of the profits of the Exchange Equalisation Account. But we believe that by hinting, thus prematurely, at the probability of large re-armament borrowing in future years, the Chancellor has done a grave disservice to the cause of sound finance.

THE PARTING OF THE WAYS

THE grim events at Geneva and in Africa this week have brought us to the parting of the ways. And this in more senses than one; for it may be a parting between England and France, as well as a choice between roads leading Europe, in her turn, to peace or war. Signor Mussolini, flushed with victories in Ethiopia, has rejected peace talks within the framework of the League; and, as we record in a Note on page 175, the League Council on Tuesday was only capable of passing a tame resolution of regret, which concluded with "a supreme appeal" to Italy—as ineffectual as all other appeals by France or the League. A war of wanton aggression by one League member on another draws to its climax, to the hideous accompaniment of Italian poison-gas and Italian aerial bombardment of civil populations.

The debate out of which this heartbreaking League resolution issued has served to bring the divergence between French and British policy to a head. Speaking for France, M. Paul-Boncour took the Laval line. The whitewash over the sepulchre of the Covenant must be preserved; but peace must be had in Africa on any terms, for the sake of liberating the Italian Army "to face the menace hanging over Europe." He disposed of Italy's poison gas by observing that "war will be war." Mr Eden declared that the seriousness of the consequences, for the League, of the events of the last seven months could scarcely be exaggerated; that the principle of collectivity offered the one hope of lasting peace; and that the British Government held it to be their duty as members of the League at least to maintain the existing financial and economic sanctions. He added that Great Britain was ready and willing to consider, together with her fellow members, the imposition of further economic and financial sanctions. As to the Italian use of poison gas, Mr Eden said that this concerned the inhabitants of every great city in the world. The Protocol of 1925 was their charter against extermination. If such a convention could be torn up, over and above the League Covenant, how could anyone any longer put any trust in any international engagement? He closed by telling his colleagues that the British Government believed in the League as the best instrument available to mankind for the preservation of international peace, and that they were prepared to act in accordance with that policy now and in the future—but this only as long as other nations were, and to the extent to which other nations were: no longer and no further. If, he concluded, as a consequence of the final outcome of the Italo-Abyssinian conflict, the authority of the League were so shaken that its future utility as the best instrument for the preservation of international peace were placed in doubt, then "we should each of us have to consider the policy which in the situation it would be our duty to pursue."

The contingency which the Foreign Secretary has conjured up in these well-weighed words is neither academic nor remote. For the Committee of Eighteen (the sanctions committee) has not been summoned; and, while international action is held up pending the outcome of elections in France—which, to judge by previous French elections, may bring a change of men without a change of measures—Italian gas and Libyan bayonets in Africa are, to all appearance, bringing Signor Mussolini's criminal enterprise rapidly to a triumphant conclusion. This is the fearful situation—the worst since 1914—with which we are faced this week. What are we to make of it?

If the League now breaks down the fault will lie between Great Britain, France and the United States. For these were the three Powers that had the destinies of the world in their hands after the Armistice of 1918. To apportion the blame between the three is as unprofitable an exercise as it is difficult. It is more useful to remind ourselves of the sins—of which all three responsible Powers have been guilty in differing degrees—through which this disaster has come about; for these sins are still being committed by all of us; and, if we abide in them, one disaster will follow upon another. The sins that have been fatal to the League are selfishness (which is really always myopic and never enlightened), indecision and cowardice. Whither are they now leading us?

The cardinal point to be faced is that a failure of the principle of collective security means the victory of another principle. And this other principle, if its now imminent victory is consummated, will be the death of civilisation; for it is the essence of everything that is anti-social. This evil thing, which is being allowed by us to beat down and destroy the League, is man's ancient enemy in his own household: the anarchic use of force, in violation of right and justice and in breach of plighted word, for utterly selfish, sectional purposes.

In our present post-war age—which will end in another war if it does not achieve a collectively maintained peace—this distinctive spirit of lawless force won its first successes, quite soon after the peace settlement, at Fiume, Vilna and Memel. But these outbreaks were on a small scale and in a corner, so we passed them over and hoped for the best. Far more serious was the Franco-Belgian invasion of the Ruhr, in breach of the Versailles Treaty and in the heart of Europe. Yet this time, too, we English hoped for the best; so we passed by on the other side, mumbling "We hope you are right." Next came the first direct challenge to the Covenant when the Japanese broke out in Manchuria in 1931. This time we flinched from our duty—nakedly and unashamedly. To-day, we are confronted with the Italian challenge; we know that the fate of the League hangs upon our response; and yet we are flinching again.

To judge by our behaviour, we might be thinking that each time we evade the issue we have made a "get-away" for good. The truth, of course, is precisely the opposite. Each time we shirk our duty we are directly inciting some more formidable gangster to commit some more shocking and more disastrous act of violence than the last. We have seen, so far, the first—assuredly not the last—of the Japanese and Italian strokes.

But there is a stronger and grimmer power on the war-path than either Italy or Japan. Germany has scarcely yet begun the course of violence to which she is being invited by the present French sabotaging of the Covenant and the present British acquiescence in it. Germany has yet to break out beyond her post-war frontiers; and while that may be a desperate venture for her, as well as for us, our cowardice, indecision and selfishness are giving her heart to put her fortunes to the touch. "Whoever is ready to stake his existence has still to-day a great advantage, even over somebody much stronger than himself who is not ready to risk his life." That is the moral of Mussolini's victory over the League as it is presented to the German public by the *Berliner Tageblatt*. It is a terrible moral for us.

On this showing (and who—we give the challenge—can show that the truth is not as we have stated it?), is it not a vital interest, as well as a supreme obligation in honour, for this country to pay the very highest price for the sake of snatching the League, at this thirteenth rather than eleventh hour, from the jaws of destruction? When the Italo-Abyssinian issue first arose, the *Economist* expressed the belief that the League was the British Empire's last, as well as first, line of defence. Everything that has happened during these last seven months has confirmed us in this conviction. It is impossible here to examine the ultimate political and strategical implications of the various threats to Britain and the Empire if the world drifts back into unrestrained, aggressive power-policies. At the present moment, we will merely pick out one point in which the British Empire stands to meet disaster if, through a breakdown of the League, the world falls back under the dominion of lawless and conscienceless violence.

Such a relapse would carry away with it, in ruins, the only sure basis of collaboration in foreign policy between the several self-governing States-members of the British Commonwealth. The choice here lies between a common League policy, such as we have all been pursuing in step with each other so far, or a parting of company in order to follow the several irreconcilable lines that will be dictated by purely selfish—and therefore recklessly short-sighted—interpretations of English, Irish, Canadian and South African national interests (Australian and New Zealand interests will be past praying for!). This enormous Commonwealth stake which we have in the Italo-Abyssinian issue is familiar to Englishmen who have been in touch with opinion in the Dominions. It will be brought



7, CHANCERY LANE, LONDON

home to a wider circle by the analysis of Canadian opinion in a letter of capital importance from Mr J. M. MacDonnell which was published in *The Times* on Tuesday.

In fine, the British Empire cannot survive if the United Kingdom persists in the policy, laid down by Mr Baldwin's Government, that we will not take the initiative in the international crisis. A heritage of greatness cannot be repudiated with impunity. For the English in 1936, "a craven fear of being great" means national suicide.

THE BUDGET ACCOUNTS

TUESDAY'S Budget Speech broke no traditions in its form. The Chancellor first surveyed the out-turn of the financial year just ended, then discussed the expenditure for the coming year and the yield of revenue on the basis of existing taxation. Then, having stated the measure of the problem with which he was faced, he turned aside, pending the closing of the markets, to smaller matters and finally returned to explain how he proposed to meet the deficit. For convenience of exposition, however, we may amalgamate the first two stages and consider first the expenditure for the two years together, and then the revenue on the basis of the existing rates of taxation. Accordingly, the first table compares the Budget estimates of expenditure with the Budget estimates, and with the actual issues, of last year:—

EXPENDITURE (£'000's omitted)				
	Budget Estimate 1935-36 (1)	Actual Issues, 1935-36 (2)	Budget Estimate 1936-37 (3)	Col. (3) compared with col. (2)
Consol. Fund Services:—				
Interest and Management of Debt	224,000	211,534	224,000	+ 12,466
Sinking Fund	—	12,466	—	— 12,466
Total Debt Services	224,000	224,000	224,000	—
Payments to N. Ireland...	6,750	7,204	7,500	+ 296
Other Cons. Fund Services	3,700	5,648	3,200	— 2,448
Post Office Fund.....	1,130	1,127	600	— 527
Total Cons. Fund Services	235,580	237,979	235,300	— 2,679
Supply Services:—				
Army Vote	43,550	44,647	49,321	+ 4,674
Navy Vote	60,050	64,806	69,930	+ 5,124
Air Vote	20,650	27,496	39,000	+ 11,504
Civil Vote.....	352,979	361,923	365,254	+ 3,331
Revenue Departments...	13,161	13,123	13,492	+ 364
Allowance for Supplementaries.....	8,000	—	25,600	+ 25,600
Total Supply Services (excl. P.O.)	498,390	512,000	562,597	+ 50,597
Total Ordinary Expenditure	733,970	749,979	797,897	+ 47,918

The Fixed Debt Charge is once more put at £224 millions. The Chancellor expects that a small Sinking Fund will be

provided out of this sum, as in recent years, unless interest rates rise. He made it clear that he does not regard £12 millions or so as an adequate provision for debt redemption, but in these abnormal times he is unable to provide more. The Estimates for the Supply Services already published were inadequate in two particulars. Nothing was provided for unemployment assistance payments to local authorities or for the cost of re-armament. For the former the Chancellor allowed £5,600,000. The latter cannot yet be calculated; but he thought it would exceed, rather than fall short of, £20 millions. However, allowing for the inevitable unspent balances on various Civil Estimates, he decided to allow that sum. These additions, together with the published Estimates, brought the total of expenditure up to £797,897,000.

The second table gives similar figures for revenue:—

REVENUE (£000's omitted)

	Budget Estimate 1935-36	Actual Receipts 1935-36	Estimate for 1936-37 on exist- ing basis of taxa- tion	Col. [3] compared with col. [2]
	[1]	[2]	[3]	
Inland Revenue:—				
Income Tax	232,500	238,074	248,000	+ 9,926
Surtax	51,500	51,020	54,500	+ 3,480
Death Duties	80,000	87,920	89,000	+ 1,080
Stamps	25,000	25,800	27,000	+ 1,200
Excess Profits Duty and Corporation Profits Tax	1,700	1,300	750	— 550
Land Tax	800	785	750	— 35
Total Inland Revenue	391,500	404,899	420,000	+ 15,101
Customs.....	188,570	196,642	204,000	+ 7,358
Excise.....	106,350	106,700	110,000	+ 3,300
Total Customs & Excise	294,920	303,342	314,000	+ 10,658
Motor Vehicle Duty (Ex- chequer share).....	5,000	4,977	5,000	+ 23
Total Tax Revenue...	691,420	713,218	739,000	+ 25,782
Post Office (net receipt)...	11,850	11,670	11,256	— 414
Crown Lands	1,330	1,360	1,350	— 10
Sundry Loans	3,900	4,934	5,000	+ 66
Miscellaneous Receipts ...	25,970	21,738	20,000	— 1,738
Total Non-tax Revenue	43,050	39,702	37,606	— 2,096
Total Ordinary Revenue	734,470	752,920	776,606	+ 23,686

SELF-BALANCING ITEMS (£000's omitted)

Post Office	64,070	66,080	69,344	+ 3,264
Road Fund	26,230	25,775	26,500	+ 725
Total	90,300	91,855	95,844	+ 3,989

The Chancellor felt justified in anticipating a considerable continued expansion in the yield of Customs and Excise, which he put at £10,658,000. The only items from which increased yields are not expected are the entertainments duty (owing to last year's reduction) and the Irish Free State duties (owing to the coal-cattle agreement). Income tax is expected to yield £10 millions more. The increase would have been larger if it had not been that half the cost of last year's concessions has still to be met. Surtax is expected to show its first increase in the coming year, and the Chancellor put it at the very considerable sum of £3,480,000 or nearly 7 per cent. of last year's yield. Death duties and stamps are both expected to show continued increases, founded upon the anticipation of a maintenance of prices and of the volume of trading on the Stock Exchange. Total tax revenue was, therefore, expected to show an increase of £25,782,000. Small falls in the estimated receipts from other sources of revenue reduce the net increase to £23,686,000.

The Chancellor's estimates of revenue seem to be less cautious than usual. The £10 millions' increase in income tax, for example, compares with an actual increase last

year of £9,197,000 (the two figures are roughly comparable). But the estimates are not excessive, given the major presumption of a continuance of recovery. Generous or not, however, they left the Chancellor with a deficit of £21,291,000 to meet.

It was at this point that Mr Chamberlain turned aside to mention his minor proposals. The most interesting of these was the announcement of a systematic attempt to check "legal evasion" of taxes. The transfer of money abroad

I.—ORDINARY REVENUE AND EXPENDITURE, 1936-37	
ESTIMATED REVENUE	ESTIMATED EXPENDITURE
£ Mn.	£ Mn.
Inland Revenue—	Interest and Management of National Debt..... 224.0
Income Tax..... 259.0	Payments to Northern Ireland Exchequer (in- cluding net share of reserved taxes)..... 7.5
Sur-tax..... 56.5	Miscellaneous Consoli- dated Fund Services... 3.2
Estate Duties..... 89.0	Post Office Fund..... 0.6
Stamps..... 27.0	
Excess Profits Duty	
Corporation Profits	
Tax..... 0.8	
Land Tax, etc. 0.8	
Total Inland Revenue 433.0	Total 235.3
Customs and Excise—	Supply Services—Defence Excluding Pensions—
Customs..... 207.5	Army 40.9
Excise..... 110.0	Navy 60.2
Total Customs and Excise 317.5	Air Force 38.6
Motor Vehicle Duties—	Total 139.6
Exchequer Share 5.0	Pensions—
Total Receipts from Taxes 755.5	Army 8.5
Post Office net receipt... 11.3	Navy 9.7
Crown Lands 1.4	Air Force 0.4
Receipt from Sundry Loans due to British Government 5.0	Total 18.6
Miscellaneous (including £5,250,000 from Road Fund) 25.3	Civil Services—
	I. Central Government and Finance 2.1
	II. Foreign and Imperial 9.4
	III. Home Department, Law and Justice 18.4
	IV. Education 58.0
	V. Health, Labour, Insurance (including Old Age and Widows' Pensions) 162.7
	VI. Trade and Industry 15.8
	VII. Works, Stationery, &c. 8.6
	VIII. War Pensions and Civil Pensions 45.0
	IX. Exchequer Contributions to Local Revenues 45.2
	Total 365.3
	Margin for Supplemen- tary Estimates—
	Defence 20.0
	Civil 5.6
	Total 25.6
	Tax Collection—
	Customs and Excise and Inland Revenue Votes (including Pensions, £1,084,000) 13.5
	Total 562.6
	TOTAL EXPENDITURE..... 797.9
	Surplus 0.5
TOTAL REVENUE 798.4	GRAND TOTAL 798.4

II.—SELF-BALANCING REVENUE AND EXPENDITURE	
Post Office—Revenue required to meet Post Office expenditure (including £5,038,000 Pensions).....	69.3
Road Fund—Motor Vehicle Duties apportioned to Road Fund	26.5
Total	95.8

or the registration of one-man companies are no longer to provide means of escape. "Educational trusts," which have spread very rapidly in recent years, are to be prevented by a new provision that the income of an infant which derives from its parents is to be aggregated, for tax purposes, with the parents' income. The saving from this latter change, however, is to be returned to the generality of married men and fathers by an increase in the personal allowance for married couples from £170 to £180 and by an increase in the children's allowances from £50 to £60 per child.

There were also, in this section of the Speech, a few more minor announcements: changes in the methods of assessment for Estate Duty and for Schedule "A" of income

tax; a protective tariff on lager beer; extension of the key industry duties; foundation of the Special Areas Reconstruction Association, Ltd., a company to finance small businesses in the Special Areas with a partial State guarantee against loss.

Before continuing the main thread of his Speech, the Chancellor also made an important declaration of policy for the future—namely, that he considered it proper to raise part, at least, of the cost of expanding the defence forces by borrowing, although the rising cost of maintaining the defence forces should always be met out of revenue. This conclusion was justified on the double ground that the "benefits" of the new policy "will inure to posterity," and that taxation must not be raised to such a level as would seriously cripple industry. We discuss this declaration of policy in the first leading article of this issue.

There was one more item before the announcement of the new taxation. Mr Chamberlain has decided that the Road Fund must lose its autonomy. Its revenues are to be brought within the control of the Exchequer, and its expenditure is in future to be regulated by detailed Estimates and Votes in Parliament. For technical reasons, this change cannot be effected until next year; but as an earnest of his intentions, the Chancellor appropriated the outstanding surplus of the Fund, amounting to £5,250,000.

This raid on the Road Fund, and the savings from tightening up tax law, after deducting the cost of the concessions in income-tax allowances, still left a deficit of £15 millions. The gap was closed by an increase of 3d. in the standard rate of income tax, to produce £12 millions this year, and by an increase of 2d. per lb. in the tea duty, preferential and non-preferential alike, to produce £3,500,000. This brought the revenue up to £798,381,000, leaving a surplus over anticipated expenditure of £484,000. The final figures are shown in the table in the previous column.

The Chancellor's closing sentences were devoted to a recital of the evidences of material recovery since 1932, due, in his opinion, to "tariffs and cheap money," and to an expression of the "bitter disappointment" he felt at being compelled to reverse the process of concessions and to ask instead for new sacrifices.

CENTRALISED COAL SALES

(BY A CORRESPONDENT)

It is no secret that the coalowners of the United Kingdom are already finding great difficulty in framing schemes for the centralised sale of coal. Last autumn the Government stipulated that the new selling organisations must cover all coalowners in each district and must have a measure of permanency. These were also to prevent inter-colliery competition, and to render evasions impossible. The colliery owners agreed in principle to these stipulations. The task, however, of reconciling the interests of separate units in the various districts, and those of districts under the central scheme, is proving much greater than that of establishing the output and price control schemes which were brought into operation under the Coal Mines Act of 1930. The industry is under a promise to the Government to bring the new regime into operation as from July 1st next. In no district, however, has the progress made so far been sufficient to secure unanimity over the details to be submitted for the approval of the Board of Trade.

The outlines are available of the scheme formulated by the South Wales owners. When these companies agreed to the Government's proposal they stipulated that the scheme ultimately adopted should be fair and equitable both to large and small producers. The Mines Department acquiesced in this condition, but laid down three further stipulations. They insisted, first, that the scheme should be accompanied by rigid quantitative control; secondly, that the share of each colliery should be based upon actual trade and not on estimates (as under the output quota system); and, finally, that money compensation and penalties should be provided for under- and over-supply in relation to the "trade shares." The scheme has been drafted on the assumption that the quota system is to be retained and used

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as a basis for the new "trade shares." These are defined as "the actual total trade of the district, or the class of coal, divided amongst collieries in proportion to their quotas." Any owner supplying over his trade share will pay a levy; and it is proposed that the owner supplying under his trade share will be entitled to compensation at the rate of 1s. per ton of inland supply, and of 6d. per ton of export supply. The main work of the Executive Board created under the original control scheme will continue. The Board will also ascertain the trade share of each colliery at the end of each quarter. It will appoint an independent Control Board "in order to prevent evasions and to ensure that the actual trade is divided among the owners upon as equitable a basis as possible."

Apparently the scheme is designed to cause the minimum of disturbance to the conduct of the trade in existing channels. Accordingly, the principal functions of the Control Board will be to issue supply permits to all owners for sale and supply; to control all sales and supplies through middlemen; and to assist the Executive Board upon matters connected with the sale and supply of coal. Its permits will apply to all coals, except, first, coal for working or for colliery consumption; secondly, royalty coal; and, thirdly, coal for use in any other part of the producing undertaking. The price of coal supplied for ancillary activities, however, will remain subject to the control of the Board. The Act of 1930 does not limit the discretion of the colliery owners in the disposal of their coal. In order, however, to ensure that the price is not frittered away among distributors by inter-competition, the scheme provides for the establishment of a register of distributors and sales organisations through whom coalowners may sell their coal. Consultations are, in fact, at present taking place between the Executive Board and the associated exporters. It is a condition of any agreement that may be reached that the exporters shall give adequate assurances of fidelity to the terms and conditions governing the sale of coal by the colliery owners themselves.

It is not yet known to what extent the schemes which are in course of preparation in the other districts conform to, or differ from, these main features of the South Wales scheme. The method of central selling proposed by the Welsh colliery owners differs fundamentally not only from that in operation in the Ruhr, but also from that which has been for some time in operation in the Lancashire coalfield. There are many standpoints from which it may be criticised. It must be borne in mind, however, that even in Germany, where central selling has been in force for a period of over 30 years, the method of operation has been subject to frequent revision, and is even at the present moment under reconsideration. Much experience, therefore, of centralised practices may be necessary before the most effective system can be discovered, and further integration may be found necessary. It may be claimed, however, that the experimental schemes now in course of preparation aim in the right direction. They should definitely close many of the channels of wasteful competition which have so greatly impoverished the finances of the industry in recent years.

SPAIN AND SOCIALISM

(BY A CORRESPONDENT)

"THE revolt of the masses"—to apply the title of Señor Ortega y Gasset's provocative book to his own country—is the most significant feature of Spain to-day.

Immediately after the General Election on February 16th there were prison riots, particularly at Cartagena. Fortunately the all-party Permanent Committee, the old Cortes in miniature, read the danger signals aright and promptly agreed that the amnesty decree, which had been promised in the Government's election programme, should be issued forthwith without Parliamentary sanction. Another decree of February 28th, providing for the reinstatement of those who took part in the insurrection of October, 1934, and of those dismissed on suspicion of revolutionary sympathies, rapidly took the sting out of labour discontent. The majority of the employers cheerfully accepted this hazard of political fortune, and only jibbed when they found that they were expected to pay compensation into the bargain. In the end the State will probably have to bear the charge, though disputes on this point are being referred to the conventional *Jurados Mixtos*, composed of representatives of employers and workers with a Government umpire. Then there has been "symbolical occupation" of land on the big estates in Badajoz—an orderly proceeding, but an eye-opener on the local strength of the (Socialist) Federation of Land Workers; for in Spain as a whole the Socialist General Union of Workers (U.G.T.) only controls about 15 per cent. of rural workers. As to sporadic outbreaks of arson and the sacking of political clubs, they have been the work of hooligans paying off private scores, evidence of that "moral decline," hand-in-hand with material impoverishment, which Señor Azaña lamented in his Ministerial declaration last week. They are hardly portents of a social revolution. Such incidents have been noticeably limited to certain provinces—Albacete, Granada, Murcia, Logroño, etc.—on the fringe of the central plateau, where the conditions of squalor and distress are worst. Virtually no disturbance at all has occurred in Catalonia or other provinces of the littoral, where the Left is actually much stronger. The Civil Governors of the provinces affected have been forthwith dismissed. In Spain, at the best of times, maintenance of law and order was a whole-time job.

Though this turbulence was spontaneous and unorganised, the various labour associations are, of course, out to exploit it. The better-known Labour leaders are racing to get in front of this workers' and peasants' movement, now on the march. At present Señor Largo Caballero, the septuagenarian trade union leader, has a long lead. His left-wing group has drafted a new party programme, shorn of all reformist and gradualist features, as a challenge to the moderates who control the Socialist national executive. This manifesto, which is supposed to have two-thirds of the party behind it, endorses the doctrine of the "dictatorship of the proletariat" as a necessary stage during the transition from the capitalist to the Socialist State. The Communist Party leaders, on the other hand, are more studiously moderate. Apparently, on the instructions of the Comintern, they are quite prepared to continue co-operation with the Azaña democratic regime.

For the time being the electoral Popular Front remains intact. The Socialists have complete confidence in Señor Azaña's undertaking, repeated in each big speech he makes, to fulfil the electoral programme to the letter. It includes a land reform on the principle "leave the right of private ownership intact, but limit the usufruct"; provision of agricultural credits; leasehold reform, etc.; reorganisation of the Bank of Spain, and measures of control to secure more liquid resources from the other banks; restoration of guarantees for labour, as laid down in the Constitution; and a new law making "debasement of wages" a criminal offence—apart from the amnesty and reinstatement of dismissed workers. But there is little Socialism about it. It is natural, therefore, that the Largo Caballero faction should be harking back to the idea of a Proletarian Front. Despite proud assertions to the contrary, working-class solidarity is still a dream.

As for the other Left groups, the goal of the F.A.I. (Iberian Anarchist Federation), which is the political organ-

of syndicalism, is described as "libertarian communism." Nobody quite knows what that means; but it is utterly opposed to the harsh discipline of Marxism; and its creed of "direct action" has an inordinate appeal to the emotional intensity and anarchical disposition of the Spaniard. Syndicalism has lost ground considerably in the past three years, owing to internal dissensions and to the firm attitude of the autonomous Catalan Government in its previous phase. But it is still strong enough to put spokes in the wheel of a Marxist revolution. Nor should the competition of the *Alianza Obrera*, representing Left-wing, or Opposition, Communism, be left out of account in weighing up the centrifugal forces which impede the progress of socialist revolution in Spain.

The general strike which paralysed Madrid for 24 hours on Friday of last week showed up the weaknesses of the Government and of the Left groups. It was declared against the orders of the executive of the Socialist U.G.T. But, as on one or two previous occasions, the active minority of syndicalist agents—the main strength of the rival National Confederation of Labour (C.N.T.) is still in Barcelona and among the agrarian proletariat of Andalusia—seized their opportunity to capitalise the *frondeur* spirit of the working class, which had long been exasperated by stories of Fascist provocation. It may be presumed, however, that Señor Largo Caballero and the other militant Socialists who control the Madrid branch of the Socialist Party brought strong pressure to bear on Señor Azaña. For a Government decree on the same day announced the dissolution of all Fascist groups and the winnowing of philo-Fascist elements from the police and civil guard. On Monday an emergency Bill, directed against possible "anti-Republican" activity by disaffected army officers—actually, the 11,000 or so who accepted a "disarmament dole" in 1931 rather than serve the Republic—was forced through the Cortes. So the tale of suppression of political opponents—the *leitmotiv* of Spanish politics—goes on.

This latest demonstration of the power of the "Marxist" forces is ominous. It is likely to have more serious consequences than, for instance, the recent emergency motion of Señor Prieto that ousted President Zamora—which, as a matter of fact, took the Government completely by surprise. Thus, twice within a fortnight the Azaña Government has been compelled by "thunder on the Left" to toe the line. In 1933 Señor Gil Robles, the C.E.D.A. (Confederation of the Right) leader, boasted that his party would not need to assume the responsibilities of office, but would "govern from beyond the political power." The Socialists now seem to be doing much the same, without prating of it. The apparent surrender of the Prime Minister to his electoral allies has once more shaken the confidence of the business classes, on which at present any Spanish Government must depend.

There is no doubt that the present effervescence in Spain is mainly the result of repression during the "black two years"—October, 1933, to December, 1935. The expedients of the Right-wing police-State have failed dismally. Señor Azaña is adopting different tactics. As much as was compatible with Republican stability he allowed popular irritation free rein. To Catalonia he restored forthwith all that was ever demanded by a nascent revolutionary nationalism. In the rest of Spain he proposes to turn the edge of discontent by a generous supply of money for public works, by speeding up land reforms, and by relying on the business classes' instinct of self-preservation to secure their acquiescence in the modest instalments of State intervention in economic affairs which may be required. There is no reason why the present Prime Minister of Spain should not win the race for leadership of the masses in revolt. One can appreciate the feelings of alarm in many middle-class homes. But so far there has been no tampering with the bourgeois framework of the State under the 1931 Constitution. And Señor Azaña is no more the type of man to fulfil the rôle of Kerensky than he is willing to carry out the social revolution demanded by the extremists. Careful examination of his two interventions in the short life of the present Cortes reveals an unrepentant Jacobin; a man who, though his heart be on the side of the lowly and oppressed, keeps a clear head in an atmosphere thick with passion and violence.

NOTES OF THE WEEK

Complaisant Mr Baldwin.—Mr Baldwin's speech at Worcester last Saturday was in characteristic vein: amiable, modest, penetrating, frank and detached. It will surely be attributed by some papyrologist of a future age (if the text is ever recovered, with the date of delivery but without the speaker's name, from beneath the ruins of some bomb-buried English city) to a Prime Minister of Switzerland, or Uruguay, or some other small country which was expecting, on the eve of Armageddon, to be looking on outside the *mêlée*, when the crash came and engulfed it. Mr Baldwin had the discernment to foresee, and the honesty to declare, that in another European war we should all then be using poison gas, and that, after this country had been gassed by the enemy, "the unfailing confidence and affection" of the Prime Minister's own political supporters in the Bewdley Division would be so violently upset that they would arise and cut his throat. But what is disconcerting about Mr Baldwin as a statesman—and, in present circumstances, gravely disturbing—is that his shrewd intellectual forecasts of coming events seem never to affect his imagination and his feelings sufficiently powerfully to move him to take even one hundredth part of the action which, if these things are true, it is his urgent duty to take. If the things that Mr Baldwin told us on Saturday are true (and who but the wilfully blind deny that they are?) then he, and no other, ought to have thrown himself long ago into "a raging tearing campaign" of far more than Gladstonian vehemence to touch the feelings and imaginations of his countrymen; wake them up to the situation; and rouse them to taking the action, and making the sacrifices, that are now necessary for salvation. How far a cry it is, though, from this true call of the hour to the policy—admirable as far as it goes—which Mr Baldwin did lay before us on Saturday. "We want the Covenant of the League to become the law of the world; and unless we are to abandon this hope we regard ourselves as bound to give our full support to the League when the Covenant is broken." Yes, but we have never given, and are not giving, our full support; and the hope is being blotted out! "Collective security will never work unless all the nations that take part in it are prepared simultaneously to threaten with sanctions and to fight, if necessary, an aggressor; and that means"—re-armament. Agreed; but, assuming that the country does give the present Government all the armaments that they are asking for, have Mr Baldwin and his colleagues the nerve to use these weapons for the establishment of the reign of order in the world? Why is it that the dictators, whose policies are unprincipled, wicked and destructive, have been the only successful politicians, so far, since the Armistice? Is it simply, as Mr Baldwin implied, that they are technically capable of taking prompter action than the democratic Governments (Mr Baldwin gave the democracies a handicap of two years). Or does what the Nazis call "capacity for action" involve a moral as well as a technical factor? Can Mr Baldwin inspire us to be as brave in a good, as the dictators have inspired their countrymen to be in a bad, cause?

The League and the War.—The League Council on Monday met to take formal note of Señor de Madariaga's report of failure in his attempt to find an agreed basis for peace by conciliation. Italy will only negotiate for peace with Abyssinia on three conditions: there shall be no armistice; the negotiations shall not take place at Geneva; and they shall be conducted by the two parties *à deux*, without the League's participation. The most that the Italians will concede is to report to the League occasionally on progress and results. The Abyssinian delegate at Geneva rejected the Committee of Thirteen's original invitation to negotiate "in the spirit of the Covenant and within the framework of the League"; and he asked his colleagues—not for the first time—to fulfil the whole of their obligations under Article XVI of the Covenant. The Council, however, thus brought right up against its duty at a moment when the victim of aggression is being threatened with utter and final

defeat in the field, has found itself stricken with a deadly paralysis. The Council resolution which was passed on Tuesday begins with a devastatingly accurate statement of the situation; but it continues with the no less devastatingly platonic declaration that it

"regrets that in these circumstances it has not been possible to bring about the cessation of hostilities, and that the war is continuing under conditions which had been declared to be contrary to the Covenant, and which involve execution of the obligations laid upon the Members of the League in such a case by the Covenant."

The resolution closes lamely with "a supreme appeal" to Italy, and a reference to the binding nature of the Protocol of 1925 renouncing the use of poison gas—a pledge which, Baron Aloisi admitted on Monday, Italy is violating. Meanwhile, in Ethiopia the Abyssinian northern armies have been reorganised, and the Italian advance has not proceeded beyond Dessye. The Dessye-Addis Ababa lorry road is being desperately destroyed by the Abyssinians; there has been an unsuccessful run on the Bank of Ethiopia, averted by prompt payments in silver; and all the indications at present are that the capture of the capital will not end the war. The Italian armies in the South are advancing on Harrar as fast as heavy rains and a desperate Abyssinian defence permits; that is, not as fast as the northern armies recently advanced. The Italian forces have much to achieve before the rains descend; and even if they accomplish it, a host of other troubles will beset them. The League may not make the way of the aggressor as hard as it could be made; but it is not easy; and it is likely to prove all too costly for Italy.

* * *

France at the Polls.—Twelve years have passed since the fatal French invasion of the Ruhr was condemned by a French General Election which swept the Left parties into power. Will the elections which are to take place this Sunday—and next, wherever second ballots are necessitated—visit the vials of French wrath upon the Radical and Socialist parties? The 1932 elections gave a working majority to no party or coalition. Alliance between M. Herriot's Radicals and M. Blum's Socialists would have settled a firm Left majority on France. But successive Budget crises, the maintenance of the franc's gold parity, rule by emergency decree, and the Stavisky scandal, led to the disorders of February, 1934; and a chain of international crises, which began with the advent of Hitler to power, and included the murders of King Alexander and M. Barthou, M. Laval's questionable agreement with Italy in January of last year, Germany's breach of the Versailles Treaty by her conscription decrees, the Anglo-German Naval Agreement (another breach of the Treaty), the Italo-Abyssinian war and Germany's tearing-up of the Locarno Treaty might well be expected to redound to the political advantage of the French Right Wing groups. Actually, the republican democratic tradition is strong in the French provinces; and Colonel de la Rocque's semi-Fascist cohorts have been mostly recruited in the big towns of a country in which a comparatively small percentage of the population lives in big towns. The Croix de Feu organisation, indeed, now that its military activities have become suspect and proscribed, has taken it upon itself to "ensure order" at the elections. This self-imposed honour will not commend itself to the French police, who are under the control of the retiring Sarraut Government. Many leaders of the Right, like M. Tardieu, who recently resigned the chairmanship of his group as a result of a difference of opinion over devaluation of the franc, have rendered themselves suspect by identifying themselves with the *Liges* of the Right. And on the Left, while M. Blum remains the Socialist leader, M. Herriot yielded his chairmanship of the Radicals to M. Daladier in January. Economic depression no longer exerts so great a strain on the people; so the election will turn mainly on foreign policy. This may not altogether harm the Left; for advocacy of an Italian alliance, even if it means France's quitting the League, is most loudly heard on the Right; and it is easy for the Left to show that such a

policy means the loss of all France's post-war allies, and the retreat of Britain into isolation, if not into a direct understanding with Germany, in exchange for a dubious alliance with an economically enfeebled Italy. The electors, especially those in the provinces, may well decide once more that safety lies on the Left of the road.

Two Viceroys.—Last week-end, Lord Willingdon, after meeting his successor, Lord Linlithgow, in Bombay, embarked on his homeward journey. Thus ends a Viceroyalty which has covered an unusually important period in the history of India. It has seen the subsidence—perhaps only underground—of the worst civil disorders of the previous period; the recovery of India, along with the rest of the sterling area, from economic depression; and the passage through the British Parliament of the new constitutional reforms. Lord Willingdon's reputation will rest on his claim to have furthered harmoniously the defence of order and the achievement of reform. He was not fortunate enough actually to supervise the erection of the new constitution, but the essential foundations have now been laid. How far we may congratulate him on the greater appearance of order presented by Indian politics during his reign is a matter for the verdict of history. Order, of course, there must be. But an "order" which depends on the imprisonment of most of the politically intelligent spirits in any community is not the best kind. Moreover, to the still pitifully impoverished masses of India, peasant and factory worker alike, a rise in the standard of living and education is probably the most important of all objectives. The new Viceroy must carry on Lord Willingdon's work; and he will have very great responsibilities in initiating the new constitution. But he will deserve best of India if he can contrive to spread the fruits of recovery as widely as possible.

Income Tax Allowances.—The increases, announced in the Budget Speech, in the income-tax allowances for married couples and for dependent children, carry a step further the policy enunciated by Mr Chamberlain last year of relieving the tax burdens of the family man of moderate means. Contrary to the very widespread opinion, the middle-class incomes as a whole—say those between £400 and £1,500—are not taxed very heavily in comparison with incomes either below or above those limits. But within this class of people it is undoubtedly true that the married man, especially where there are children, has been taxed more heavily in proportion to his capacity to pay than the bachelor or the childless couple of equal income. The new concessions tend to restore the balance. On paper, they do not look very large: an increase in the personal allowance for married couples from £170 to £180 and in the children's allowance from £50 to £60 per child. But, in fact, they are sufficient in the majority of cases more than to offset the simultaneous increase in the standard rate by 3d. in the £. A married couple will not have to pay more tax next year unless the earned income approaches £600. Below that figure, less tax will be payable. Fathers of families will have less tax to pay unless their earned incomes approach £900, £1,200 and £1,500 in the case of one, two and three children respectively. The Chancellor of the Exchequer, in his broadcast speech on the evening of Budget day, estimated that, as a result of these changes, 1,100,000 out of the 1,400,000 married income taxpayers would have less tax to pay next year. The following table summarises the changes that have been made in the income-tax allowances in recent years:—

Allowance	1930-31	1932-33	1935-36	1936-37
Earned income	1/6 of earned income	1/5 of earned income	1/5 of earned income	1/5 of earned income
Personal allowance—				
Single persons	£150	£100	£100	£100
Married couples	£225	£150	£170	£180
Children	£60 for 1st child; £50 for others	£50 for 1st child; £40 for others	£50	£60
Income taxed at lower rate	£250 at half rate	£175 at half rate	£135 at one-third rate	£135 at one-third rate

It will be seen that the children's allowance is now higher than before the crisis of 1931. A larger deduction is also allowed in respect of earned income. The other allowances, however, have not yet been restored to their pre-crisis level. The change in the method of assessing the portion of income chargeable at the lower rate has the effect of reducing tax on the lowest incomes.

Changes in Income Tax.—The new standard rate of income tax, at 4s. 9d. in the £, is the first since the War which has dealt in amounts smaller than 6d. For this reason, if for no other, it will be very unwelcome to all who are compelled to make computations involving income tax. The following table shows for the last pre-war and several recent years the standard rate and the Exchequer receipt. It should be borne in mind that the effect of a change in rate does not show itself in full until the year after the change is made. The table also shows the yield per penny of the standard rate, which is perhaps the best measure of the response of incomes to changes in the rate, although the figures are affected by alterations in allowances, etc. The table also gives the average realised rate of taxation on all incomes chargeable:—

Year beginning March 31	Standard Rate	Produce per penny tax	Av. Rate on actual inc.	Exchequer Receipt
	s. d.	£m.	d.	£m.
1913	1 2	3.11	10.98	43.9
1920	6 0	4.91	31.85	338.9
1924	4 6	5.06	27.29	273.8
1929	4 0	4.88	22.19	237.4
1930	4 6	4.58	23.76	256.0
1931	4 6	4.58	24.19	287.4
1931 (Sept)	5 0	...	...	...
1932	5 0	4.16	23.48	251.5
1933	5 0	3.99	22.96	228.9
1934	4 6	4.17	20.89	228.9
1935	4 6	...	...	238.1
1936	4 9	...	...	259.0*

* Estimate.

The table suggests the uncomfortable reflection that the rate of tax which is reached at the bottom of each period of relaxation is higher than the previous nadir. The lowest post-war figure was 4s. in the £, but the "irreducible minimum" in recent years has risen to 4s. 6d.

End of the Road Fund.—The Road Fund was set up in 1920 largely to administer the receipts from the new duty of £1 per h.p. imposed on motor vehicles and to apply them to the development of the country's road system on national lines. Since 1926-27, however, the Exchequer has appropriated a certain proportion of the annual receipts. In addition, it has become a habit with Chancellors to appropriate any surplus accumulated in the Fund on the year's working, over and above its statutory contribution of £5 millions to the Exchequer. Deficits, on the other hand, have been financed by temporary advances from the Exchequer. A curious principle of finance appears to have been applied to these advances. When made, they appear under capital transactions and form no part of expenditure; but when they are repaid they are included in revenue! Last year Mr Chamberlain obtained £7 millions from the Road Fund, of which £2.5 millions were repayments of advances and £4.5 millions the surplus of the Fund for 1934-35. The deficit of £2 millions left from the previous year is still outstanding. This year he has taken the surplus of £5,250,000 and announced that in future the expenditure of the Fund will not be independently decided, and financed out of the receipts from motor vehicle duties, but by Parliamentary vote out of the general revenue, the duties going to the Exchequer. This change has at least the virtue that now we know where we are. But apart from questions of financial orthodoxy or of the economic or social value of increased expenditure on roads, the motorist may well feel cheated by this curtailment of expenditure out of the Fund. For his burden of taxation has in recent years been very materially increased by the duty on hydrocarbon oils. The following table shows receipts from motor vehicle and petrol duties and total expenditure from the Road Fund.

This expenditure has fallen since 1930 by some £6 millions, instead of contributing, by an increase, to the reduction of road accidents and the alleviation of unemployment:—

	Motor Vehicle Duties (1)	Hydrocarbon Oil Duty (2)	Total Taxation (3)	Exp. of Road Fund (4)	Diff. betw. (3) and (4)
1913-14	...	841*	841	952	- 111
1925-26	18,056	...	18,056	16,988	1,068
1928-29	25,357	12,982	38,339	17,728	20,611
1929-30	26,802	15,042	41,844	20,569	21,275
1930-31	27,792	15,909	43,701	27,926	15,775
1931-32	27,490	29,277	56,757	23,941	32,816
1933-34	30,712	40,408	71,120	21,014	50,106
1934-35	31,538	42,359	73,897	19,858	54,039
1935-36	30,752	45,051†	75,803	21,678†	54,125
1936-37†	31,500	48,000	79,500	...	...

* Motor spirit duty repealed after the war.

† Estimates.

The duty on light oils, of which some 90 per cent. is paid by the motor industry, was imposed in 1928 at 4d. per gallon. In 1931 it was raised successively to 6d. and 8d. per gallon. In 1933 a tax of 1d. per gallon was put on heavy oils, of which about one-third are used in road vehicles, and in 1935 this was raised to 8d. At the same time, some relief was granted to motorists as from January, 1935, by the reduction of the motor vehicle duties from £1 to 15s. per horse power.

The Tea Duty.—In order that all classes of the population may share in the increased burden of taxation and contribute to the strengthening of the national defences, the Chancellor of the Exchequer proposes to raise the duty on tea by 2d. per lb. The present rates are 2d. for Empire tea, which forms about 90 per cent. of the whole, and 4d. for teas from other sources. The increase is therefore practically 100 per cent., and is on a commodity which is consumed in the largest quantities by the poorest people, including the unemployed. The following table shows changes in the duty and in receipts in various pre- and post-war years:—

	Main Duty d. per lb.	Ref. rate d. per lb.	Receipts £'000's	Percentage Empire
1913	5	...	6,499	...
1914	8	...	8,628	...
1915	12	...	13,962	...
1918	12	...	16,055	...
1919	12	10	17,747	92.0
1922	8	6½	11,144	88.9
1923	8	6½	10,731	88.5
1924	4	3½	5,971	84.2
1925	4	3½	5,780	87.1
1929	Repealed	...	...	...
1932	4	2	4,217	89.4
1933	4	2	3,935	88.5
1934	4	2	3,933	90.3
1935	4	2	4,077*	...
1936	6	4	7,650*	...

* Estimate.

The present increase is expected to bring the Exchequer an additional £3.5 millions this year and £3.7 millions in a full year. It is doubtful whether the whole of the extra tax will be directly passed on to the consumer; the quality of teas sold at existing prices will probably be lowered by blending with lower grade teas. But this is least easy to do in the case of the very cheap teas bought by the poorest classes. The burden of indirect taxation has already been disproportionately increased since 1931 by increases in Customs and petrol duties. This latest proposal is a grave infraction of the principle of equity, although the absolute burden of the tax is not very large.

The "Queen Mary's" Insurance.—The Queen Mary, as her trials end, leaves the building policy and comes on to her permanent ocean-going insurance. Her insured value is to be £4,800,000; the twelve months' rate for all risks is

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25s. per cent.; so the gross cost of insuring the hull and machinery for one year will be £60,000. It is customary for ship-owners, after they have insured a vessel for all risks, to take out further policies at a lower rate against the risk of total loss only—a device by which they secure extra cover in the event of the major catastrophe, but at a lower proportionate cost. In the case of the "Queen Mary" no total loss formalities have been effected on these lines, because the value of the hull and machinery is so great that every inch of market is wanted for her all-risks cover; and the owners gave an undertaking to the market that no other policies would be effected, and consequently underwriters could write the fullest possible lines on the all-risks slip. It was believed on Wednesday night that £2,800,000 had by then been placed and it was expected that the earlier estimate of £3,000,000 would be reached. This total did not include any amounts of cover which might be placed in America or other countries. That would leave £1,800,000 for H.M. Government and foreign insurers to bear. The liability may thus be divided at least in the proportions of 62 per cent. to individual enterprise and 38 per cent. to the State. The whole transaction seems characteristic of the age in which we live. Perhaps the foreigner will help the Government out.

Overseas Trade in March.—The overseas trade figures for March showed a very marked increase in imports of all kinds of goods compared with a year earlier. Details for some of the main items are given in the following table:—

RETAINED IMPORTS—MONTH OF MARCH				
Item and measure	1934	1935	1936	
Wheat..... '000 cwts.	10,009	8,963	9,220	
Beef and veal '000 cwts.	1,090	1,099	927	
Mutton and lamb '000 cwts.	619	651	596	
Sugar (unrefined)*..... '000 cwts.	2,820	3,006	3,183	
Iron ore and scrap '000 tons	415	368	665	
Raw cotton '000 centals	1,109	868	1,062	
Sheep's and lambs' wool '000 centals	61	72	87	
Raw silk and waste '000 lbs.	717	423	675	
Flax, hemp and jute* tons	28,981	33,012	29,050	
Crude petroleum* '000 galls.	33,434	35,294	33,569	
Hides, wet and dry '000 cwts.	91	108	126	
Wood pulp..... '000 tons	139	126	120	
Rubber '000 centals	314	287	- 28	
Unwrought copper*..... tons	15,353	32,519	19,727	
Pig lead..... tons	22,665	29,910	22,678	
Tin:—				
Ore and concentrates tons	2,579	3,394	3,308	
Blocks, ingots, slabs and bars tons	1,012	797	655	
Iron and steel manufactures				
..... '000 tons	121	126	129	
Machinery..... tons	4,819	6,150	7,747	

* Total imports.

Imports of machinery in March reached a record level, and imports of nickel during the first quarter of the year were four times as high as in 1935. Demand for other metal goods did not show quite the same expansion. An increase in imports of tin and zinc was offset by increased re-exports of these commodities; while a rise in imports of steel was almost balanced by decreased purchases of pig iron abroad. There was a considerable increase in imports of all textile raw materials, except flax and hemp; but in the case of

cotton and silk, imports did not reach the levels of March, 1934. The extraordinary position of our rubber imports, shown above—a net export—is a result of the restriction scheme. Owing to the extreme shortage of rubber abroad, our re-exports in March were actually greater than the total of our imports; and even during the first three months of the year, retained imports amounted to less than 100,000 cents, compared with over a million cents last year. This implies a rapid depletion of consumers' stocks in this country.

British Exports in March.—The following table gives the details of our exports last month:—

BRITISH EXPORTS—MONTH OF MARCH				
Item and Measure	1934	1935	1936	
Coal '000 tons	2,943	3,198	2,626	
Iron and steel scrap tons	22,734	10,188	9,751	
Pig iron and ferro-alloys tons	10,478	8,250	7,526	
Railway materials tons	6,690	9,253	11,132	
Total iron and steel manufactures '000 tons	170	174	163	
Textile machinery tons	6,053	5,829	4,240	
Total machinery tons	25,343	32,199	32,834	
Cotton yarns '000 lbs.	11,910	11,667	11,339	
Cotton piece-goods '000,000 sq. yds.	170	183	173	
Wool tops '000 lbs.	4,565	5,338	4,543	
Worsted yarns '000 lbs.	3,108	2,764	2,290	
Woollen tissues '000 sq. yds.	5,779	6,200	7,077	
Worsted tissues '000 sq. yds.	3,003	2,979	3,149	
Linen piece-goods '000 sq. yds.	8,688	7,838	9,454	
Leather boots and shoes ... doz. pairs	47,983	35,116	36,803	
Leather '000 cwts.	16,841	23,163	22,509	
Paper and cardboard '000 cwts.	287	312	364	
Locomotives (complete and parts) tons	515	1,240	2,935	
Motor vehicles and chassis number	5,737	7,301	6,778	

Exports have shown an absolutely opposite tendency to that of imports. There were decreases in almost all categories compared with a year ago. The principal exceptions were spirits (mostly to America), railway materials, electrical goods and machinery, locomotives (to foreign countries), woollen and worsted tissues and linen piece-goods. The decline in exports of coal was almost entirely due to sanctions against Italy, but this factor does not explain any of the other large reductions shown in the above table. Demand for iron and steel goods and machinery from the Dominions continued to increase; but India bought less of these goods and of cotton piece-goods; and German purchases of woollen goods were considerably reduced.

Iron and Steel Production.—The expansion of home demand for iron and steel materials continued during the past month. Although the output of steel ingots and castings reached a new record last month, accompanied by a further decline in exports and an increase in imports, the stringency in certain sections of the industry persists. The shortage of pig iron, for example, is largely due to the scarcity of coke, and it is reassuring that steps are being taken to increase coke production. Thus a substantial proportion of the proposed development expenditure of the Cargo Fleet Iron Company and the South Durham Steel and Iron Company, expected to exceed £1 million, is to be devoted to coke ovens. This should ease the stringency.

The fact that the demand for a number of materials exceeds supply at current quotations, and the increase in the prices of the raw materials of the industry, including coal, is responsible for the rising tendency of iron and steel prices. Indeed, a sharp upward movement of quotations has only been prevented so far by the intervention of the British Iron and Steel Federation. To adjust demand to supply by a sharp rise in prices is possible, but would be short-sighted policy. On the other hand, an increase in the

capacity of the iron and steel industry, involving heavy capital expenditure, cannot be effected at short notice.

(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.6	185.9	414.1
1929 " "	632.4	803.0	235.2	364.9
1932 " "	297.8	438.5	132.7	157.4
1933 " "	344.7	585.3	80.9	160.2
1934 " "	498.2	738.3	113.6	187.8
1935 " "	535.5	820.2	96.0	197.7
1935—February	483.1	769.5	103.3	171.2
March	554.2	841.9	126.0	173.7
April	526.3	808.7	62.7	210.9
May	558.9	853.3	86.4	213.9
June	529.3	770.0	98.2	195.1
July	547.3	803.3	90.2	205.7
August	543.4	759.9	74.3	202.5
September	529.6	855.9	89.3	187.2
October	544.3	907.3	101.2	224.0
November	529.5	903.3	77.0	215.8
December	559.3	811.5	113.0	190.3
1936—January	595.5	911.7	119.9	164.8
February	584.7	938.5	123.2	167.8
March	633.6	980.1	130.3	163.4

The steel industry is thus faced with a serious problem. Is the expansion in the demand for iron and steel likely to continue? And if so, for how long and in what proportions? There is considerable scope for expansion of foreign demand, and the extent of British participation in an expansion of iron and steel imports abroad will depend not only on the capacity but also on the efficiency of the industry in this country. Expenditure, having the latter end in view, may be highly profitable, technically and financially.

Mr Keynes on Jevons.—The centenary of Stanley Jevons was celebrated at the Royal Statistical Society on Tuesday with a paper on that great Victorian economist by Mr J. M. Keynes. There could be no better memorial to Jevons than Mr Keynes's fascinating and scholarly paper, written in the delightful historical style familiar to readers of his recent "Essays in Biography." Despite Jevons's intense interest in logic, Mr Keynes shows us, he was almost the founder of the empirical and statistical approach to economics. He devised index numbers, studied price and other data with amazing industry, and pushed his researches far back into the eighteenth century.

He would spend hours (Mr Keynes said) arranging his charts, plotting them, sifting them, tinting them neatly with delicate pale colours like the slides of an anatomist, and all the time poring over them and brooding over them to discover their secret.

And in his capacity for co-ordinating statistical inquiry with theoretical analysis, Jevons was head and shoulders above any other thinker of his time. His early investigations into the monetary aspects of the trade cycle seem to Mr Keynes to have been as important and original as his now famous discovery, the "marginal utility" theory of value. He was "so much struck with the enormous and almost general rise of prices about the year 1853" that he was "led to suspect an alteration of the standard of value." He concluded that the gold discoveries in Australia had "added to the wealth of the world" because the fall in the value of gold, i.e. general rise in prices, had "excited the active and skilful members of the community to new exertions." In discussing the trade cycle he suggested that the "remote causes of these commercial tides" might lie in "the varying proportion which the capital devoted to permanent and remote investments bears to that which is but temporarily invested soon to reproduce itself." If he had followed up this hint, Mr Keynes thinks, instead of becoming obsessed with his sunspot idea the world might have had to wait much less long for an understanding of the trade cycle. In general Jevons had a very clear and just opinion of the extent of his powers and the value of his work. Writing to his brother of his paper at the British Association in 1862 giving the first essentials of his "marginal utility" theory, he said:—

Although I know pretty well the paper is perhaps worth all the others that will be read there put together, I cannot pretend to say how it will be received.

Seldom can a man have written in such words of his own work, and with such truth.

OVERSEAS CORRESPONDENCE

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UNITED STATES

BUSINESS ADVANCE MAINTAINED

CURRENT business data are on the whole better than those of the late winter, and confirm earlier hopes. The recovery in steel operations after the flood troubles has been surprisingly good; March retail sales of motor cars were far above February and almost at record levels; and residential building is reported as showing the seasonal influence, although the spring is slow in developing. Poor Easter weather may cause some disappointment in retail trade, but there is every reason to expect that this will be regained later. While the earlier statistics of the year were rather mediocre, owing to the exaggerated seasonal corrections for December, recent weeks have developed satisfactorily, and in consumers' goods generally the United States has reached a level justifying the title of prosperity.

The puzzle of prosperity and unemployment is more baffling than ever. In two industrial cities of New York State, one small, the other of moderate size, surveys have been made which disclose the fact that the current level of employment is higher than was reached in any year of the 'twenties, so far as the incomplete data can show; for the survey covered only the principal labour-employing industries. In both cities the relief rolls are also at higher levels, and relief disbursements are immeasurably higher than at the bottom of the depression.

THE PRESIDENTIAL CAMPAIGN

The primary campaigns are now in progress. Evidently no candidate will appear against Mr Roosevelt for the Democratic nomination; and this unanimity contrasts with the multiplicity of Republican aspirants. The personalities of the latter are more varied and more distinct than their speeches would indicate. There is a Republican Party, its organisation rather weak and demoralised, but still "in being." But that Party has no accepted corpus of principles or projects. It includes high protectionists and low tariff advocates. It includes extreme agrarians and urban consumers who are drifting into a kind of anti-agrarianism. It includes progressives who are further Left than the New Deal, and ultra-conservatives. It is, in short, a heterogeneous opposition, united on nothing; an opposition seeking a least common denominator. Hence the caution of the candidates—any outspoken utterance on any subject would antagonise some fraction of this motley, though numerous, aggregation.

It is now nearly four months (a) since the Reserve Board took steps to reduce excess reserves, and (b) since silver purchases and gold imports on a gigantic scale ceased.

Between December 11th and April 1st, the total reserves of the Reporting Member Banks declined from \$5,024 millions to \$3,866 millions—a decrease of \$1,158 millions. Between December 11th and April 1st, demand deposits (adjusted) fell from \$14,092 millions to \$13,578 millions, or \$500 millions. In this period domestic inter-bank deposits declined slightly, but Government deposits rose \$300 millions and time deposits \$50 millions. There was, therefore, a small decline in total deposits.

In the same period the banks increased their total loans and investments by \$1,100 millions. They added \$127 millions to their security loans, \$100 millions to other loans, \$550 millions to their Government securities, \$300 millions to other securities. In this period, then, while their deposits were falling slightly, they lost \$1,158 millions of reserves and added \$1,100 millions to their earning assets.

The changes in the four months December-April are in sharp contrast to the preceding four months' period. In the four months August-December, reserves increased by \$940 millions (compared with a decrease of \$1,100 millions); demand deposits (adjusted) increased by \$1,130 millions (compared with a decrease of \$500 millions); and total loans and investments increased by \$676 millions (compared with an

increase of \$1,100 millions). In other words, in the past four months, the banks have extended almost twice as much additional credit as in the previous four months, although their reserves are falling and their deposits stationary.

ITEMS OF THE REPORTING MEMBER BANKS (\$000,000)

	July 31, 1935	Dec. 11, 1935	April 1, 1936
Total Loans and Investments	19,845	20,521	21,621
On Securities	3,076	3,186	3,313
Other Loans	4,632	4,975	5,079
U.S. Securities	8,964	9,352	9,908
Other Securities	3,070	3,008	3,321
Reserve	4,084	5,024	3,866
Demand Deposits (adjusted)	12,962	14,092	13,578
Time Deposits	4,856	4,856	4,909
U.S. Govt. Deposits	552	452	774
Domestic Banks	4,734	5,458	5,430
Borrowings	17	1	22

Notwithstanding these developments, there has been no perceptible change in money rates.

The Workers Progress Administration, in an interim report for 1935, announces its total expenditure at \$1,672,394,306. Of this, only \$46,042,303 was spent on materials, supplies and equipment. These were as follows in round numbers: petroleum products \$7,000,000, machinery and equipment \$1,500,000, other iron and steel \$9,600,000, other materials \$24,400,000. About 85 per cent. of the purchases were for four types of projects—street and highways, public buildings, water supply and services, parks and playgrounds. At present 3,800,000 persons are on the rolls, supporting 10,450,000 dependents. An additional 5,750,000 persons depend on local relief.

The expenditure for materials is smaller than was supposed. However, few W.P.A. contracts were let before the closing weeks of 1935; and it is likely that expenditure on materials will be heavier in 1936.

NEW YORK, April 14.

FRANCE

M. HERRIOT AND DEVALUATION

EIGHT days before the elections the franc has recovered its stability. There can be no immediate devaluation, since all the political leaders are declaring themselves against it. But a sort of inflation already exists, since the Bank of France is agreeing to make loans against Treasury bills. Though both the Communist leader, M. Marcel Cachin, and the Conservative leader, M. Louis Marin, are staunch supporters of the present parity of the franc, M. Herriot, after recently declaring himself to be of the same faith, added that he "could not hinder devaluation if it had to come." As a whole, the prevailing faith in the gold parity may be considered primarily an electoral one.

A comparison of the returns of the Bank of France for May, 1932, and April, 1936, clearly shows the strain imposed upon the Bank by the Treasury. The gold reserve, for example, has fallen in that period from 82,000 millions to 62,000 millions, and "bills discounted" have risen from 4,000 millions to 15,000 millions, an increase which is represented by Treasury bills and advances to wheat and wine producers. The note circulation is practically unchanged at 83,841 millions, against 82,382 millions, and "liabilities at sight" have receded from 17,000 millions to 9,000 millions, notably as a consequence of the fall in bankers' deposits. The ratio is slightly lower at 67 per cent., against 71 per cent., but the legal minimum is 35 per cent.

At present, therefore, the technical position of the Bank is invulnerable and speculation against the franc powerless, so long as it is not reinforced by panic on the part of French holders of francs. The possibility of this depends on the Treasury. After the General Election, however, the Treasury will enter on a period of better revenue, and, on the

eve of the polls, the Finance Minister, M. Marcel R  gnier, is emphasising the more cheerful appearance of recent fiscal receipts. Indirect taxes in March yielded 125 millions more than in March, 1935, and 32,327,000 francs more than the estimates, so that the deficits of the two preceding months have been reabsorbed, and there is a surplus of 7,600,000 francs for the first quarter. During the past four years, monthly deficits in comparison with the estimates have ranged from 300 millions to 350 millions. This year, however, the Budget estimates have been confirmed and the ordinary Budget has been balanced.

THE RISE IN AGRICULTURAL PRICES

This improvement is a direct consequence of the rise of agricultural prices, and of other wholesale and retail prices, which has been going on for nearly a year. In a book just published on "France's Economy and the Decree-Laws" by an author in close relation with the Bank of France, it is shown that the former deflation of agricultural prices had reduced rural purchasing power by as much as 20,000 million francs between 1932 and 1934. This fall in purchasing power was much more due to this deflation of agricultural prices, it is argued, than to the deflation imposed by the decree-laws, and consequently the present revival should take effect rapidly as a consequence of the rising trend of prices.

As a result, the task of the new Chamber will become easier and will depend more on simple reforms than on revolutionary methods. The first of these reforms may consist in a reduction of fixed charges on production, and notably an alleviation of taxes designed to prevent a rise of retail prices accompanying the rise in wholesale prices.

Total foreign trade in March at 3,196 millions, compares with 3,290 millions in February and 3,231 millions in January, but shows an increase of 199 millions over March, 1935. The import surplus was 712 millions, against 808 millions in February and 821 millions in January. For the first quarter of 1936 the figures were as follows (in million francs):—

	First quarter of 1935	First quarter of 1936
Imports:—		
Foodstuffs	1,626	1,778
Raw materials	2,859	3,362
Manufactured goods	932	889
Total of imports	5,417	6,029
Exports:—		
Foodstuffs	623	551
Raw materials	1,130	1,053
Manufactured goods	2,302	2,075
Total of exports	4,055	3,679
Total trade	9,472	9,708
Import surplus	1,362	2,350

The number of unemployed fell to 452,818 last week, against 457,750 in the preceding week.

PARIS, April 23.

GERMANY

THE "DEFEAT OF BRITISH POLICY"

THE expert German view on the Abyssinian crisis, expressed even at the outbreak of hostilities, was that the outcome of the Abyssinian War would be determined by military operations on the spot. The victor would dictate peace. It was not thereby implied that the League, meaning in effect Great Britain and France, must be without influence on the outcome. Not being able to foresee League policy, which might conceivably have included effective sanctions, or still severer measures, Germans abstained from predicting that the League would prove helpless in the settlement. Until a couple of months back they believed that Italy, even if the League failed to embarrass her, could not break Abyssinian resistance within any practicable term. But they were convinced that League measures would have effect only in so far as they influenced the local military situation against Italy; and they attributed no practical importance to the League's protests, appeals, and efforts for peace.

Germans, to-day, believe that the League has been de-

cisively beaten. It has been much worse beaten, they hold, than if it had never tried to intervene; for in this event it might at least, as in the China-Japan and other disputes, have pretended that it would do better next time. The League here is therefore as much distrusted and despised as ever. But it cannot be said that it is more disliked. Official and Press attacks on it ceased when Herr Hitler made his conditional offer to re-enter the League. True, this offer was made rather as one of miscellaneous pacifist gestures designed to turn the edge of the Locarno repudiation than in a new conviction that the League might do good. Doubt about the League remained. But in the end the Abyssinian scandal will probably weaken Germany's aversion to rejoining the League. In the first place the three Great Powers which, as Germans see things, formerly had the League entirely in their single pocket, are to-day beneficially at sixes and sevens; and they are therefore no more likely to agree about Germany than about Abyssinia. In the second place, the main objection to the League was not that it was a mere committee of Great Powers, but that Germany, when nominally a member, was kept outside this committee. With Germany rearmed and the three League Great Powers quarrelling, the Berlin Government might expect to be treated as an equal in influence; and if so Germany would probably be stronger as a member than as an outsider.

The credit for these—for Germany—fortunate developments is fairly given to Great Britain. For Germans see that while Italy has had her way in the war, and France her way in impeding the League, England has been beaten everywhere; in her conflict with Italy, in her struggle against French ingenuity and obstinacy, and in her half-heartedly intermediary, half-heartedly anti-German, policy in the Rhineland dispute. It is not pleasant for British subjects to read what Germans say on these matters. Some weeks back important German newspapers, which are daily instructed by the Ministry of Propaganda to say certain things, and to say them in certain ways, began to enlighten their readers about the headlessness and lack of direction of British foreign policy, affirming that London had blunderingly got itself into certain dilemmas and was without the skill and the courage necessary for getting out.

This week the defeat of British policy is trumpeted from the house-tops. It would not, readers are told, be in good taste for Germany at the present to appear "as a hyena on the battlefield" and to "enumerate the wounds from which England is bleeding"—after which there nevertheless follow only too correct lists of the wounds. British official and Press excuses—the imperfection of the League, the ambiguous policy of France, British military impotence, and so on—are, of course, fairly reported; but it is asked with reason whether these impediments, if they really exist, were not known half a year ago when the British Government so frivolously guaranteed a peace settlement in the spirit of the League. Being themselves given to posing as more valiant than they really are, German rulers do not understand the Hamlet-like sighs of London that the world is out of joint and that tame Great Britain is merely the virtuous and despairing onlooker; and they have grounds for smiling when a British Prime Minister, in order to obscure a war-scandal in which the anti-German Powers are the culprits, informs the world that it is Herr Hitler who can best achieve pacification. They have very good reasons for concluding that Great Britain is afraid to fight, for her own, not to mention the collective, interest; and while they would admit that this is a reassuring, if a novel, condition in British history, they ask why, such being the shameful case, Great Britain expanded the purely local Abyssinian dispute in order to bring peril on herself and to set Europe by the ears.

INDUSTRIAL CONDITIONS

The result of the wages census in leading industries, held last December, has been published. This enquiry was not on the same basis as the earlier periodical wage returns, which ceased appearing in 1934, and in which employers' returns of wages of individual workmen were used; and it does not return collective-agreement rates. It gives average wages for employees of all ages (except apprentices) in a limited number of representative concerns. In heavy iron and steel concerns employing 151,200 men the average hourly gross wage was 86.5 pfennigs, average gross weekly

vage 44 marks 20 pfennigs. There were substantial differences in different places, and the gross hourly wage varied from 68.4 pfennigs in places with under 10,000 inhabitants to 92.7 pfennigs in places with more than 1,000,000 inhabitants. The highest hourly wage (for all localities) was 126.2 pfennigs, which was paid in the rolling and pressing mills. The average working time per week in iron and steel was 51.1 hours. Average legal deductions from the weekly wage (income tax, citizens' tax, and social insurance premiums) totalled 5 marks 48 pfennigs, or 12.4 per cent. The textiles industry return, embracing 197,100 employees, shows an average gross hourly wage of 54.8 pfennigs.

INCREASED COAL OUTPUT

The Ruhr Coal Syndicate reports sales in the business year ended March 31st (Ruhr and Aachen districts) of 70,440,000 tons, as against 65,620,000 tons in the preceding year. Coal dumps at the mines declined by 26 per cent. The Syndicate complains that public bodies buy foreign coal for price reasons, and it refers to the increase early this year in imports from Great Britain and Holland. Export conditions are described as favourable and coal is being increasingly exported in direct connection with increased imports of certain foreign raw materials. References in the report to international coke negotiations imply that not only a price convention but also a regulation of output is aimed at. Essen reports describe the negotiations as promising, and add that international regulation of coking coal is also possible. Pig-iron output in March was 1,250,600 tons, against 1,172,900 tons in February. The postponement of the increase in steel export prices has caused some disappointment.

The March foreign trade return shows an export surplus of Rm. 24 millions, as against Rm. 40 millions in February and Rm. 12 millions in March, 1935. Owing to a fall in prices, the volume of imports increased somewhat more as compared with February than the value of imports, while export prices remained unchanged. The increase in imports was mainly from overseas. The first quarter of the year shows an active balance of Rm. 82 millions, as against a Rm. 150 millions import surplus in the same quarter of 1935.

	('000,000 RM.)		
	Feb. 1936	March 1936	Jan.-March 1936
<i>Imports</i>			
I. Foodstuffs	125.3	143.4	406.1
(a) Livestock	6.6	8.8	20.1
(b) Animal foodstuffs	41.2	46.4	135.4
(c) Vegetable foodstuffs	77.5	88.2	250.6
II. Industrial goods	208.7	212.0	646.3
(a) Raw materials	119.1	120.9	373.3
(b) Semi-manufactured	60.8	60.0	184.8
(c) Manufactured	28.8	31.1	88.2
Total	334.0	355.4	1,052.4
<i>Exports</i>			
I. Foodstuffs	8.3	8.8	27.1
(a) Livestock	0.5	0.2	1.0
(b) Animal foodstuffs	0.7	0.7	2.4
(c) Vegetable foodstuffs	7.1	7.9	23.7
II. Industrial goods	365.2	370.2	1,107.1
(a) Raw materials	31.2	30.0	97.2
(b) Semi-manufactured	39.1	39.3	119.0
(c) Manufactured	294.9	300.9	890.9
Total	373.5	379.0	1,134.2

Money this week is very plentiful, and the day-loan rate has declined to 2½-2¾ per cent. Last week, owing to large repayments of Reich and G.D. Bank promissory notes, there was a shortage of investments, and money went back into G.D. Bank notes. By April 15th, nevertheless, only one-third of the very large Reichsbank month-end credits of March, which totalled Rm. 615 millions, had been repaid.

BERLIN, April 22.

ITALY

DWINDLING GOLD RESERVE

THE report of the Governor of the Bank of Italy is well worth reading because for the first time since the decree of October 20, 1935, which suspended the publication of all economic and financial statistics, it has been deemed useful

to give the public authoritative statistical information on some aspects of the Italian situation. The statistics in the report are not so full as in past reports; but, as far as they go, they are most interesting. A comparison of the Bank's position may be made as follows:—

	('000,000 lire)		
	December 31, 1934	September 30, 1935	December 31, 1935
Gold	5,811.5	4,251.4	3,027.3
Foreign assets	71.7	392.5	367.4
Total	5,883.3	4,643.9	3,394.6

The total for December 31, 1935, does not include the gold offered by Italian subjects in December and January or the resources obtained from the compulsory sale to the Treasury of their foreign securities and credits. The amount of these two items is not disclosed; but as the Governor writes that "these sums, which together form a big special reserve, remain at the exclusive disposal of the State for meeting future needs in the interest of the country," we may infer both that they amount to several thousand million lire and that they are still (March 31) in the possession of the State.

The total note circulation in Italy includes, besides Bank of Italy Notes, 10-lire State notes and silver, nickel and bronze coins:—

	('000,000 lire)			
	Dec. 31, 1934	Sept. 30, 1935	Dec. 31, 1935	Mar. 20, 1936
Bank of Italy circulation ...	13,145.3	15,273.4	15,456.1	14,490.0
State circulation:—				
Paper (10-lire notes)	...	218.0	1,951.6	...
Silver (20-, 10- and 5-lire coins)	1,635.1	1,634.1	...	...
Nickel and bronze	508.9	511.2	510.0*	...
Total	15,289.3	17,636.7	17,917.7	...

* Estimated.

The figures for December 31, 1935, and March 20, 1936, do not include 840 million lire of banknotes, since the State note circulation forms part of the Bank's cash, which therefore must have been already included in the above totals. The present total circulation (Bank and State notes and silver, exclusive of nickel and bronze coins, which are an almost fixed amount), at about 16,500 million lire, is much lower than the two maxima of 22,000 and 21,500 millions reached at the end of 1920 and 1925 respectively. The Stock Exchanges were favourably impressed by the very moderate increase in the circulation.

Investors who were hesitating between industrial shares and Consols concluded that fears of inflation were unjustified. The present tone of the market is mediocre for industrials and very good for State securities. Treasury bonds are near to par. Joint stock companies are, in fact, contributing to the recovery in State securities, because in March and April most company accounts are closed and all excess of profits over 6 per cent. or past dividends must by law be invested in State securities.

Other interesting changes in the Bank of Italy's situation are as follows:—

	('000,000 lire)		
	Dec. 31, 1934	Sept. 30, 1935	Dec. 31, 1935
Discounts	4,005.1	4,559.6	4,897.6
Advances	2,449.7	3,006.8	4,090.5
Sundry debtors	639.4	1,654.5	1,547.6
Institute for industrial reconstruction	1,091.3	845.3	802.3

The transformation of the Bank of Italy into a Central Bank will not apparently have far-reaching effects on its activities. Direct discounts by the Bank, which are now to be abolished, amounted only to 600 million lire, not a big proportion of a total of 4,897 millions. On the

BRITANNIC ASSURANCE COMPANY LIMITED

(Established 1866)
Annual Income : : : : £3,000,000
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All classes of Life, Fire, Accident,
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Chief Office: BROAD STREET CORNER, BIRMINGHAM

liabilities side the most important figures are the following:—

	('000,000 lire)		
	Dec. 31, 1934	Sept. 30, 1935	Dec. 31, 1935
Bank's cheques	415.4	586.2	1,090.3
Current account deposits	390.1	496.3	
Treasury current account	300.0	300.0	
Time deposits:—			
Private	273.7	107.0	285.2
Treasury	2,435.7	472.5	
Sundry creditors	703.5	838.7	
Net earnings at the end of the year	55.3	...	100.9

The Treasury account is at a low level. On the other hand, as the price of $3\frac{1}{2}$ per cent. redeemable Government stock is rising, it is becoming more and more advantageous to convert it into 5 per cent. stock by paying the 15 lire supplement. The amount of conversions up to the present day is not known, but it is probably over 40,000 millions.

TURIN, April 10.

SPAIN

ELECTING A NEW PRESIDENT

LITTLE interest is evinced by the public in elections for the "compromisarios," or commissioners, whose sole task will be to meet with Parliament on May 10th to elect the new President of the Republic. This system was adopted when the new Constitution was made in order to avoid the direct election either by Parliament or by the people of the head of the State. Direct election by the people would, it was felt, tend to give the President a power somewhat independent of Parliament.

The most likely Presidential candidate at present is Don Alvaro de Albornoz, former President of the Tribunal of Constitutional Guarantees. His action in giving up this post, to which he had been irrevocably elected for ten years with a salary of 100,000 pesetas annually, in October, 1934, when the Clericals were admitted to power, has given him an excellent standing in Left Republican and Socialist circles. He is an old Republican. Formerly in Lerroux's party, he was one of the founders of the Radical-Socialist Party in 1928. Of strong anti-clerical and anti-monarchist views, he is one of the very few Republican leaders who have the confidence of Socialists and Communists.

In Right circles, Sr. Azaña is favoured. This is partly in the belief that he will eventually turn against the Socialists and accept conservative aid, but even more because as the key-stone of the United Front his removal from the sphere of active politics would increase the possibility of dissension in this Labour-Liberal alliance.

The grave events of last week have overshadowed the Presidential elections. The spectacle of Army officers in uniform, large numbers of officers and men of the Civil Guard, and members of the rank and file of the Shock Police taking an active part in the tumultuous Fascist demonstration into which the funeral of an officer of the Civil Guard degenerated on Thursday last, was a shock for the Government. The attitude of the Civil Guards who refused to obey their chief, Inspector-General Pozas, when he ordered that the funeral should continue along the prearranged route and that the coffin should not be paraded down to the General Post Office, was something new in the history of the Civil Guard.

Many voices were raised for dissolution of this famous corps. A Cabinet Minister, discussing the matter with journalists, said: "There will be no dissolution, for it would not be fair to punish the whole corps for the subversive behaviour of a relatively small sector. We shall weed out Monarchists and Fascists and replace them by officers who are Republicans." Over 100 officers are believed to have been transferred or placed on the reserve. In reality the incident only revealed the high feeling running among no small sector of the officers of the Army and of the Civil Guard. This feeling is founded on the fact that within the next few weeks Parliament is expected to discuss the methods used during the repression of the rebellion in

Asturias and during the months following that episode while the region remained under martial law.

On Saturday night last fears ran high of a coup by military men, and 10,000 members of Socialist and Republican organisations kept vigil until dawn in Madrid. The Republic's life will probably be a little agitated until the question of Asturias is investigated once and for all, and there is likely to be many a night on which the Socialist militias will get little sleep. It is paradoxical that while much talk is going on in Spain and abroad of Socialism's menace to the Republic, this force is likely to be the mainstay of the regime until the thorny Asturias problem is out of the way.

MADRID, April 20.

[The position in Spain is further discussed in a Leading Article of page 174.]

HUNGARY

THE ROME AGREEMENT

THE renewal of the Rome Agreement and its extension in the political field into a permanent organ of reciprocal consultation between Italy, Austria and Hungary was received here with general satisfaction. The parleys between the Locarno Powers, though Hungary is not directly affected by the Pact, are also being followed with keen interest. It is believed that a political settlement among the Great Powers on the Rhine must necessarily precede any Danubian plan. The conciliatory efforts of Great Britain to remove the disabilities imposed by the Peace Treaties on the vanquished are greatly appreciated. The news of Germany's decision to remilitarise the Rhineland and those of the resumption of the compulsory military service in Austria are regarded here as symbols of the reassertion of national sovereignty, and as such they find a sympathetic echo in Hungary. Though the corner-stone of Hungary's foreign policy is to insist on equal treatment and also on sovereign rights in political as well as in military affairs, no immediate action to follow the Austrian example is contemplated, in spite of widespread rumours to this effect in the French and Little Entente Press.

The details of the commercial portion of the Rome Protocol are being negotiated by the experts of the Governments concerned. As about half of Hungary's foreign trade is conducted with Austria, Italy and Germany, it is natural that the official Hungarian view is that nothing can be attempted in the economic sphere without the active co-operation of Italy and Germany. Matters of trade policy are greatly complicated at present by the chaotic exchange position. No political sympathy can undo the harm done by the effects of quota and exchange restrictions between friendly nations. The Austro-Hungarian situation is a typical case in point. According to the agreement made in 1933, Hungary's merchandise exports should exceed her imports from Austria by 50 per cent. in value, in order to redress the import surplus on other items, such as tourist traffic, payments for services, loans, etc. The actual merchandise figures are, however, such that exports barely suffice to finance imports, with the result that Hungary owes about 20 million schillings to Austria for the other items. For this mutually inconvenient anomaly Hungarians blame the rigid quotas and Austrians the unsatisfactory exchange rate.

BUDGET DEFICIT AND FOREIGN DEBTS

On April 1st the Budget for 1936-37 was presented to Parliament. The deficit is estimated at 75.7 million pengő, as against 75.9 millions for the current fiscal year. Total expenditure for the Administration is estimated at 788.2 million pengő and expenditure for the State enterprises at 423.6 millions. Receipts are estimated at 771.6 million pengő for the Administration and 364.5 millions for the State enterprises. The deficit is actually less than was estimated, because the Budget provides in full for the foreign debt service, which cannot be transferred on account of the shortage of convertible exchange. For example, 28 million pengő are provided for the League Loan service, whereas the actual transfer of the service (half of the original interest) is covered by 8.5 million pengő.

The rest is met by depositing Treasury bills pending a settlement of Hungary's foreign debt problem.

The strength of Dr. Fabinyi's Budget is that the revenue estimates are based on the actual returns for the financial year 1934-35. Receipts in the current fiscal year are above those of 1934-35 by about 4 per cent.; and, bearing in mind the general economic recovery and the rising price level, one may hope that the revenue of the Administration will be around 800 million pengő, that is 30 million pengő more than was estimated. It must be pointed out, however, that expenditure usually exceeds the estimates.

The merger of the land mortgage institutes was favourably received, and it is hoped that it will be followed by the long-delayed fusions between other commercial banks. The banking situation, on the whole, has considerably improved, but credit is still very expensive and new credits, especially for long periods, very seldom granted. Business recovery continues, and crop prospects so far seem to be good. Stocks and bonds displayed a firm tendency in the new year. According to an official publication, the repatriated foreign bonds total in nominal value 421.6 million pengő, that is about £15 millions, which shows that about half of the mortgage and communal bonds floated abroad found their way back to Hungary.

BUDAPEST, April 15.

ARGENTINA

RISE IN BASIC PRICE OF MAIZE

THE Ministry of Agriculture have raised the basic price which they are prepared to pay for maize from \$4.40 to \$5 per 100 kilos. Their object in putting up the price, although world market prices are well below the new figure, is apparently to prevent the farmers selling at present prices, which, in their opinion, are unnaturally low. They base their opinion on the fact that the Argentine crop is not going to be nearly as heavy as was at first expected, and they also consider that world markets are, if anything, short of maize. Admittedly farmers who have been growing grain have, for the most part, had a bad year owing to the drought of 1935 and will have to rely on their maize crop to pay expenses. The increase in the basic price will certainly be of assistance to them; but they would be well advised to regard this assistance as purely temporary and to reduce the acreage under maize for the 1936-37 harvest. Otherwise the country may be faced with over-production and the Government find itself unable to continue assistance on the present scale.

The foreign trade figures for the first two months of 1936, compared with those for the same period of 1935, are not too encouraging. The export surplus is down by \$30 millions. Exports to the United Kingdom show a marked decline, and represent only 25.6 per cent. instead of 32.8 per cent. of the total as they did last year. Imports, although they show a decrease in value, are up in tonnage, and the 1936 figure is the highest since 1931. Argentina, however, has increased her imports from the United Kingdom, although total imports are lower. The detailed figures are as follows:—

	FOREIGN TRADE IN FIRST TWO MONTHS		Change
	1935	1936	
	\$	\$	%
Imports	192,954,525	189,438,201	- 1.8
Exports	306,810,888	273,030,442	- 11.0
Export surplus	113,856,363	83,592,241	

Exports according to country of destination were as follows:—

	FIRST TWO MONTHS			
	1935	1936	1935	1936
	\$	\$	%	%
United Kingdom	100,769,669	70,321,988	32.8	25.6
United States	37,636,531	27,317,335	12.3	10.0
Germany	32,310,695	25,732,135	10.5	9.4
Brazil	12,451,675	16,330,349	4.1	6.0
France	12,189,300	14,803,488	4.0	5.4
Belgium	25,392,382	11,219,499	8.3	4.1
Holland	36,245,357	5,081,016	11.8	1.9

The above figures are subject to revision, since some \$73 millions of exports are "on consignment." Their destination is, at present, unknown. It is possible, therefore, that

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Branches and Agencies in Egypt:
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HELLENIC BANK TRUST COMPANY
51 Maiden Lane, NEW YORK

Capital paid up and Reserves Drs. 1,205,000,000

the large decrease in exports to the United Kingdom may be accounted for under this heading.

Imports according to country of origin were as follows:—

	FIRST TWO MONTHS			
	1935	1936	1935	1936
	\$	\$	%	%
United Kingdom	38,946,386	43,577,673	22.3	22.9
United States	24,470,571	26,867,186	14.0	14.1
Germany	15,253,004	20,656,273	8.7	10.8
Belgium	12,123,975	15,177,691	6.9	8.0
France	8,387,164	9,920,481	4.8	5.2
Brazil	7,427,085	7,649,816	4.2	4.0
Japan	6,229,163	7,062,057	3.6	3.7

Imports from Japan continue to increase. These imports represent a very real menace to the British market in Argentina.

Latest figures indicate a further steady decline in bankruptcies, and this confirms other evidence of a general improvement in business conditions.

BUENOS AIRES, April 16.

CZECHOSLOVAKIA

REVIVAL IN HEAVY INDUSTRY

SINCE the Presidential elections internal politics have become calmer. A successor to Dr. Benes in the Ministry for Foreign Affairs has been appointed in the person of Dr. Krofta, an old collaborator of Dr. Benes. Closely following the visit of the Austrian Chancellor, Dr. Schuschnigg, to Prague a visit was made by Dr. Hodza to Vienna. Events in Germany are also being followed with very keen interest here. The revocation of the Locarno treaties and the occupation of the Rhineland are aggravating business uncertainty.

The Corn Monopoly, which guarantees fixed prices, has led to a surplus in cereal production, notably in wheat; and it appears that the mere order to restrict sowings will not remove it. It is expected that the Monopoly will have considerable stocks on hand before the next harvest. These stocks are estimated at 60,000 trucks of wheat. This would imply the danger of loss to the Exchequer. Yet the extension of the Monopoly, which otherwise should end in 1937, is being demanded for a further 15-20 years. The Minister of Agriculture is also to regulate the cattle and animal produce markets by means of a monopolistic cattle company.

A certain revival of industrial production has set in. The number of unemployed persons at the end of March was 795,530, or 64,689 less than in February and 9,000 less than a year ago. An improvement in the coal and iron industries is also apparent. Output of coal in February was 909,114 tons, against 829,576 tons in January; of lignite 1,275,055 tons, against 1,240,283 tons; and of coke 140,500 tons, against 118,300 tons. Production of iron in January and February was 173,000 tons, or 46 per cent. more than a year ago; and production of steel 215,000 tons, or 19 per cent. more than a year ago. In the metal and engineering

industries revival is also apparent. In the ceramic and glass industries, however, export difficulties persist, and the textile industry is still depressed. Building activity appears to be fostered by legislative measures. Sales of building materials and building plans approved have risen. The wholesale price index stood at 706 on March 1st, against 704 in February; and the number of loaded railway trucks was 334,032 for the first two months, against 300,915 a year ago. Imports for January and February amounted to Cz.K. 1,076.4 millions, against Cz.K. 830.9 millions a year ago; and exports to Cz.K. 1,097.5 millions, against Cz.K. 998.2 millions a year ago. Exports to the sterling countries rose by 18 per cent.

TRADE TREATY WITH AUSTRIA

The negotiations for a trade treaty with Austria were terminated on April 2nd. A treaty has been negotiated on the basis of far-reaching preferences for Austrian industrial products on the one hand and for Czechoslovakian agricultural products on the other hand, in accordance with the decisions of the Stresa Conference. This treaty also accords with the Supplementary Protocol of Rome, which allows bilateral agreements with other Danubian countries.

At the end of February and beginning of March there was held in Prague the usual meeting of the Economic Council, of the Little Entente, after which negotiations by experts on Central European questions were continued. Two principles have been laid down as a basis for further action: a proposal for a Customs armistice, with an obligation not to raise further Customs charges and not to limit imports between the Central European States; and a proposal to effect a joint organisation for marketing agricultural surpluses.

PRAGUE, April 15.

CANADA

THE UNEMPLOYMENT PROBLEM

THE legislation implementing the trade agreement with the United States was the chief accomplishment of the first half of the present session. The Government also secured the passage of a Bill which establishes a National Employment Commission, but it has not yet found a personnel for it. The Government wants to keep its expenditure for unemployment relief below the figure of \$75 millions which the Federal Treasury had to provide last year. But its decision to cut its grants for direct relief to the Provinces has aroused vigorous protests both from provincial administrations and municipal authorities. The Federal Government is prepared to embark upon a fairly generous programme of special public works for the absorption of some of the unemployed and is going to help the two railway systems to undertake extra maintenance and reconstruction work. Ministers frankly confess, however, that they are largely counting upon an expansion of foreign trade to stimulate the basic industries and create more employment.

Nevertheless, the Minister of Labour has admitted that at the end of February the number of Canadians receiving direct relief was 1,080,831, and that when people employed on public works, resident in the camps for single homeless men or coming under the farm replacement scheme were added, the total number dependent upon some form of State support was 1,310,423; the corresponding figures at the end of February, 1935, were 1,136,840 and 1,431,093.

Meanwhile the Government has had to take important decisions about the Provincial debt problem, and when Mr Aberhart, the Premier of Alberta, intimated that he was unable to conform to Mr Dunning's Loan Council scheme they refused to grant him the advance necessary to liquidate a bond issue of \$3,200,000, which matured on April 1st; and as a result Alberta achieved the distinction of being the first Canadian Province to default on its obligations. Mr Dunning, however, explained that the refusal of the loan was not inspired by a desire to kill the Social Credit programme of the Aberhart Ministry, and apparently he is laying down exactly similar conditions to Mr Pattullo, the Liberal Premier of British Columbia. It is highly doubtful

if, in the light of Mr Aberhart's rejection of the Loan Council scheme, Mr Pattullo can take the political risks involved in accepting it.

The Aberhart Ministry in Alberta professes to be undismayed by the situation in which it finds itself, and it has passed through the Legislature the Bill which authorises it to convert the Province's outstanding issues of bonds, which total roughly \$160 millions and bear an average rate of 5 per cent. interest, to a lower rate. Furthermore, it has secured legislative authority to proceed with the establishment of a provisional bank and the Opposition parties have endorsed the project. But the only steps taken about the Social Credit experiment are the passage of one Bill which provides for the appointment of a Royal Commission empowered to study the feasibility of such a scheme for Alberta and of another which sets up a code to govern retail trade and aims at regulation of the spreads between producers' and consumers' prices. The Aberhart Ministry will have to make application to Ottawa for a Federal charter for its projected bank, but it is difficult to see how this can be denied, as such charters have been granted to other Provinces in the past.

DEFAULT AND CONVERSION

Both the default and the conversion scheme of the Aberhart Ministry are viewed askance in banking and financial circles, particularly as the infection of Alberta's example has spread to Eastern Canada and a majority of the city council of Montreal have voted for a plan to convert the municipal debt issues, which now bear an average rate of 5 per cent., to a lower rate of 3 per cent. Various members of the city council expressed strong resentment over criticisms of their policy which had appeared in London papers, and pointed — as also did Mr Hepburn, Premier of Ontario, recently — to the precedent set by Britain in defaulting upon her war debt to the United States.

There has scarcely yet been time for the stimulus which spring usually gives to business in Canada; and the Bureau of Statistics' general economic index for the week ending April 4th at 106.1 showed a decline of nearly a point on the previous week. But it was 7.1 points above the figure for the corresponding date in 1935. The following are the data for three of the six components:—

Week ended	Car-loadings	Wholesale Prices	Bank Clearings
April 6, 1935.....	73.2	72.2	90.1
March 28, 1936.....	73.4	72.2	106.0
April 4, 1936.....	75.0	72.1	100.4

On April 1st the visible stocks of Canadian wheat were placed at 205,476,064 bushels, as compared with 208,398,448 bushels a week before and 229,752,159 bushels at the parallel date in 1935, and it is estimated that after allowing for seed and other requirements there is still available an exportable surplus of at least 220 million bushels.

Industrial conditions are more or less stationary, but the mining industry continues to be very active. Building also expects to benefit from various housing schemes which are under consideration, and the total value of new building contracts for the first quarter of the year at \$32,127,000 already shows a gain of roughly \$3 millions over the figure for the same quarter of 1935.

The foreign trade returns for February are: Exports (domestic and foreign) \$60,198,198, compared with \$47,677,418 in February, 1935; and imports \$41,597,398, compared with \$37,043,719.

The Government has introduced a Bill designed to alter the railway legislation passed by the Bennett Ministry. The most important change is the proposed substitution of a board of seven directors for the present board of three trustees; but the new directors are to be vested with the same powers as the trustees.

The annual report of the Canadian National System for 1935, just published, shows operating revenues at \$173,184,501, a gain of 5.2 per cent., and operating expenses at \$158,926,248, and claims a net operating surplus of \$14,258,253. But taxes, rentals and other cash requirements absorbed \$7,427,254, and interest on the funded debt held by the public \$53,468,792. So to meet the deficit the Federal Treasury had to provide \$47,421,464. OTTAWA, April 13.

BOOKS AND PUBLICATIONS

SEASONAL UNEMPLOYMENT

FOR most students the British unemployment problem is the problem of the trade cycle. Smooth out the cyclical fluctuations of business activity and the unemployment problem will take care of itself. Mr Saunders' book,* however, concentrates attention upon another factor which, although hitherto neglected, is by no means insignificant as a cause of unemployment.

Seasonal fluctuations in total unemployment are certainly small, but it appears that as many as 90 per cent. of the insured workpeople in this country are attached to industries which show some degree of seasonal variation. Since labour mobility between industries is very imperfect, the number of insured persons seasonally unemployed during the year, so Mr Saunders tells us, comprises on an average 2 to 2½ per cent. of the total insured population and accounts for from 10 to 20 per cent. of total unemployment. The importance of this factor is accordingly considerable.

For each separate industry, from July, 1923, onwards, Mr Saunders has calculated a monthly total of insured workpeople employed. Seasonal fluctuations in these series are isolated by the familiar method of taking an average of the percentage deviations of the monthly figures from a twelve-month moving average. (Incidentally, this is the method employed in the *Economist* Index of Business Activity.) The data are admittedly somewhat crude, but they are sufficient to permit of the construction of a highly interesting series of charts showing the amplitude and the pattern of the seasonal variation in each industry. By taking the difference between the numbers employed at the seasonal peak and at the seasonal trough, some idea may be gained of the number of persons affected by the seasonal swing in the demand for labour each year. And by aggregating these totals, it is possible to estimate the proportion of the total insured population so affected.

Seasonal variations in demand can generally be traced to natural phenomena, but these need not necessarily cause corresponding variations in production and employment. Much depends on the organisation of the industry and the nature of the product. Where fashion plays an important part, production ahead of orders is unsafe, and variations in supply must keep in step with those of demand. But the evil effects of irregular employment are such that the case for attempting to reduce seasonal fluctuations is strong.

About two-thirds of this book is devoted to a detailed examination of some of the more important seasonal industries; here the statistical tables and charts are most informative. In each case possible ways in which the demand for labour could be made more even are suggested. The author concludes by gathering these suggestions together under three main heads. First there are measures which will directly reduce fluctuations in the demand for labour: e.g. inducing customers to alter their buying habits or arranging that a seasonal demand shall be met by a regular supply. Secondly, there are such measures as the dovetailing of occupations and improvement in the organisation of the labour market which, while not affecting the seasonality of the industry, will reduce the irregularity of employment for the individual worker. Finally, the residuum of seasonal unemployment must be spread by short-time working or by other expedients which will reduce the burden on the individual.

Stabilisation, however, requires a good deal of anticipation of future movements of the market, and an essential condition of success is the possession of adequate knowledge—especially statistical knowledge. From this point of view published statistics are at present woefully inadequate. But, as a contribution towards the better appreciation of the factors involved, Mr Saunders' work is very valuable indeed.

* "Seasonal Variations in Employment," by C. T. Saunders. Longmans, Green and Co. 311 pages. 15s. net.

SHORTER NOTICE

The Problem of Poverty. By John Rustgard. D. Appleton Century Co. 289 pages. 7s. 6d.

This book is dedicated to "earnest and thoughtful electors of America," presumably in the hope that they will replace Mr Roosevelt by someone who can be trusted not to indulge in any "pious schemes for the reformation of human society." The author has spent most of his life in the North-West and in Alaska, and his outlook is one of "rugged individualism" in its most extreme form.

The analysis which he gives of the economic situation is perfect in its simplicity. People are poor or unemployed because they have not worked hard enough in the past, and have preferred spending to saving. Austere thrift can therefore solve all difficulties. Unproductive middlemen and financial "barons" also meet with Mr Rustgard's disapproval, but his fiercest diatribes are reserved for labour unions. Organised labour imposes "unfair" standards of wages on the community from which the whole economic system suffers. Therefore, the solution of America's troubles is first and foremost to reduce the wage level of town workers down to that of the small farmers and agricultural labourers. His ideal wage system is apparently that of Japan; though Italy, where "Mussolini has put the proletariat in its place," also meets with approval. England, on the other hand, "has lost control of her man-power, and in that field has abdicated her sovereignty to the trade unions."

Although this book is completely valueless as a statement of American economic problems, it has a sort of interest as an example of a certain type of reaction to the New Deal. In the past we have been inclined to regard rugged individualism as being essentially democratic, whatever its other faults. Mr Rustgard, however, is a firm believer in aristocracy. This follows logically from the eccentric sociological doctrines put forward in his first few chapters. The following sentence is perhaps typical of much that is the real root of the opposition to Mr Roosevelt: "Twenty-five million people in the United States over ten years of age, with negligible exceptions, are fitted for nothing above common labour: they are by nature designed to be hewers of wood and drawers of water—for others." Fortunately, however, most Americans are still taught to believe "that all men are created equal, that they are endowed by their Creator with certain inalienable rights, that among these are Life, Liberty and the pursuit of Happiness." They also have votes.

BOOKS RECEIVED

- The Downfall of the Gold Standard.* By Gustav Cassel. (London) H. Milford. 262 pages. 6s. net.
- Raw Materials and International Control.* By H. R. G. Greaves. (London) Methuen. 166 pages. 5s. net.
- Economic Development of the U.S.S.R. and Soviet Foreign Policy.* Address by M. Ivan Maisky at Livingstone Hall, March 19, 1936. (London) Anglo-Russian Parliamentary Committee, Adelphi, W.C.2. 23 pages. 3d. net.
- A Bibliography of Italian Colonisation in Africa with a Section on Abyssinia.* Compiled by D. H. Varley. (London) Royal Institute of International Affairs, St. James's Square, S.W.1. 92 pages. 2s. 6d. net.
- The Dangerous Year.* By R. L. Buell. (New York) Foreign Policy Association, Inc. 80 pages. No price stated.
- B.B.C. Annual, 1936.* (London) Broadcasting House, W.1. 160 pages. 2s. 6d. net.

OFFICIAL PUBLICATIONS

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

- Report of the Broadcasting Committee, 1935.* Cmd. 5091. 1s. 3d. net.
- Newfoundland: Report by the Commission of Government on the work of the Commission.* January, 1936. Cmd. 5117. 6d. net.
- Proposed New Constitution for Palestine.* Cmd. 5119. 2d. net.
- Trustee Savings Banks: Forty-fourth Annual Report.* 4d. net.
- Colonial Reports: No. 1740. Swaziland, 1934.* 1s. 3d. net. No. 1746. *State of Kedah, 1934-35.* 2s. 6d. net. No. 1749. *Falkland Islands, 1934.* 1s. 3d. net. No. 1750. *State of Perlis, 1934-35.* 1s. 6d. net. No. 1751. *State of Brunei, 1934.* 1s. 6d. net.
- Statement of the Distribution of Tramp Shipping Subsidy for the year 1935.* Cmd. 5129. 2d. net.

MONEY AND BANKING

THE AUSTRALIAN PENDULUM

Two months ago the Commonwealth Bank of Australia made an attempt to establish a bill market by offering £1,000,000 of Treasury bills to private applicants as distinguished from the trading banks. These bills were offered at a discount rate of $1\frac{1}{2}$ per cent. As the rate then paid by the trading banks was only $1\frac{1}{2}$ per cent., several banks, led by the Bank of New South Wales, felt impelled to raise their deposit rates by $\frac{1}{2}$ per cent. Their primary motive was to prevent a depletion of their resources due to a transfer of funds from time deposits to investment in Treasury bills; and, possibly because of this increase in deposit rates, the Commonwealth Bank offer of Treasury bills proved abortive. Nevertheless this episode left behind it a feeling that the Commonwealth Bank had been worsted in a tactical encounter by certain of the trading banks, and a suggestion that Australia might be on the threshold of an upward trend in money rates. It has so happened that the first signs of both the great depression and the subsequent recovery appeared in Australia. Is the Commonwealth about to give the world another, and less welcome, lead? A study of the Australian banking and economic position may throw light on this question.

In the first place, Australia does not yet possess a money market. Most of her internal trade is financed either by bank advances or by direct discounting between banker and customer. There are few institutions or individuals outside the banks who desire to invest money in bills. The Commonwealth Bank, which performs many of the functions of a central bank, does not announce a rediscount rate and does very little rediscounting. Hence its attempt to establish a discount market by the simple process of offering Treasury bills was probably doomed to failure. Apart from this, when it fixed a definite discount rate, the trading banks could plausibly regard this as analogous to the announcement of a Bank rate, and could say that they felt bound to raise their deposit rates to a level conforming to the new Treasury bill rate.

How far this was merely an ingenious attempt to shift the onus back to the Commonwealth Bank it is impossible to say. The more vital fact is that the trading banks could not possibly risk losing deposits, for they are already lent up to the hilt. The following table gives an approximate picture of the position of the ten trading banks (including the Bank of New Zealand) during the past three years:—

	Deposits	Cash, etc. (including Treasury Bills)	Advances	Ratio of Advances to Deposits %
1933—1st quarter...	277.7	43.9	232.4	83.9
2nd " "	274.7	41.3	234.1	85.3
3rd " "	268.7	40.2	237.1	88.3
4th " "	278.7	42.7	239.3	85.8
1934—1st " "	291.3	47.8	235.2	80.9
2nd " "	297.0	53.3	237.0	79.8
3rd " "	290.1	51.7	242.3	83.7
4th " "	292.0	47.1	248.1	85.1
1935—1st " "	293.0	41.8	249.4	85.2
2nd " "	291.7	38.5	253.7	86.9
3rd " "	284.0	34.5	258.0	87.8
4th " "	289.6	33.6	260.8	87.4

In interpreting the recent rise in the advance ratio to 87.4 per cent., it must be remembered that 1935 was a year of rapid recovery and expansion in purchasing power. The first consequence was an increase in the home demand for credit. Another and more serious consequence was a rapid increase in imports, which not only impaired the Dominion's balance of payments, but reduced the banking system's supply of London funds. This was the more serious in view of the fact that, since the bulk of the Dominion's monetary gold reserves were transferred into

sterling in 1933, both the Commonwealth Bank's and the trading banks' cash reserves have consisted largely of London funds.

These facts are illustrated by the tables which follow. Below, we give approximate estimates of Australia's balance of payments:—

Year ended June 30—	1929	1930	1931	1932	1933	1934
Export surplus.....	9.7	10.7	14.9	33.4	23.7	33.9
Invisible exports.....	1.5	3.0	3.7	2.5	1.3	0.1
Interest and dividends payable	34.1	35.0	34.4	28.6	29.1	29.0
Final balance.....	-42.3	-72.7	-15.8	+7.3	-4.1	5.0

Complete estimates for later dates, unfortunately, are not available. The export surplus for 1934-35, however, was only £10.1 millions, and a final deficit of about £20 millions was therefore indicated. One consequence is suggested by the figures in our next table, which shows estimates of the London funds held by the Commonwealth Bank and the trading banks:—

	Trading Banks	Common- wealth Bank	Total
1933—March	18.1	16.0	34.1
June.....	17.1	14.7	31.8
September.....	11.8	12.5	24.3
December	18.3	13.1	31.4
1934—March	28.6	17.1	45.7
June.....	26.4	24.7	51.1
September.....	16.2	23.2	39.4
December	15.7	20.2	35.9
1935—March	19.6	15.4	35.1
June.....	19.1	19.0	38.1
September.....	10.8	17.1	27.9
December	13.4	15.6	29.0

Reference to a previous table shows a fairly close correlation between Australia's total London funds and the cash reserves of the ten trading banks. Since June, 1934, London funds have fallen by £22.1 millions and trading bank cash by £18.1 millions.

Australia is, to a marked extent, a land of extremes. A good wool year involves a large increase in the value of exports and a building-up of London funds. It adds to general prosperity and induces, in due course, expansion in imports. In view of the inevitable time-lag, however, a rise in imports may actually synchronise with a bad wool year. In that event London funds will be seriously depleted and the trading banks' cash reserves will be low, precisely at the moment when internal expansion is being reflected in heavier bank borrowing. On the whole, this has been Australia's recent experience. Between 1933-34 and 1934-35 exports fell by £8.5 millions sterling, while imports rose by £12.9 millions. Now, 1933-34 was a good wool year, the average sterling price in Sydney being (Australian currency) 15.8d. per lb., against only 9.7d. in 1934-35. The current year, 1935-36, is a better wool year. The pendulum of London funds and trading bank cash should, therefore, soon begin to swing the other way.

This suggests that, in fact, no serious rise in money rates and no permanent check to recovery need be feared at present. Australia is now at the most awkward point in the swing of the pendulum. There is neither need nor likelihood of such drastic remedies as a further depreciation of her currency or an intensified restriction of imports. Instead there has only been a very gentle application of the brake, for while bank deposit rates are $\frac{1}{2}$ per cent. higher there has been no general increase in advance rates.

There are, however, several general lessons to be drawn from recent events, some of which apply to other countries in the sterling area. The first is that Australia's supply of bank cash appears to be too closely dependent upon the

ebb and flow of London funds—i.e. upon her external balance of payments. Some stabilisation reserve fund is needed, either in Australia or London, analogous to the gold held by the British Exchange Equalisation Account, the object of this fund being to give some elasticity to the supply of bank cash and to make it more independent of short-term fluctuations in the balance of payments. Simultaneously, the work of transforming the Commonwealth Bank into a central bank should be completed. The central institution should cease to be a commercial or savings bank and should become purely the note-issuing authority, the Governments' and bankers' bank and the lender of last resort. In this last capacity it might publish a rediscount rate, and begin to establish a money market by announcing its willingness to rediscount Treasury and other approved bills. When placing Treasury bills, it might follow the British method and offer them by tender to the highest bidder, without discriminating between the trading banks and other applicants. The trading banks would then be able to protect their own deposits by the simple process of tendering for bills at competitive rates. Finally, the maintenance of the Australian pound on a sterling basis calls for close co-operation between London and Australia. It is possible that, at times, London institutions tend to forget that the sterling area needs nearly as much care and management as the relations between the pound and currencies outside the area. Australia's credit is good, and in return for her proved willingness to meet her external obligations this country can help to preserve her ability to make payments.

FINANCIAL NOTES

Recent Chinese Developments.—Sir Frederick Leith Ross, who is still in China, has answered by implication some of the doubts of China's ability to operate a managed currency, recently expressed at the Eastern Exchange Bank annual meetings. According to Sir Frederick, the balancing of the Budget would take time, and the Government was justified in borrowing within the limit of available savings. Meanwhile the devaluation of the dollar had restored elasticity to China's economic system, and the balance of payments was now probably favourable. The Government had still to carry out the promise to create an independent central bank, while in the long run it would pay China to improve her credit and to meet her foreign loan obligations. Some of these points were emphasised last February by Mr S. H. Dodwell, the chairman of the Hong-kong and Shanghai Banking Corporation, at the annual meeting of the bank. He, too, is anxiously awaiting full details of the constitution of the new independent central bank, and he also laid stress on the need for Government economy. The future of the note issue and the Exchange Equalisation Fund are further problems awaiting solution, but the real crux is the future of American silver policy. This is entirely indeterminable, and when account is also taken of the political situation in the Far East, it means that China is having to reconstruct her economic systems under uncontrollable and rapidly changing conditions. That is perhaps the chief doubt in China's economic and monetary outlook.

The Anglo-Palestine Bank.—The latest report of this bank reflects the commercial and financial expansion that is taking place in Palestine. The demands on the banking system were such as to justify the increase of the bank's capital to £550,854 by the issue of 250,000 $\frac{1}{2}$ per cent. redeemable cumulative preference shares, with no voting rights, in August last. This has now been followed up by the conversion of 310,000 unissued shares into "A" ordinary shares of £1 each, with no voting power but otherwise equivalent to ordinary shares. Some 100,284 were issued to the ordinary shareholders, mainly the Jewish Colonial Trust, by way of capitalisation of existing reserves, while the balance were taken up by the same ordinary shareholders at a price of 27s. 6d. per share. This week a public offer for sale of 300,000 of these shares is being made at a price of 37s. 6d. per share. This operation yields a nice

profit to the Jewish Colonial Trust, but the price of the shares does not appear to be excessive. The General Mortgage Bank of Palestine, in which the bank holds a controlling interest, continues to extend its activities, and the bank has also participated in the creation of the Agricultural Mortgage Company of Palestine, which has already commenced operations. The Anglo-Palestine Bank is one of the strongest banks in the country, and in conjunction with Barclays Bank (D.C.O.) saved numbers of the smaller banks from disaster at the time of the run caused last September by the political tension in the Mediterranean. Its latest balance sheet records a very liquid position, and it is obvious that the demand for banking facilities in Palestine is expanding with the rapid development of the country.

The Money Market.—Last Saturday's floating debt return has helped to show how the Government's April debt operations have affected the volume of credit. When the final call of £73 millions in the new Funding Loan was paid on April 3rd, the quantity of tap Treasury bills held "inside" fell by £66.2 millions. This showed that a large part of the Funding Loan was held by public departments and other authorities. On April 15th, £44 millions of Treasury "threes" were repaid, and last week's Bank return indicated that there had been a certain release of funds, financed by Ways and Means borrowing from the Bank. The floating debt return for April 18th now shows an increase during that week of £29 millions in tap Treasury bills, suggesting that about £15 millions of the Treasury "threes" were held outside and the remainder "inside." These estimates are all very tentative, but it is clear that over the period as a whole the Government has released to the market more than it has gained. To put itself straight, it has had to increase the tender issue of Treasury bills. This has risen between March 31st and April 18th by £20 millions, and there is a further increase of £10 millions this week.

	Apr. 2, 1936	Apr. 8, 1936	Apr. 16, 1936	Apr. 23, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short loan rate:—				
Clearing banks	$\frac{1}{2}$ -1*	$\frac{1}{2}$ -1*	$\frac{1}{2}$ -1*	$\frac{1}{2}$ -1*
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates:—				
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Three months' bank bills	$\frac{1}{2}$ - $\frac{3}{4}$	$\frac{1}{2}$ - $\frac{3}{4}$	$\frac{1}{2}$ - $\frac{3}{4}$	$\frac{1}{2}$ - $\frac{3}{4}$
* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral, respectively.				

The analysis of the Bank return on this page explains this week's drop in bankers' deposits. As a result money was at times a little less plentiful than usual, and one or two clearing banks had to call a small amount from the market. The banks have been ready buyers of May, June and early July Treasury bills at $\frac{1}{2}$ per cent.

The Bank Return.—Since Easter £6.4 millions of notes have returned from circulation, and as the Bank's gold holdings have increased by a further £500,000 the Reserve is £6.9 millions higher.

	Apr. 24, 1935	Apr. 1, 1936	Apr. 8, 1936	Apr. 15, 1936	Apr. 22, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.6	200.8	201.1	201.6	202.1
Note circulation	393.2	413.0	421.4	421.9	415.4
Banking Department:—					
Reserve	59.9	48.6	40.5	40.5	47.4
Public deposits.....	7.6	9.7	9.6	9.9	13.2
Bankers' deposits	93.1	102.6	93.4	104.9	93.1
Other deposits.....	39.6	38.5	37.1	36.6	38.1
Government securities ...	87.7	95.9	93.9	106.7	93.2
Discounts and advances ..	5.8	10.1	9.8	8.8	7.5
Other securities	9.6	14.6	13.7	13.2	13.9
Proportion	41.1%	32.2%	28.9%	26.7%	32.8%

In the banking department, Government securities have fallen by £13.5 millions and bankers' deposits by £11.8

millions. This restores the position of a fortnight ago and confirms the view expressed last week that the increase in both these items was a temporary movement due to inequalities in Treasury bill payments and maturities, coupled with the redemption on April 15th of the 3 per cent. Treasury bonds. Excise duty payments explain part of the week's increase in public deposits. Otherwise the contraction in bankers' deposits would not have been so pronounced, as since a fortnight ago £6.0 millions of notes have returned from circulation.

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The Foreign Exchanges.—The London market has been very quiet this week. There has been a tendency for French francs to strengthen. Very little support from the British Control has been necessary, though the Control has always been ready to intervene at Frs. 74½, and at one time three months' francs narrowed from Frs. 3¼ to Frs. 2¾ discount. Later in the week they went out again to Frs. 3 discount, and it was thought that the improvement was due to some special operation. There is as yet no real ground for a permanent recovery, especially as the first ballot in the French elections takes place at the end of this week. The Banque de France's gold losses for the week ended April 17th were Frs. 487 millions, reducing the gold reserve to Frs. 62,488 millions. As some observers are beginning to think that Frs. 55,000 millions would be regarded by the Government as the irreducible minimum, the margin in hand is no longer very great, but it should suffice for some time to come. The note circulation dropped between April 10th and 17th by Frs. 879 millions, in spite of the fact that Paris rentes fall due on April 15th. Hence the tendency to hoard French currency has for the moment been checked, but there is a growing desire to hoard American and British currency as likely to be immune from any future gold embargo. Rediscounts at the Banque de France have again risen by Frs. 429 millions, and on April 17th stood at Frs. 14,187 millions. Dollars have been strong in London at \$4.93½, while the Paris rate for dollars has risen to Frs. 15.18½, or practically to the export gold point. So far the Banque de France has kept the rate inside the gold point by buying francs against gold ear-marked over to American account, the object being to prevent a daily visible outflow of gold. Three months' dollars in London are now only 7½ cent premium, or at the lowest premium for a year. Three months' guilders and Swiss francs have again strengthened and are now quoted at 5¼ cents and 14½ centimes discount, respectively.

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Agricultural Mortgage Corporation.—The latest accounts of this institution show that during the past year business has not continued to expand at the same rate as in former years, while earnings have definitely contracted. The total of mortgage loans completed up to March 31, 1936, was £11.6 millions, based on 798,324 acres of land valued at £18.3 millions. The corresponding figures for last year were £11.1 millions, based on 770,720 acres valued at £17.6 millions. Improvement loans have risen from £57,000 to £67,000. Repayments of loans totalled £537,000, against £658,000 for 1934-35. The profit and loss account, however, suggests that the general decline in long-term interest rates is beginning to affect the Corporation's income from investment and mortgage loans, which have fallen by £4,000. Reduced business is reflected in the contraction of £3,000 in "commissions and fees." A loss of £4,300 was also incurred on the realisation of investments. As a result, the net profit for the year is only £24,000, compared with £32,000 for last year, and the dividend of 2½ per cent. is not repeated. The position of the corporation is probably largely determined by the position of the farmers, who with the return of better conditions may no longer be availing themselves to the same extent of the mortgage facilities offered them by this institution, created for their benefit in the depths of the depression several years ago.

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Norwich Union Life.—The 1935 report of this—the largest of the purely life offices—is of special interest, as it embodies the result of a quinquennial valuation of liabilities

and assets. As on the last occasion, the rates of interest assumed in estimating the future liabilities were 2½ per cent. assurances and 3 per cent. for maturities. In 1931, a net depreciation of £1,098,746 was written off through the revenue account; but although on December 31st the aggregate market value of Stock Exchange securities was much in excess of the book values, it has been decided not to write down these book values. The results of the last two valuations are given below:—

	1926-30	1931-35
Trading surplus earned during quinquennium	4,526,338	6,151,818
Profit or loss on securities	—338,334	—1,090,729
Brought forward	254,385	451,019
	4,442,389	5,512,108
Allocations:—		
To Bonuses to policyholders	3,991,370	5,098,327
„ Carried forward	451,019	413,781
	4,442,389	5,512,108

The method of dividing the surplus takes the form of reversionary bonuses varying with age at entry and duration, as well as with plan. The actual rates declared are the same as in 1930, and are on a generous scale; they vary from 54s. per cent. per annum to 95s. per cent. per annum for whole life policies and from 38s. per cent. per annum to 60s. per cent. per annum for endowment assurances. Nevertheless, the cost of the distribution is well within the amount of the trading surplus. As there are no shareholders, the whole of the surplus belongs to the policyholders. During the year new assurances were £10,788,000, compared with £10,172,000 in 1934, but annuity consideration money fell from £436,000 to £286,000. The net rate of interest was 1s. 9d. per cent. smaller at £4 10s. 10d. per cent. Total assets increased from £40,933,000 to £42,566,000. Mortgages on property and loans at £14,682,000 were slightly greater than in 1934, thus reversing the trend of recent years. British and Colonial Government securities showed a moderate increase, but foreign Government securities decreased. Debentures were £7,576,000, against £6,710,000, and preference shares increased from £2,316,000 to £3,126,000. The holding of Norwich Union Fire shares are again taken at cost, namely £6,088,000. Other ordinary shares amounted only to £150,000. During the year, due to difficulties in the way of development in Switzerland, the company transferred its existing business in that country to a local company; this action resulted in the transfer to the Swiss company of nearly three-quarters of a million from the combined life and annuity account.

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Norwich Union Fire.—Although the fire premium income of this Society has fallen steadily from £2,256,000 in 1928 to £1,670,000 in 1935, the underwriting profit last year, at £151,000, exceeded the corresponding figure of any other year. In the accident and general branch, premium income in 1935 fell from £1,680,000 to £1,450,000, but a loss of £89,000 in 1934 was replaced by a modest profit of £12,000. Last year's improvement in both branches was doubtless due in part to better results in the United States.

	1934	%	1935	%
	Profit	Premiums	Profit	Premiums
Fire	104,432	6.0	151,019	9.0
Accident and general	88,739	—5.2	12,219	0.8
Marine	17,500		...	
	33,193		163,238	
Less Taxes, etc.	61,636		78,275	
	—28,443		84,963	

Total assets of the Norwich Union and its subsidiaries fell from £5,796,000 to £5,721,000. There is a general reserve fund of £900,000, while stock exchange securities are taken at or under market values as at December 31st last. The rate of dividend on the whole of the shares, which are held by the Norwich Union Life, is 24 per cent. The cost of the dividend before deducting tax is £264,000 and, while more than met by the available interest earnings and the net trading surplus, is considerably in excess of the available net interest earnings (£149,000).

THE STOCK EXCHANGE

AIR TRANSPORT AND THE INVESTOR

SPECULATIVE excitement in the aircraft share market has, for the time, abated. The promise of largely increased air defence expenditure in 1937 and 1938 has been eclipsed, as a bull pointer, by recent uncertainty regarding contract prices. The industry is operating at high pressure under "instructions to proceed." In the absence of agreement on a fair price, it is possible, as the Under-Secretary of State for Air explained in March, that the final prices for Air Force work will not be determined until after a full examination of the contractors' books on the completion of the contracts. A number of firms, recently constituted for civil aircraft work, have changed over to military construction, and have found the change costly in their first year.

Meanwhile, one section of civil aviation activity—air transport—continues to extend, without attracting unduly wide interest from the investor. Imperial Airways has been recently confirmed as the Government's chosen instrument for the development of existing Imperial air routes. There are now twelve companies operating regular services in the British Isles, with a route mileage of over 5,000. The four railway companies jointly with Imperial Airways have formed Railway Air Services, which has operated services in the British Isles since May, 1934. Finally, the Hillman Airways concern, established in 1931 and known to the investor since the end of 1934, has transferred its assets to British Airways, Ltd., a new company which has also acquired the approximately equal assets of United Airways and Spartan Air Lines. The new company has inaugurated a daily mail and passenger service to Scandinavia within the last few weeks.

Technically, therefore, commercial air transport is making steady progress. The investor's direct interest in this development, however, is as yet stringently limited. The majority of services are either too recent to have achieved satisfactory earnings records, without the assistance of a Government subsidy, or are private companies in which there is no general investment interest. Any review of the investment aspect of the air transport industry must, perforce, be largely restricted to the record and prospects of Imperial Airways. This company was formed twelve years ago to amalgamate four concerns which had been competing against each other with the help of Government subsidies. Its subsequent progress has been rapid. In 1928 the number of passengers carried was 26,361; last year the total was 48,642 on European and 7,103 on Empire routes. Between 1931 and 1935 the number of miles flown more than doubled at 2.9 millions, against 1.3 millions; in the same period the total traffic ton-miles operated increased fourfold from 0.9 millions to 3.5 millions. The number of aircraft in service, nevertheless, has slightly fallen during the past four years. This argues a progressive increase in efficiency and a considerable increase in the scope of operations. The company has never disclosed the amount of subsidies received from year to year in its accounts. The development of Imperial air routes has more than a tinge of public policy, and similar considerations may influence the Board's decision in the matter of non-disclosure. It is possible, however, to glean some information from official sources. The main subsidy provisions are defined in Command Papers of 1928 (Europe and India), 1930 (South Africa), and 1933 (Australia). A new long-term agreement has been agreed with the Government, to supersede these arrangements, which are due to expire shortly; and an issue of new capital is to be made to finance the extension of the fleet, some 29 flying boats and 12 land planes being under construction or on order at October, 1935. Out of direct air transport subsidies of £561,000 for the year to March, 1935, analysis suggests that about £481,000 may have been received by Imperial Airways.

The revised agreement will take account of the new

trans-Atlantic services, which have been in preparation for some time past. Its terms have not been disclosed, but the Air Navigation Bill, whose second reading was taken at the end of last month, revealed that the Government sought power to increase the aggregate annual subsidy limit up to £1,500,000 until the end of 1953. On the revenue side, therefore, Government support appears assured. From the operational aspect, somewhat different considerations may be relevant. The progress of the company during the last five years with a fleet of unchanged size shows that economies of organisation, and the consequent increase of flying time per machine, have become increasingly important. These "economies of large-scale working" themselves change with the scale of operation, and it may, therefore, be some time before maximum efficiency is achieved with a larger fleet.

From the investment aspect, more importance attaches to the company's relations with the Government. For the year to March, 1935, the balance of profit, after charging working expenses and crediting subsidies, amounted to £366,446. For the eleven months to February, 1935, traffics totalled £1,412,000. If the undisclosed traffics for March were taken at £130,000, the estimated total revenue (including the £481,000 minimum subsidy receipts) could be put approximately at £2,023,000 for the year. Operating expenses would therefore amount to some £1,656,500. A similar estimate, given in the *Economist* of October 26th last, has not been challenged. It is significant that, for the nine months to December last, the increase in traffics amounted to £205,886, or 17.9 per cent. The reduction in subsidy provisions for the year just closed, as computed from official sources, amounted to £120,000. From an operating point of view, therefore, it would seem that Imperial Airways last year may have come close to, or even succeeded in, meeting its costs. During the current year provision has been made for the Bermuda-New York service and preliminary survey flights on the North Atlantic route. Imperial Airways remains the principal air transport share for general investment purposes, and has given shareholders a not unsatisfactory return. During 1933-34 and 1934-35 available profits were equivalent to slightly over and under 10 per cent. for the ordinary capital, the dividend having been raised progressively from 3 per cent. in 1931-32 to 7 per cent. for 1934-35.

Next in the hierarchy of air transport services known to the investor may be put British Airways. This concern is to be provided with a subsidy of £20,000 for the Scandinavian mail and passenger services during the current year. Hillman's Airways has a one-third interest in the concern, which has been sensibly based on an amalgamation of this and two other companies. So far, investors are in the dark concerning the new company's prospects, although it may well be true, as the Hillman's directors observed in December last, that the new company will reach the dividend-paying stage at an earlier period than the constituent companies operating alone. Fixed cost factors are so important in the air transport industry that the small unit is under a severe technical disability. Inevitably, much of the traffic is seasonal. To secure optimum results it is necessary to limit aircraft capacity closely to the peak summer load—or even a little below it. Air operators have two principal maxims: first, aircraft lose money on the ground. The type of commercial air liner operated on many internal services costs 10s. per hour on the ground. The average flying time for the Imperial Airways fleet was 1,810 hours for 1934-35. These aircraft—which are more intensively worked than those of other fleets—are standing for nearly four-fifths of the year. This explains the importance of the second maxim: "An aeroplane overhead is earning its overhead."

These operating factors seem the more important in

internal air services. Certain of these services are now regular mail carriers. But for passengers the inland air service is often not a decisive time-saver on balance. Many express trains are booked for an average speed of over 55 miles an hour. The average scheduled speed of regular internal services, from town centre to town centre, is 10 miles per hour below that figure, for the period occupied in surface transport to the landing-grounds severely reduces the average speed over short distances. The growth in air transport services since 1932 has nevertheless been remarkable. In that year regular air services were operated over 187 route miles in the United Kingdom; by 1934 the total had jumped to 5,591 route miles, and last year a further increase of 20 per cent. was probably achieved. Some services—including Jersey Airways—claim to have attracted a new class of air traveller. From the communications aspect, services to "John Bull's Other Islands" are important; for they save commensurately in time over surface travel. From the operational aspect, the key factor of seasonal payloads is still present, and this must necessarily limit the prospects of large profits. Progress has been made, however, in amalgamation to secure operating economies, and further schemes may be in prospect.

For the investor, therefore, internal air services are not of wide interest. Railway Air Services, in which Imperial Airways and the four main railway companies hold equal shares, has carried mails since August, 1934, and operates regular services on inland trunk routes, to Belfast, across the Bristol Channel and to the Isle of Wight; and Jersey Airways operates in connection with these services. The services are in an early stage of development, and have involved losses during the past two years on the following scale:—

	Total Receipts		Total Expenses		Loss	
	1934	1935	1934	1935	1934	1935
	£		£		£	
L.M.S.	2,904	12,626	10,148	39,902	7,244	27,276
G.W.R.	1,528	2,183	6,678	9,117	5,150	6,935
Southern	272	1,196	5,042†	10,184†	4,770	8,988

† Includes £3,286 and £3,694 subsidies paid 1934 and 1935 respectively.

The railways, perhaps with the experience of the road transport struggle fresh in their minds, have established their position in the air almost from the outset. It is, however, restricted to "inland" flying. The Southern Railway, for example, has no aerial reply to competition from the air on its cross-Channel routes. Considerations of prestige and the desire to establish aerial feeder services over difficult rail routes (e.g. cross-country journeys involving a sea crossing or *détour*) may justify development from the wider standpoint of maximum service to the rail user, which is the *raison d'être* for the provision of hotel and restaurant car facilities. Expectations that such services will yield considerable revenue must, however, be severely discounted for the time being.

The development of ground services has been largely left to the State and to municipalities. One public company—Airports Limited—has been formed to build airports at Gatwick and Gravesend. It is claimed for Gatwick that it lies directly on the continental route, outside the London fog belt, and that it is served by direct train service on the Southern Railway. Assistance is to be given by the Treasury over 15 years to enable the two proposed aerodromes to be used as alternative landing grounds in conditions of bad visibility. The prospectus for the issue of 840,000 5s. ordinary shares, made last June, referred to the directors' anticipation of a satisfactory return on the capital employed, after a reasonable period for development. Both centres, initially, will need to attract new or diverted services, but should be favoured by the rapid increase in civil flying generally.

Investors may conclude that, although technical progress in air transport is continuing, it offers somewhat limited avenues for investment under present conditions. Many of the inland services are the pioneer undertakings of private companies. Hillman's Airways is now only the "publicly held third" of a larger amalgamation. The railways' interests are largely strategic, and insufficient data are available to form any close appraisal of airport profits prospects. Some of the difficulties of internal air operation may be

inseparable from the permanent facts of British geography. Others may be solved with greater experience and co-ordination. For the investor, however, present choice is restricted almost completely to Imperial Airways. Important developments are in preparation which may involve new operating problems for this concern, but the progressive record of recent years may be resumed when initial difficulties have been satisfactorily overcome. Although the company is the chosen instrument of Imperial air development, it might be salutary if investors did not rank the prospects of dividend expansion too high, for the day of financial independence has yet to come.

INVESTMENT NOTES

The Stock Exchange and the Budget.—The stock markets had expected a "dull" Budget, with no immediate changes in taxation, but with ominous rumblings of unwelcome changes to come. Threepence on the income tax and twopence on tea came as a surprise, but did not shake confidence. Gilt-edged stocks opened about half a point lower on Wednesday, but no great volume of selling occurred, and at the close of business many prices had regained their pre-Budget levels. In the tea share market, there was an initial disposition to mark down the shares of some companies producing the finer quality teas, on the argument that retailers would probably choose to increase the proportion of the lower grades in their blends rather than pass on the new impost in its entirety. Industrial shares opened hesitantly, but closed with a fair appearance of strength. The Budget, in itself, provided few *points d'appui* for the speculative-minded, but there was a certain amount of buying of such shares as Barclay Perkins and Red Tower Lager, on the new duty on foreign light beers. Counters like Leyland Motor and Thomas Tilling, which had been fluctuating uncertainly, owing to fear of an increase in the heavy oil duty, were buoyant in its absence. For the same reason, London Transport "C" stock gained a full two points on Wednesday. The following table of prices suggests, however, that, on the whole, the Stock Exchange treated the Budget with indifference, and several of the small "pluses" below illustrate the slight improvement on Thursday afternoon:—

Stock or Share	Highest, 1935	Highest 1936, to date	Pre-Budget Price (Apr. 21)	Post-Budget Price (Apr. 23)	Change, since Budget
<i>Gilt-edged—</i>					
2½% Consols ..	94½	87½	85½	85	—½
Local Loans ..	98½	97	97	97	Nil
3½% War Loan ..	110½	107½	107½	107½	—½
3½% Conversion ..	112½	108½	107½	107½	+½
3% India ..	95½	86½	86	86	Nil
<i>Tea Shares—</i>					
Budla Beta (£1) ..	48½	46½	40½	40½	Nil
Doom Dooma (£1) ..	54½	55½	51½	51½	Nil
Amalgamated (£10) ..	£12½	£12½	£12½	£11½	—½
Ceylon Tea (£1) ..	63½	63½	57½	57½	Nil
Linnua (£1) ..	42½	39½	36½	36½	—3½
Nuwara (£1) ..	90½	87½	80½	80½	—
<i>Industrial Shares—</i>					
Richard Thomas (6/8) ..	15½	15½	13½	14½	+10½d.
Vickers (6/8) ..	21½	28½	25½	26½	+6d.
Rolls-Royce (£1) ..	172½	192½	188½	188½	+½
Leyland (£1) ..	80½	96½	94½	97½	+2½
Tilling (£1) ..	80½(a)	85½(a)	71½	72½	+1½
Barclay Perkins (£1) ..	43½	42½	40½	40½	Nil
Red Tower Lager (£1) ..	14½	11½	11½	11½	Nil
B.A.T. (£1) ..	46½	46½	46½	46½	Nil
Dunlop (£1) ..	53½	42½	38½	38½	Nil
Courtaulds (£1) ..	60½	61½	49½	49½	Nil
I.C.I. Ord. (£1) ..	38½	40½	39½	39½	Nil
L.M.S. Ord. Stk. ..	22½	24	24	25	+1
London Transport "C" Stk. ..	109½	112½	103	105	+2

(a) On basis of a smaller capital.

Whether second and third thoughts will be identical with first impressions is, perhaps, more doubtful. The markets may rightly be regarding the maintenance of cheap money and trade recovery as of greater import than a small—almost a "token"—rise in the income tax. Maturer consideration, however, may lay greater emphasis on the implications of this year's Budget as the first of a series promising a permanent increase in expenditure and taxation, whose ultimate limit cannot, at the moment, be confidently measured.

Railway Rating Again.—From first to last, the British railways have been among the most influential clients of the legal profession. The litigation arising out of the Railway Rating Act of 1930 threatens to rival even *Jarndyce v. Jarndyce* in length and cost. At regular intervals the same piece is performed by the same actors in a different court. The question of the Southern Railway's rating assessment, having gone round and around, from the Assessment Authority to the Railway and Canal Commission, and from the latter court to the House of Lords, has now gone "below" again, and has re-appeared in the Railway and Canal Commission. The House of Lords' judgment on January 24th (discussed in an *Economist* leading article of February 1st, page 244) decided a matter of principle—namely that the Act of 1930 did not set up an entirely new basis of railway rating assessment, and that the established practice of prior deduction of an adequate allowance for interest, fair profit and business risk on a hypothetical "tenant's capital" was the "recognised one." The Lord Chancellor, however, in dealing with the matter, threw out something like a hint that the parties should take an opportunity of going back to the Railway and Canal Commission and asking that court whether, in its decision, it anticipated in all respects the view which the House of Lords had formed. The parties, therefore, find themselves back before the Commission to consider points of detail. On Tuesday, Sir William Jowitt, for the Assessment Authority, contended that in determining the allowance from replacement cost for depreciation, in the Southern's case, the court failed to make allowance for such factors as age, obsolescence, excessive number of types and unduly high initial figures of replacement costs. Secondly, it was contended that in determining the rate of interest to be allowed upon the tenant's capital, the court failed to have regard to a number of relevant matters. On Wednesday, Mr Justice Mackinnon declared—*apropos* of "an extremely complicated matter of fact"—that the Commission were being asked, twelve months after they gave their decision, to say whether, in a mass of

matters, they took one particular detail into consideration. "Perfectly frankly," said His Lordship, "I have not the slightest recollection." From the viewpoint of investors, any alteration made by the Commission in its earlier ruling on "matters of detail" might have far-reaching effects. As we showed in our article of February 1st, the substitution of 10 per cent. for a 15 per cent. allowance would more than double the Southern's revised assessment. The position is the more anomalous because two of the four railways—the Southern and the L.M.S.—have already increased their dividends for 1935 on the assumption that their rating assessment will be reduced. The sooner finality on the matter can be reached, the better for all concerned.

Income Tax "Multipliers."—Mr Chamberlain has reserved his unkindest cut, in this year's Budget, for the unmarried investment statistician who may, incidentally, be a consumer of tea or foreign lager beer, or both. For investors who may require to convert dividends calculated "before tax" to an "after tax" basis, or vice versa, a standard income tax rate of 4s. 9d. in the £ is a troublesome figure. There is only negative consolation in the prospect that the policy of financing expanding "maintenance" charges for new armaments out of revenue may involve a rise in the rate, next year, to the much more convenient mathematical figure of 5s. Every investor who receives dividends from securities on which income tax is deducted at the source is under the necessity of reducing "gross" rates to a "net" basis, in order to ascertain the residuum in hard cash which will be left to him in the annual "share-out" with the Exchequer. The reverse process, of converting "net" figures to "gross," will be required of him when he makes out his annual income tax return, since the authorities insist that receipts from dividends on which tax has been deducted at the

Preliminary Notice.

WITWATERSRAND NIGEL, LIMITED

(Incorporated in the Union of South Africa)

SHARE CAPITAL £1,100,000

divided in 4,400,000 shares of 5s. each, of which 3,618,900 are issued or to be issued, 600,000 are under option, and 181,100 are in reserve.

The London subscription list will open and close on April 29th, for an issue of 800,000 SHARES OF 5s. EACH AT 10s. PER SHARE

Preferential consideration will be given to applications from shareholders of the Company and of Oceana Development Company, Limited, or their respective nominees, and allotments will be made in response to such applications in the proportions of one share of this Issue for every four shares held in the Company by each of its shareholders on the register on the 18th day of March, 1936, and in the proportion of one share of this Issue for every two shares held in Oceana Development Company, Limited, by each shareholder of that Company on the register on the 18th day of March, 1936. In calculating the number of shares to be allotted, fractions of shares will be disregarded.

Allottees of the shares of this Issue will receive Option Certificates to Bearer entitling the holders:—

- (1) Until the 31st December, 1936, to subscribe at 12s. 6d. per share for one share in the Company in respect of every eight shares allotted to such allottee.
- (2) Until the 31st December, 1937, to subscribe at 12s. 6d. per share for one share in the Company in respect of every eight shares allotted to such allottee.

In calculating the number of shares comprised in these Options, fractions of shares will be disregarded.

The prospectus will show inter alia that:

- (1) The total mining area is 9,840 claims, nearly all of which are underlain by the Nigel Reef horizon;
- (2) An incline shaft has been sunk to 676 feet and two vertical shafts to 637 feet and 625 feet respectively;
- (3) Up to December 31, 1935, 7,360 feet of driving, wining, raising and cross-cutting had been completed. Of 4,108 feet sampled, 1,043 feet, or 25.4 per cent., was payable, having an average assay value of 11.8 dwts. over 26.7 inches, equivalent to 315 inch-dwts.

The Company has in hand approximately £130,000 in cash, and the present issue (which is guaranteed by East Rand Consolidated, Ltd.) is expected to produce a net sum of £350,000.

Prospectuses and Forms of Application are now available from

BANKERS:
NATIONAL PROVINCIAL BANK, LTD., 1, Princes Street, E.C.2.
STANDARD BANK OF SOUTH AFRICA, LTD., 10, Clements Lane, E.C.4.

BROKERS:
MILLAR & LLEWELLYN, 24, Austin Friars, E.C.2.

LONDON SECRETARY & OFFICE:
H. W. C. DERMER, F.O.I.S., 19, St. Swithin's Lane, E.C.4.

source shall be shown in the returns at a "gross" level. The readiest method of carrying out these operations is to use a "multiplier," which, for any given standard rate of tax, is constant. Thus, if an investor holds a shares of £1 in a company which declares a dividend of x per cent. subject to tax, the net amount receivable in cash, after deduction of tax, will be (in £'s): $ax/100 \times 0.7625$. Similarly, if an investor holds b shares of £1 in a company which declares a dividend of y per cent., free of tax, he should include in his income tax return, an amount (in £'s) of: $by/100 \times 1.3115$. In both instances, it is presumed that the standard rate of tax applies. In numerous cases, however, dividends may be subject to Dominion income tax relief, and the amount chargeable for British income tax may, therefore, be calculated at less than the standard rate. The following table may, accordingly, be convenient for reference. It shows the "multipliers" for effective rates at each 6d. between 2s. and 4s. and each 1d. between 4s. and 4s. 9d.

Effective Rate in £	To Raise "Net" to "Gross," multiply by	To Reduce "Gross" to "Net," multiply by	Effective Rate in £	To Raise "Net" to "Gross," multiply by	To Reduce "Gross" to "Net," multiply by
2s.	1.1111	0.9000	4s. 3d.	1.2698	0.7875
2s. 6d.	1.1429	0.8750	4s. 4d.	1.2766	0.7833
3s.	1.1765	0.8500	4s. 5d.	1.2834	0.7792
3s. 6d.	1.2121	0.8250	4s. 6d.	1.2903	0.7750
4s.	1.2500	0.8000	4s. 7d.	1.2973	0.7708
4s. 1d.	1.2565	0.7958	4s. 8d.	1.3043	0.7667
4s. 2d.	1.2632	0.7917	4s. 9d.	1.3115	0.7625

Taken in conjunction with the table of past changes in income tax rates (given on page 176 of this issue), the figures may be helpful to statisticians, accountants, etc., who may be required to compute gross and net dividends over a period of years. For effective rates in excess of 4s. 9d., the following "multipliers" are applicable.

Effective Rate in £	To Raise "Net" to "Gross," multiply by	To Reduce "Gross" to "Net," multiply by
4s. 10d.	1.3187	0.7583
4s. 11d.	1.3260	0.7542
5s.	1.3333	0.7500
5s. 6d.	1.3793	0.7250
6s.	1.4286	0.7000

This table, it may be devoutly hoped, will cover the requirements of statisticians for some years to come.

Actuaries' Investment Index.—The market on Tuesday closed in ignorance of the Chancellor's decision to increase the income tax. The Actuaries' Index of 178 industrial equities calculated on Tuesday's prices was virtually unchanged on the week at 83.7, compared with 83.6 a week ago and 83.4 a month ago. The yield calculations are 3.65 per cent. this week, 3.63 per cent. a week ago and 3.63 per cent. a month ago. Movements in representative sub-groups are tabulated below:—

Group (and No. of Companies)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (24 Mar., 1936)	Week ago (14 Apr., 1936)	This Week (21 Apr., 1936)	Month ago (24 Mar., 1936)	Week ago (14 Apr., 1936)	This Week (21 Apr., 1936)
Higher This Week:						
Insurance (24)	131.7	132.2	134.1	3.21	3.20	3.16
Building materials (5)	97.4	102.0	102.7	4.86	4.73	4.70
Motors (5)	57.8	57.9	59.0	4.05	4.02	3.99
Oil (5)	83.2	83.7	85.2	2.66	2.61	2.54
Lower This Week:						
Coal (7)	100.3	98.8	97.8	4.12	4.12	4.17
Iron and steel (12)	73.8	71.7	70.6	3.03	3.15	3.18
Home rails (4)	68.7	72.1	71.7	1.60	1.54	1.57

The most marked increase in price is in the oil group, where great interest has been stimulated by the settlement of the Mexican Eagle lawsuit. The principal groups which lost ground were coal, home rails, and iron and steel.

COMPANY NOTES

Liverpool Companies.—It was as a market that Liverpool built up its greatness (and as a port well equipped to serve a great market), and even under the restricted trading conditions of to-day the Liverpool wheat and cotton markets are leaders among the few remaining international exchanges of the world. The Liverpool Stock Exchange would not claim to rival those far-famed exchanges of Liverpool. But its list reflects their influence clearly, if paradoxically, in the relative scarcity of purely "Liverpool" shares which it contains. The trader of Liverpool is not interested in providing a market for small local concerns in which interest must at best be limited. The shares in the Liverpool list are for the most part those of leading companies well known in London and to most other exchanges. Liverpool demands a free market. That, naturally, does not exclude local concerns drawn from a district which has provided some of the largest English companies. Cunard Steam Ship and Furness Withy, Cammell Laird, Platt Brothers, many of the leading textile shares, and Leyland Motor can each be claimed by Liverpool and its district. And the local general services are

(Profits in £100)									
	1929	1930	1931	1932	1933	1934	1935	1936	
Cunard S.S. (Dec. 31):									
Earned for Pref.	809.6	18.6	Dr553.2	Dr227.3	Dr245.0	24.4	25.5	...	
Earned for Ord.	674.6	Dr116.1	Nil	Nil	Nil	Nil	Nil	...	
Earned %	13.2	Nil	Nil	Nil	Nil	Nil	Nil	...	
Div. %	7½	Nil	Nil	Nil	Nil	Nil	Nil	...	
Lewis's Trust (Feb. 28):									
Earned for Ord.	...	212.3	192.0	192.3	157.8	153.1	166.4	170.2	
Earned %	...	22.6	21.1	21.8	17.9	17.4	18.3	18.7	
Div. %	...	17½	17½	17½	17½	17½	17½	17½	
Lewis, Ltd. (Feb. 1):									
Earned for Defd.	369.6	411.4	480.2	483.7	390.3	371.2	393.1	391.6	
Earned %	...	368.9	447.4	457.1	317.2	329.5	351.8	350.2	
Defd. Div. %	202.8	275	275	275	275	275	275	275	
L'pool Grain Storage (Dec. 31):									
Earned for Div.	...	18.5	21.7	15.1	15.6	20.5	14.0	...	
Earned %	...	8.0	9.6	6.7	6.9	8.8	6.0	...	
Div. %	...	6	6	6	6	7	6	...	
Liverpool Gas (Dec. 31):									
Earned for Ord.	132.6	127.9	113.8	146.7	128.5	129.0	129.7	...	
Earned %	6.2	6.0	5.3	7.1	5.9	6.0	6.0	...	
Div. %	6	6	6	6	6	6	6	...	
L'pool & N. Wales S.S. (Sept. 30):									
Earned for Div.	8.0	4.7	Dr5.6	6.1	9.4	4.6	6.2	...	
Earned %	13.2	8.9	Nil	12.9	19.7	9.4	12.7	...	
Div. %	10	10	7½	10	10	10	10	...	
Wilson Bros. Bobbin (July 15):									
Earned for Div.	14.6	14.1	Dr21.0	11.7	17.4	11.8	21.4	...	
Earned %	5.2	4.9	Nil	4.6	6.8	4.2	8.0	...	
Div. %	5	5	Nil	2½	4	5	6	...	

represented by such companies as Liverpool Gas (which well illustrates the general tendency of the industry to meet stationary sales with substantial operating economies to produce growing net profits). Two other important utility concerns, Mersey Power and Lancashire Electric Light and Power, are also included. Transport includes Ribble Motor Services, the Mersey Docks and Harbour Board stocks, and the Leeds and Liverpool Canal. Lewis's, Limited, and Lewis's Investment Trust represent retail trade, and the list is rounded off with Peter Walker (Warrington), and Liverpool and London and Globe Insurance. Yet all of these shares are as well known in London as they are in Liverpool. Among the few shares which might be classified as "Liverpool shares" in the narrow sense are Wilson Brothers Bobbin Company, Liverpool Grain Storage and Transit Company, and Liverpool Warehousing—though the last company is officially quoted and quite frequently changes hands in London. Apart from these concerns, few shares are to be found which represent the many small units which exist in the industries for which Lancashire is famous. Liverpool has left it to Oldham to provide a market for them. The accompanying table gives brief particulars of a few companies which can best lay claim to the description of "Liverpool shares."

Unilever Results.—The maintained guilder rate of dividend on the Unilever, Ltd., ordinary shares came as something of a disappointment to the market, which had been inclined to attach importance to the favourable results reported by several of the English subsidiaries, without taking full account of the continuing difficulties on the Continent. One section of the group, once again, has given no reliable indication of the combined experience of the undertaking. The present report shows that almost every factor affects different sections in a disparate fashion. Increased prices for raw materials, it would seem, are difficult to pass on to consumers of margarine and soap. These commodities' profits were lower last year, but the oil and cake and plantation interests, which have found the rise advantageous, have come to their rescue. Difficulties in the margarine business, coupled with the continued burden and expense of exchange covering, has been largely responsible for the fall in Unilever N.V. consolidated profits by 7½ per cent., whereas the Unilever, Ltd., net consolidated profit has advanced by as much as 35 per cent. The guilder dividends are maintained, but the estimated sterling equivalent for Unilever, Ltd., is fractionally higher at 6½ per cent., comfortably covered by earnings of 10.9 per cent. Comparative results of each group are given below:—

(Years to Dec. 31)	Unilever, Limited		Unilever, N.V.	
	1934	1935	1934	1935
Consolidated net profit*	£1,805,533	£2,432,156	Fl. 14,684,846	Fl. 13,568,879
Retained by subsidiary and associated companies	577,103	960,192	927,031	918,326
Balance†	1,228,430	1,471,964	13,757,815	12,650,553
Dividends on 7% preferred shares ...	190,400	232,067½	2,381,470	2,205,735
Ordinary ...	1,038,030	1,239,897	11,376,345	10,444,818
Ordinary ...	745,151	754,584	6,810,540	6,810,540
Ordinary ...	9.2	10.9	6.7	6.1
Ordinary ...	6.583	6.678	4	4
To general reserve	...	417,547	...	809,437
To reserve for contingencies	100,000	...	2,500,000	2,500,000
Total carried forward	299,597	367,363	3,802,920	4,127,761

* Including companies' proportion of profits (less losses) of all concerns forming part of Unilever organisation. † This includes the results of subsidiaries and associates only to the extent to which dividends have been or are to be received therefrom. ‡ Includes dividend on new 5 per cent. preferred shares. § Assuming rate of Fl. 7.20 = £1 for final dividend.

The liquid position of the group, shown by a consolidated statement of working capital of the two concerns and their subsidiaries, at first or second hand, is still impressive. Net current assets are more than £1 million higher at £40,753,000, and further, if expensive, progress has been made in reducing the cash holdings in countries with restricted currencies. The changes in the respective balance sheets mainly reflect the "transfer" of part of the group's preference obligations to the English concern, at a lower rate of dividend. This arrangement, which was carried out last May, reflected the ingenuity with which the administration is fighting currency difficulties. No further arrangements, apart from those arising "normally" from trading conditions have been made. The effects of any currency changes in the future are not easy to assess. Devaluation might assist trade conditions abroad, but some rise in costs of raw materials purchased from sterling countries would be expected. Where the balance of advantage would lie is difficult to determine. And the present arrangement by which the Unilever, Ltd., dividend is determined would necessarily be altered. While the known factors in the Unilever equation appear slightly less unfavourable, the present price of 32s. for the British £1 stock units, offering a yield of £4 3s. per cent., suggests that recovery prospects are being cautiously valued.

Babcock and Wilcox.—This concern, famed the world over for boilers and heavy machinery, enjoyed a further impressive advance in profits last year. Total income increased from £424,590 to £525,657. In the space of two years, therefore, total profits have been doubled, and while the present rate of earnings is considerably below that of pre-depression years, the results are the best since 1931. In a year of sub-normal international trade and shipbuilding

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UPON your ability, upon your purely personal efforts, and above all upon your health, is founded the edifice of your own career, your future well-being and that of your family. If anything should happen to you — incapacitation by illness or accident; death — what then? Would everything you have built up collapse? Would you be dependent upon the charity of others? Would your family be condemned to fend for themselves and eke out the humiliating existence of "distressed gentlefolk"? Lay this anxiety by the heels once and for all—it is simple to accomplish.

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Head Office: 10 FLEET STREET, LONDON, E.C.4.

General Manager: W. A. WORKMAN, F.I.A.

Established 1836. Assets exceed £33,000,000.

activity, investors may regard improvement on this scale as satisfactory, but the directors strike a note of caution in their report when referring to the position in export markets. The chief encouragement at present comes from the home market, for which much of the rise in ordinary share earnings from £360,429 to £462,053 must be thanked. The dividend is maintained at 8 per cent., but is this year covered by a further 3½ per cent. An analysis of the profits for the last three years is given below:—

	Years to December 31		
	1933	1934	1935
Manufacturing profit	114,674	250,414	382,443
Other income	145,724	174,176	143,214
Total income	260,398	424,590	525,657
Rates, patent expenses and fees	26,851	29,390	27,569
Pension fund	16,916	19,819	21,083
Preference dividends	14,952	14,952	14,952
Ordinary shares:			
Earned	201,679	360,429	462,553
Paid	257,979	343,972	343,972
Earned (%)	4.7	8.5	11.5
Paid (%)	6	8	8

Dividend equalisation fund..... Dr.50,000 25,000 100,000
Carried forward..... 23,388† 44,406† 65,893†

† After credits from income tax account: 1933, £8,632; 1934, £29,561; 1935, £3,406.

The market's disappointment with the maintained dividend should be slightly alleviated by the increased allocation of £100,000 to dividend equalisation fund out of the year's higher earnings. It is evident, however, that the company is still in a recovery phase, and that increased requirements for mercantile and naval boilers give promise of a further expansion of business in due course. The grouping of the constituent undertakings clearly shows that the company's predominant recovery equity is in world markets. Under prevailing conditions the £1 shares, at 52s. 6d., offer only £3 1s. per cent., and evidently discount a substantial increase in dividends to come.

Cunard-White Star.—The report of the Cunard Steam Ship Company for 1935 is of particular interest, since it is accompanied by the results of the first full year's working of the Cunard-White Star Company operating the Atlantic services. For the full year gross revenue amounted to £5,956,929, compared with £3,306,756 for the period from June 20th to December 31st, 1934. Expenditure under all headings was on a considerably lower scale, amounting to £5,984,595, against a total of £3,706,753 for the previous six months. The operating loss has therefore been reduced from £399,997 for the second half of 1934 to £27,666. The report refers to a definite improvement in passenger movements in the Atlantic services, and that increased traffic contributed to the improved results. It may be assumed, therefore, that seasonal factors in the first half of last year were responsible for the lack of comparative gross revenue expansion. After provision for depreciation of plant, fees, and interest on £750,000 first debenture stock (issued to provide for part of the working capital) the debit balance for 1935 amounts to £61,769, compared with £408,090 at the end of 1934. This small operating loss is a favourable portent, but at present it is no bigger than a man's hand. No depreciation has been charged on the fleet, shown in the books at £18,114,783. This figure includes the cost of the "Queen Mary." The net loss on sales of ships of £1,416,940 has been provided from share premiums account, which from the first has been a purely *pro forma* reserve. The Cunard Steam Ship Company, which owns 62 per cent. of the share capital of Cunard-White Star, and controlling interests in Thomas and John Brocklebank and Anchor Line (Henderson Brothers), reports a net revenue of £25,535, slightly higher than the 1934 figure before crediting reclaimed income tax. The results make no provision for the losses experienced by Cunard-White Star. The results are analysed in the following table:—

	Years to December 31		
	1933	1934	1935
Gross income.....	4,619,005	£	£
Expenses.....	4,579,071	...	...
Gross profit	39,934	...	...
Dividends and miscellaneous earnings.....	...	383,671	378,291
Office and other expenses	...	86,237	89,879
Depreciation	41,123	22,568	22,539
Fees	11,741	9,127	8,019
Discount on debenture stock.....	10,000	15,028†	10,000
Interest, loans and debentures....	222,050	226,270	222,318
Earned for dividends	Dr.244,980	24,441	25,536
Reserve transfers	Dr.250,000	...	...
Carried forward.....	15,922	105,054†	130,590
† Including £64,691 income tax. ‡ Including formation expenses of Cunard-White Star.			

Slight improvement is reported from the Mediterranean cargo service, despite the effect of sanctions, and in the Liverpool-Havre trade. Lack of balanced cargoes, despite the increased outward trade on the Commonwealth and Dominion Line Services, has left the position of the company broadly unchanged. Investors will conclude that 1935 was a year of very modest improvement, which gives little promise, at this stage, of satisfactory earnings. The entrance of the "Queen Mary" into regular service at the end of next month is not, in itself, a clear investment pointer, and at 99½ the 5 per cent. debenture stock of Cunard Steam Ship is at least fairly valued.

Boom in Mexican Eagles.—One of the most remarkable movements in recent Stock Exchange history has been the rise this week in Mexican Eagle ordinary shares. In recent weeks these shares quietly appreciated from about 9s. 6d. on rumours that the Amatlan lawsuit was about to be settled. When the official announcement was made over the week-end that an opportunity had been taken to dispose finally of the lawsuit, the shares rose rapidly from 15s. 6d. to 22s. The present market price compares with a low level of 5s. 10½d. this year and 3s. 1½d. last year. Unofficially it is stated that a settlement has been made out of court with a payment of 12 million pesos, approximately £666,667. As the com-

pany has been reserving £2 millions—the sum in dispute—the shareholders will no doubt consider that the directors have made a good bargain. The official announcement also contains a statement that the difficulties with the Mexican Government in connection with concessions, titles, etc., were in a fair way towards settlement. This was interpreted as being an indication that the company would now open up the large reserves of oil which it has been proving in recent years. The output last year showed a rise of about 20 per cent. at 21,039,963 barrels. In the first fifteen weeks of this year, output has increased by 30.8 per cent. This improvement seems to suggest that the ordinary shares may be brought back to the dividend list this year. An early announcement is expected regarding the preference dividend arrears. The last payment on the 7 per cent. cumulative preference shares was made in November, 1933, for the half-year to October 31st. The first preference dividends of Mexican Eagle and Canadian Eagle are jointly guaranteed by the two companies, and each half-year the amount due to the preference shareholders has been reserved in cash. Actually the surplus liquid assets of Mexican Eagle are sufficient to cover the entire preference capital over three times. The financial position of the company is extremely strong—and if its oil reserves are as satisfactory as the market believes, the ordinary shareholders are entitled to look forward to better times.

Rio Tinto Position.—Shareholders in this concern must regret that the improved position has been more than counteracted by adverse political factors. Last year Rio Tinto enjoyed the recovery in copper and a maiden dividend of 12½ per cent. on its holding in Rhokana Corporation. The company also sold larger quantities of iron ore—although at low prices—and of brimstone, while the volume of its trade in pyrites was maintained. The cost of "relief work and of labour-maintained surplus to the requirements of production" in 1935 amounted to £88,500, the whole of which was charged to costs. In 1934 the expenses under this heading totalled £129,600, of which £101,630 was charged to production costs and the balance offset from provision for taxes. The sum of £72,500 for debenture redemption was applied in writing down plant. The results of the past four years are summarised below:—

	1932	1933	1934	1935
Trading profit	367,300	501,600	453,550	527,980
Net profit	58,500	103,540	55,110	174,280
Dividends (pref.)	81,250	81,250	81,250	81,250
Carried forward	380,570	402,860	376,720	469,750
Property and plant...	3,394,050	3,255,540	3,305,950	3,296,250
Investments	2,982,470	3,168,000	2,918,920	2,784,220

Twelve months ago the company's investments in Rhodesia showed a depreciation of £138,920. The latest report shows that the book value of £2,448,420 was more than covered by market values of £2,662,660 at December 31st last. The ordinary shares have received no dividend since 1930, for the cash position is not closely related to the sum at the credit of profit and loss account. The future position of the Spanish part of the undertaking under the new Government has created some uneasiness, and the Rhodesian interests consequently assume an increased importance. Rio Tinto £5 ordinary shares have touched 22½ this year—some £2 above the best of 1935. The slump to the current quotation of about £14½ is, of course, primarily due to the political situation in Spain. Another company operating in Spain, Tharsis Sulphur and Copper Company, which now concentrates on the first product, showed an improvement in profits last year to £76,420; but the difference did not permit of any advance in the 2s. dividend. Investments at or under cost figure in the balance sheet at the slightly reduced amount of £167,420. The shares have fallen recently from £4 3s. 9d. to a current quotation of about £3½ for the £2 shares.

Other Company Results.—Our usual table on page 222 includes the results of 62 additional companies, including those of several important industrial concerns. Among these will be found *Brent and Max*, whose profits have

advanced from £579,809 to £634,952, the dividends remaining unchanged. The *Cerebos* accounts show a rise in profits from £283,514 to £353,724, although the latter total was earned during thirteen months to December last. The cash dividend is maintained at 40 per cent., and a capital bonus of 33½ per cent. was announced a week ago. *J. and J. Colman*, also well-known where investors dine, has increased net profits from £462,111 to £500,239, the dividend on the new capital being 16 per cent. *Reckitt and Sons* report a slight fall in profits to £1,015,653, the maintained dividend, of course, being comfortably covered. *Ault and Wiborg*, the printers' suppliers, have achieved a sharp rise in profits, from £28,252 to £52,801, the dividend being raised to 12 per cent., while *Garrard Engineering* profits are £10,000 higher at £31,646, which covers a sharp increase in the dividend from 7½ per cent. to 16½ per cent. In the brewery group, the *Charrington* profits and dividend were well received, while among motor concerns *Albion* has made further useful progress. Men's outfitting and store results show some improvement. The investment trusts report modest increases in net revenues, but dividends are largely maintained. A further large batch of rubber company results has been published. In most cases, they reveal a fall in profits for the past year, accompanied by some slight reductions in dividends. *Grand Central (Ceylon)* reports a fall of profits from £45,961 to £15,287; *London Asiatic* has fared relatively well, for profits have been reduced from £69,837 to £55,449, entailing a reduction of the dividend from 8 to 7 per cent. *Malacca* reports net profits of £38,640, against £45,272, and in fact resumes dividend payments with a distribution of 2½ per cent. *Mendaris* and *North Malay* have also experienced less favourable conditions, but *Cheviot* has broadly maintained the previous earnings level. The tea plantation results show a rather irregular experience, but the largest concern, *Ceylon Tea Plantations*, reports a fall in profits from £60,100 to £54,725 and in dividend from 12½ to 10 per cent. Among the week's dividend announcements, a satisfactory reception has been given to the maintained rate of 15 per cent. on the increased capital of *British Oxygen*. *Gaumont British Picture Corporation* has decided to defer consideration of the interim ordinary dividend. *Forestral Land* reports a balance of profit of £364,803 against £146,410, and 6 per cent. against nil is paid on the ordinary capital. *Ever-Ready (Great Britain)* announces net profits of £482,781, against £449,579, the dividend being maintained at 35 per cent. The total profits of *Spillers* are £46,235 lower at £491,110.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Hongkong and Shanghai Banking Corporation, Anglo-Palestine Bank, Alliance Trust, Agricultural Mortgage Corporation, Eagle Star and British Dominions Insurance, Royal Exchange Assurance, State Assurance, Amalgamated Metal Corporation, Olympic Portland Cement, Army and Navy Stores, Argentine Estates of Bovril, Strand Electric Holdings, Ford Motor, Oxendale and Company (Proprietors), Champion Reef Gold Mines of India, and Ooregum Gold Mining of India. Mr S. H. Dodwell, at the Hongkong and Shanghai Banking Corporation meeting, made an extensive review of economic conditions in China and made some well-pointed remarks on the consequences to China of the American silver policy. At the Royal Exchange Assurance meeting, the governor reviewed satisfactory results in all departments and pointed out that the company's duties as trustee to certain fixed trusts did not imply any responsibilities for management. Similarly prosperous conditions were reviewed by Sir Edward Mountain at the meeting of Eagle Star and British Dominions Insurance Company. At the Alliance Trust Company meeting the chairman reviewed the general economic recovery in Great Britain and its beneficial effect on the company's position. Sir Harry Goschen said that the Agricultural Mortgage Corporation was making a loss on a basic lending rate of 4½ per cent., and new loans have not been quite sufficient to enable the company to keep pace with repayments. The State Assurance Company, said Sir Charles H. Morton, had excellent results in the past year. Sir Percival Perry reported an output of Ford cars in the domestic market greater than for any

TIZER LIMITED

(Incorporated under the Companies Act, 1929.)

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Points relating to a recent

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at 20s. per share.

(1) The Company incorporates the following well-known businesses:—

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Tizer Co., Limited, Radiant Table Waters,
Limited.

engaged in the manufacture and distribution to the retail trade of Mineral Waters and other non-alcoholic beverages.

(2) The combine constituted by these four concerns, built up from small beginnings almost entirely out of profits, is now one of the largest in this class of trade.

(3) The trade is conducted almost entirely on a cash basis and the incidence of bad debts is therefore practically non-existent. The Company has over 100,000 customers on its books, the majority of whom are served weekly throughout the year.

(4) Profits, after charging depreciation, and providing for Management Remuneration and Directors' Fees, have been as follows:—

1933	...	...	£63,272
1934	...	...	£64,189
1935	...	...	£64,450

(5) The combined average annual profits for the three years ended 31st December, 1935, were equivalent to approximately 32 per cent. on the issued capital of the Company.

(6) Service agreements have been entered into which ensure continuity of management. The Chairman of the Company who has been associated with the business since its inception expresses the view that there are good prospects of increased profits being achieved and that ample scope exists for the continuation of the policy of expansion and development which has characterised the business in the past.

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ISSUING HOUSE

THE CHARTERHOUSE INVESTMENT TRUST,
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30-31, St. Swithin's Lane, London, E.C.4.

previous year; the event of the season was the introduction of the first £100 fully equipped saloon car. He stressed the importance of revising the present horse-power tax, and pointed out that less than half the £540 millions collected in motor and petrol taxes in the last fifteen years had been devoted to road improvements. Mr A. Stanley Smith referred to the growing turnover of Oxendale and Company (Proprietors), Ltd. At the meeting of Strand Electric Holdings, Ltd., the chairman reviewed recent contracts for stage and lighting work in various theatres and in the "Queen Mary." Army and Navy Stores secured increased profits during the past year, through both increased turnover and greater operating economies. The chairman of Argentine Estates of Bovril discussed results of the subsidy scheme to improve the price of cattle in northern Argentina. At the Ooregum Gold Mining Company meeting the chairman said approaching exhaustion of the dump of old tailings was being anticipated by vigorous development work. Of outstanding credits of the Anglo-Palestine Bank 31 per cent. were granted to trading firms, 16 per cent. to industry, 11.1 per cent. to the orange industry, 2 per cent. to agriculture, 8.3 per cent. to local credit institutions, and 31.6 per cent. to miscellaneous trades. The chairman of Olympic Portland Cement Company referred to favourable experience with cement roads during the recent frost and floods in the Eastern States of America. At the meeting of Champion Reef Gold Mines of India justification was given for the scheme to carry the mine workings to greater depths. The chairman of Amalgamated Metal declared that results in the current year were very satisfactory.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

TICKET
MAY 5ACCOUNT
MAY 7

THE Budget account opened quietly, with the international political situation more obscure and uncertain than ever, and with Mr Chamberlain's Budget to finance re-armament hanging over the heads of the taxpayers. The Budget disclosures were accepted on the whole without dissatisfaction. Gilt-edged suffered slightly, but other groups were firm, and operators were not blinded by the Budget to the mid-week recovery of prices on Wall Street. Some disappointment was expressed at the necessity for increased taxation to pay for re-armament, but the economic implications of the huge re-armament programme ahead were not an obvious market factor. In their present mood, markets have accepted the primrose path of loans for re-armament without inquiring too closely into its implications.

Gilt-edged securities were helped by bear covering operations before the Budget. After being marked down initially on the increase in the income tax, the market displayed a firmer tendency later in the week. Home corporation issues were undisturbed by the Budget, and the market was apparently able to digest the Birmingham Corporation issue on Monday, and the underwriting of the Croydon issue later in the week. India stocks moved in sympathy with gilt-edged, while colonial issues were a little steadier.

A steady demand was maintained throughout the week for Chinese bonds, particularly railway issues, based in part on Sir Frederick Leith-Ross's confidence in the ability of China to operate her currency system. Japanese issues have moved in sympathy, and among South American bonds Brazilians have been well supported, partly by American buying. The March trade figures led to some support for German issues, but in mid-week there was general softness in European bonds.

Home rail issues have been in fair demand throughout the week, and demand was stimulated by the good Easter traffic returns compared with the Easter Monday week of last year. L.M.S. were in the lead both in traffic results and in market demand. Foreign rails were dull at the end of the last account, but showed up better this week. Sao Paulo improved on the dividend announcement, and American issues were better after Wall Street's recovery on Wednesday.

General conditions in the industrial market were satis-

factory both before and after the Budget speech, and a stronger tendency was apparent on Thursday. Early in the week Richard Thomas issues fell off on rumours of disagreements in the Tinplate Cartel, Babcock and Wilcox gained on the report of highest profits since 1931 (discussed on page 193), and Whitehead Iron improved in anticipation of good trading results. Richard Thomas staged a mid-week recovery, and iron and steel shares in general were steady. Aviation issues attracted but little attention. Satisfaction with the unchanged oil duty led to demand for Leyland and Tillings motor issues. Standard motor issues were in demand early in the week, but reacted later.

Electrical equipment shares were supported in anticipation of good dividends, but business in supply shares was very idle. In the stores group, Woolworths were prominent in a general improvement, and there was considerable activity in Harrods B.A. shares on the capital reorganisation scheme. Unilever issues were firm on publication of the reports. In the brewery section the imposition of a duty on foreign imported lager beer led to demand for Barclay Perkins and Red Tower Lager issues, but other movements were irregular. There was very little business done in textile issues, although Courtaulds hardened slightly in mid-week.

Satisfactory business was done in the miscellaneous industrial section, although movements were small and at times slightly irregular. Murex shares lost ground on the interim dividend declaration, but recovered later, and Allied Cement gained sharply in mid-week. The oil share market has been extremely active throughout the week, with attention focused on Eagle issues as a result of the reported settlement of the Amatlan lawsuit on terms favourable to the company, discussed on page 194. Mexican Eagle, which were quoted on Monday morning at around 16s. 4d., touched 22s. by mid-week, and Canadian Eagle shared in the improvement. Interest spread over the whole market, and improvements were made in Shell, Royal Dutch, Anglo-Iranians and Trinidad issues.

In the rubber shares market a reactionary movement in the price of the commodity undermined the active support which the market enjoyed for a very short period, and although prices were fairly well maintained the volume of business shrank rapidly. In the tea shares market the Chancellor's impost of 2d. for the benefit of re-armament was not well received, for it was expected that the increased duty would have to be passed on to the consumer and that consumption would be reduced or quality of blends lowered. There was a slight improvement in shares of common tea producers, but shares of quality tea producing companies declined.

The Kafir market suffered after the Budget by a general distraction of attention to the oil and industrial markets, and business was restricted with price movements inclined to be irregular. In mid-week there was a slight improvement, with Cape support for East Rand and Randfonteins. There was similar improvement in tone in the West African section, with particular support for Gold Coast Banket shares as a result of recent property developments, Rhodesians were fairly steady, with good demand for Rhodesian Selection Trust. In the tin shares section Mawchi rose sharply on the past year's results, and there was a slight general improvement.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to April 17, 1936†	April 16, 1936	April 17, 1936	April 20, 1936	April 21, 1936	April 22, 1936	April 23, 1936
Government and Municipal Loans	4,247	1,128	1,035	1,145	1,171	1,159	1,175
Transport, Communications, and Public Utilities	4,017	1,105	962	1,150	1,081	900	1,046
Commercial and Industrial*	16,827	4,690	4,619	5,584	5,124	4,740	4,947
Banks, Insurance and Financial	2,226	590	670	598	614	558	669
Mines (including Nitrate)	3,642	886	1,144	964	941	898	1,057
Oils (including Rubber, Tea and Coffee)	1,252	345	397	445	468	389	399
Total	33,773	9,222	9,394	10,475	9,939	9,089	9,678
Corresponding day in 1935	...	8,085	6,978	7,670	7,322	7,029	7,983

† Holiday week.

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	April 16, 1936	April 17, 1936	April 20, 1936	April 21, 1936	April 22, 1936	April 23, 1936
114.5	107.4	112.5	112.3	112.1	112.1	112.6	113.1

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Mar. 16)	April 16, 1936	April 17, 1936	April 20, 1936	April 21, 1936	April 22, 1936	April 23, 1936
138.4	137.0	137.5	137.6	137.6	137.7	137.6	137.7

FOREIGN STOCK EXCHANGES NEW YORK

REACTIONARY prices and a restricted volume of business during the past week have marked the longest setback on Wall Street for over a year, and yet most news of American business conditions is extremely encouraging. Most of the blame for Wall Street conditions is put on European political uncertainties, and the prospect of franc devaluation, and until the future of Europe can be foreseen for a month or so irregularity may continue to characterise Wall Street movements. Two domestic events have contributed to the unsettled conditions; the acceleration of political manoeuvres in the Presidential campaign and the slightly disappointing nature of first-quarter returns for a number of companies. All the market leaders seem to have shared in the reaction, together with speculative bonds, whilst Government and other gilt-edged bonds have remained fairly steady. In mid-week there was a change for the better, although the appearance of the new Tax Bill drawn up by the Ways and Means Committee promises a period of protracted uncertainty, while the measure is threshed out. The market found satisfaction in the good recovery shown by rail issues. Steel mill activity this week is put by *Iron Age* at 68 per cent. of capacity, unchanged from a week ago, and it is hoped that although demand from the automobile industry may be near its peak, demand from the railroads and from the construction industries may continue to improve. Power output is still well above figures for last year, and freight car loadings show continued improvement. The oil industry is particularly encouraged by the firmness of the price structure, although warnings are made against dangers of excessive output.

	Apr. 15, 1936	Apr. 22, 1936	Apr. 22, 1936	Apr. 15, 1936	Apr. 22, 1936	Apr. 22, 1936
U.S. 2½% Treas. Bds. 1945-47.....	103½	103½	104½	34½	34½	34½
Atchafalca.....	83	76½	77½	39½	36½	37
Erie.....	14½	13½	13½	44½	43½	44½
Illinois Central.....	25½	23	23½	66	66½	67½
N.Y. Central.....	40½	38½	38½	73½	74	75
Pennsylvania.....	33½	32	32½	8½	7½	7½
Southern Pacific.....	36½	34½	34½	34½	30½	31½
Southern Ry.....	17½	16½	16½	70½	68½	69½
Union Pacific.....	132	125½	127½	121½	117½	119½
Am. Can.....	123	126	127½	47½	46½	46½
Amer. Smelting.....	82	78½	79½			
Anaconda.....	39	38½	38½			
Bethlehem Steel.....	61½	58½	59½			
Chrysler Motor.....	101½	99½	100½			
Corn Products Rf.....	75½	76½	77½			
Eastman Kodak.....	165½	163½	165½			
Gen. Electric.....	40½	39	39½			
Gen. Motors.....	69½	67½	68½			
Int. Harvester.....	87	83½	84½			
Mont. Ward.....	43½	43	43½			
Natl. Biscuit.....	34½	34½	34½			
Phelps Dodge.....	39½	36½	37			
Pullman.....	44½	43½	44½			
Sears Roebuck.....	66	66½	67½			
Un. Fruit.....	73½	74	75			
U.S. Leather.....	8½	7½	7½			
U.S. Rubber.....	34½	30½	31½			
U.S. Steel.....	70½	68½	69½			
Westinghouse.....	121½	117½	119½			
Woolworth.....	47½	46½	46½			
Am. Tel. and Tlg.....	165½	164	166½			
Int. Tel. Teleg.....	15½	14½	14½			
Utilities P. & L.....	5½	5	5½			
W. Union Tlg.....	87½	85	86½			

† Calculated at \$4.93½ to £.

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

	1935	1936 (Jan. 1 to April 22)	Beginning of Year 1936	Apr. 8, 1936	Apr. 15, 1936	Apr. 22, 1936
Lowest Mar. 20						
Highest Dec. 31						
Lowest Jan. 8						
Highest Mar. 4						
351 Industrials ...	74.5 (d)	112.3	114.3	127.1 (d)	112.3	127.1
33 Rails	43.0 (w)	97.8	97.8	106.2 (a)	41.5	50.0
37 Utilities	52.2	93.6	97.8	103.4	93.6	101.7
Total, 421 Stocks	63.1	97.7	100.1	110.6	97.7	110.6
Average yield of 50 Industrial Common Stocks	3.02% (v)	4.06% (d)	High 3.07% (c)	Low 2.95%	3.22%	2.96%
					2.99%	3.07%

(a) February 11th. (b) February 19th. (c) March 18th and April 22nd. (d) April 8th. (e) March 13th. (f) November 13th. (g) December 4th.



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

Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	April 15, 1936	April 16, 1936	April 17, 1936	April 18, 1936	April 20, 1936	April 21, 1936	April 22, 1936
147.6	126.2	144.8	144.1	143.4	142.1	138.8	138.7	141.2

TOTAL DEALINGS IN NEW YORK

	April 16, 1936	April 17, 1936	April 18, 1936	April 20, 1936	April 21, 1936	April 22, 1936
Stock Exchange— Shares (Thous.)	1,150	1,160	810	1,650	1,880	1,200
Bonds (Value Thous. \$)	10,770	8,850	5,090	9,000	9,850	8,250
Curb— Shares (Thous.)	398	357	234	448	451	287

* Two-hour session.

PARIS

On Friday of last week a marked burst of activity ended the general quietness, which was expected to last until after the General Election, and fairly good gains were registered, by rentes and bank shares, and by some leading industrials. Suez Canal gained among Internationals, and De Beers were in demand on the Coudisse. Some of Friday's gains were consolidated on Saturday, but there were already signs of a reaction which spread round the market this week and wiped out most of Friday's gains. The nearness of the election, political difficulties at Geneva, the fate of sanctions, disturbances in Spain, the troubles of the French Treasury in spite of an increase in receipts from indirect taxation, and fears of a Nazi disturbance in Austria are all found sufficient reason, taken singly, to prevent any continued buoyancy on the Bourse, and taken all together almost inevitably maintain a feeling of depression. In mid-week there was a slight improvement in rentes, and a rise in Italian rentes indicated the market's expectation of the outcome of the next sanctions meeting at Geneva.

	Apr. 15, 1936	Apr. 20, 1936	Apr. 22, 1936		Apr. 15, 1936	Apr. 20, 1936	Apr. 22, 1936
Banque de France	7,803	7,750	7,700	Wagons Lits	51½	50½	49
Crédit Lyonnais	1,630	1,625	1,605	Mexican Eagle	52	68	76½
Suez Canal	18,700	18,750	18,720	"Chartered"	114	113½	111½
Chargeurs Réunis	323	323½	319	Ford	55	53	53
Rio Tinto	1,200	1,075	1,124	De Beers	627	648	655
Royal Dutch	25,750	26,070	26,140	"Johannes"	286½	289	285

BERLIN

Owing apparently to profit-taking sales, share prices fell last week, but the undertone was fairly firm, and prices recovered on Saturday. Mansfeld and Otavi, the two copper concerns, moved up against the general tendency, and gains were registered by some wire, cable, building and textile shares (in particular Stöhr wool). Farbenindustrie, Siemens, Mannesmann and other standard industrials weakened. The advance was resumed early in the new week, the chief demand being for steel and paper-pulp issues. Potash shares were steady to firm. Tuesday witnessed heavy buying of Laurahütte, Berliner Maschinen, Deutsche Kabel, and Deutsch-Asiatische Bank, the last gaining five points. Bonds were dull, and prices little changed. The official share price index (1924-26 = 100) for March was 93.31, against 93.76 for February. On Wednesday most banking issues improved and industrials were firmer.

	Apr. 15, 1936	Apr. 20, 1936	Apr. 22, 1936		Apr. 15, 1936	Apr. 20, 1936	Apr. 22, 1936
Reichsbank	184.75	183.50	185.10	A. E. G.	35.25	35.90	36.90
D.D. Bank	89.00	88.50	88.50	Siemens und Halske	185.50	185.00	185.50
Dresdner	93.25	92.50	89.25	A. K. U.	50.50	50.50	50.10
I.G. Farben-	165.25	164.40	165.50	Hamburg-Amer.	15.10	15.00	14.50
Industrie	16.40	15.60	15.25	("Hapag New")			
Norddeutscher							
Lloyd (New)							

AMSTERDAM

The Bourse has passed a depressed week and has looked on the gloomy side of the international political situation, of the Wall Street relapse and of the British Budget. At the end of last week Unilever N.V. lost ground on the dividend announcement, but rubber issues held their ground and Philips Lamps and Royal Dutch both gained. Philips lost as the new week opened and rubber shares were dull; Royal Netherlands Steamship fell 3 points on the reorganisation scheme. The increase in British tea duty acted as a severe damper on leading tea shares.

	Apr. 15, 1936	Apr. 20, 1936	Apr. 22, 1936		Apr. 15, 1936	Apr. 20, 1936	Apr. 22, 1936
2½% Dutch Loan	75½	76½	76	Steel Common	42½	41½	41
5½% German	22½	21½	21½	A. K. U.	23½	23½	23½
Unilever N.V.	107½	105½	106½	Ford Motor	210	213½	209½
Philips Lamps	173½	171½	172½	Deli Batavia Tob.	186	183½	179
Netherlands Ship Union	44	43½	42½	Royal Dutch	247½	251½	250½
				Handels Am.	238	234½	228½

CAPITAL ISSUES

THE resumption of corporation borrowing, on which we commented here last week, has apparently proved successful on the revised terms, although the result of the Birmingham loan was not known as we went to press. The fact that identical terms had been arranged for the Croydon issue suggested, in fact, that the market had made a satisfactory response. Further opportunity for participating in the rapid economic development of Palestine is afforded by the Anglo-Palestine Bank £1 "A" ordinary shares, which are offered by Messrs Robert Benson and Company at 37s. 6d. The bank has a progressive record in recent years, and while the country it serves has special political and economic problems, the shares offer an interesting holding and a satisfactory return to the investor in the circumstances. Only half the issue was available to the public, for applications on underwriting terms had been accepted in full for 150,000 shares. The prospectus of *Furnishers, Ltd.*, comprises a small £1 preference share issue at par and a 2s. ordinary share issue at 50 per cent. premium. For a total capital of £95,000, a "straight" ordinary capitalisation might have seemed more desirable both from the market and the investment aspect. This observation applies to several recent industrial issues, and may be commended to the attention of those responsible for issues of this type. The offer for sale of *Tizer* 5s. ordinary shares, at 20s. per share, reveals that the average earnings of the past three years are equivalent to 8 per cent. on the issued price, while the prospective dividend yield is 6½ per cent. Such yields must be regarded as no more than reasonable, for the company's mineral water business is dependent upon weather conditions and on successful distribution in competition with other producers. *Hetty (Wholesale Gowns)* has a 4s. participating preference and 1s. ordinary share capital, the latter being issued at 2s. per share. The business has been successful, but the purchase consideration appears generous, and the capital structure gives the shares a speculative character which is not appropriate for general investment purposes. The only statement "for information" has been published this week by *Smith's Potato Estates*, giving particulars of £350,000 4 per cent. debenture stock, guaranteed by Smith's Potato Crisps (1929).

ISSUES OF THE WEEK

January 1 to April 18, 1936, including conversions, Old Basis, £113,729,688.
January 1 to April 18, 1936, excluding conversions, Old Basis, £67,764,349.
January 1 to April 18, 1936, including conversions, New Basis, £158,918,853.
January 1 to April 18, 1936, excluding conversions, New Basis, £113,053,514.

National Savings Certificates, Net receipts week ended April 18, 1936, £100,000.

	Nominal Capital	Conversions	New Money
To the Public			
Anglo-Palestine Bank, 300,000 "A" £1 ord. at 37/6	300,000	...	562,500
Birmingham (City of) 3% stk., 1956-1958, at 99% (to convert £4,882,700 6% stk., 1936-1946)	4,882,700	4,833,873	...
Croydon Corporation, £1,500,000 3% stk., 1956-1958, at 99% (to repay £1,000,000 6% stk., 1936-46, and £500,000 6% stk., 1937-1947)	1,500,000	1,485,000	...
Furnishers, Ltd., 50,000 6% £1 cum. pref. shares, at par	50,000	...	50,000
Do. 200,000 2/- ord. shares, at 3/-	20,000	...	30,000
Hetty (Wholesale Gowns), 200,000 6% cum. pfg. 4/- pref. shares, at par	40,000	...	40,000
Do. 100,000 1/- ord. shares, at 2/-	5,000	...	10,000
Tizer, Ltd., 575,000 5/- ord. shares, at 20/-	143,750	...	575,000
Total	6,941,450	6,318,873	1,267,500
To Shareholders only			
Eagle Star and British Dominions Insurance, 66,919 ord. £3 shares, at £20	200,757	...	1,338,380
Peco, Ltd., £30,000 5% 1st mt. debts., at par	30,000	...	30,000
Hobson (H. M.) Aircraft and Motor Components, 100,000 5/- shares, at 12/6	25,000	...	62,500
Total	255,757	...	1,430,880
By Stock Exchange Introduction (at opening price)			
Jamaica (Colony of), £200,000 3% inscribed stock, 1956-1961, at 99%, opening at par	198,000	...	200,000
Total	198,000	...	200,000
By Permission to Deal			
During week ended April 18, 1936	915,607	...	998,002

	Including Conversions	Excluding Conversions	Total Offered for Subscription— Including Conversions	Excluding Conversions
Total Capital raised—				
January 1 to date—				
1936 (New Basis)	169,234,108	117,049,896		
1936 (Old Basis)	122,846,941	70,562,729		
1935 (New Basis)*	151,476,355	80,413,916		
1935 (Old Basis)	104,697,687	30,174,080		
January 1 to date—				
1934	217,910,640	69,651,332		
1933	106,306,256	62,336,709		
1928	190,661,848			
Whole year (Old Basis)—				
1935	548,351,393	236,147,637		
1934	410,980,300	169,108,700		
1933	467,921,500	244,780,500		
1932	2,699,684,265	188,909,963		
1928	693,100,056	369,058,073		

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

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	53,040,276	12,733,099	51,276,521	117,049,896
1936 (Old Basis)	46,199,830	5,359,201	19,003,698	70,562,729
1935 (New Basis)*	23,515,852	16,253,682	40,644,382	80,413,916
1935 (Old Basis)	11,060,671	9,022,503	10,090,906	30,174,080
Whole year—(Old Basis)—				
1928	212,917,900	45,082,600	111,177,600	369,158,100
1933	722,064,300	12,733,700	9,892,500	244,780,500
1934	102,763,300	21,461,800	44,678,400	169,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in seventeen weeks ended April 27, 1935.

PUBLIC OFFERS

Furnishers, Ltd.—Issue of 50,000 6 per cent. cumulative £1 preference shares at par and 200,000 2s. ordinary shares at 3s. per share. Acquires as from March 1, 1936, a business of general cabinet manufacturers, furnishers and timber merchants founded over 30 years ago, with premises at North Acton, Middlesex. Net profits before charging depreciation and income tax years ended November 30, 1933, £10,187; 1934, £5,590; 1935, £13,773. Purchase price £80,000, excluding goodwill, payable £55,000 in cash and £25,000 by allotment of 250,000 2s. ordinary shares. Total assets £87,812, excluding goodwill. Lists closed 9-5 a.m., April 21st.

Hetty (Wholesale Gowns), Ltd.—Issue of 200,000 6 per cent. cumulative participating 4s. preference shares at par, and 100,000 1s. ordinary shares at 2s. each. Preference shares are entitled, after payment of 6 per cent. on the ordinary shares, to a further non-cumulative dividend of 1½ per cent. and to a return of their capital in the event of winding-up, together with any accrued dividend. Acquires as from November 30, 1935, the business of Madame Hetty, established in 1926. Specialises in manufacture of gowns, etc., with workshops and showrooms at Carnaby House, Regent Street, London. Valuation of assets acquired, £18,066, excluding goodwill. Purchase price, £36,250, including goodwill £18,184, payable as to £26,250 in cash and £10,000 by allotment of 200,000 1s. ordinary shares. Profits after charging depreciation but before provision for income tax, years ended May 31: 1933, £15,078; 1934, £12,362; 1935, £13,341; six months to November 30, 1935, £8,285.

BY OFFER FOR SALE

Tizer, Ltd.—Offer for sale by the Charterhouse Investment Trust, Ltd., of 575,000 5s. ordinary shares at 20s. per share, which they acquired for 18s. 9d. per share. Mineral-water businesses acquired. F. Pickup (Leeds), established 1911. Pickup and Company (Bristol), established 1907. Tizer and Company, formed December, 1933. Radiant Table Waters, formed March, 1931. Combined value of assets acquired, December 31, 1935, £154,348. Combined profits, after charging depreciation but before providing for income tax: Years—1933, £63,272; 1934, £64,189; 1935, £64,450.

Anglo-Palestine Bank, Ltd.—Messrs Robert Benson and Company, Ltd., offer for sale 300,000 £1 "A" ordinary shares at 37s. 6d. each which they acquired for 35s. each. Messrs Robert Benson are paying commissions of 6d. per share and all other expenses. Total assets December 31, 1935, £8,654,572. Profits after provision for income tax and contingencies: 1933, £44,780; 1934, £113,843; 1935, £130,196. Dividends on ordinary shares: 1933, 6 per cent. less tax; 1934, 8 per cent. free of tax; 1935, 8 per cent. free of tax.

BY STOCK EXCHANGE INTRODUCTION

Smith's Potato Estates, Ltd.—Issued capital 200,000 5s. ordinary shares. Particulars concerning £350,000 4 per cent. first mortgage guaranteed debenture stock, which has been placed privately with British and Allied Investments Corporation at 96. Principal, interest and sinking fund unconditionally guaranteed by Smith's Potato Crisps (1929). Stock is a first specific charge on the freehold property of Nocton Estate Farm, Lincolnshire, valued at £268,464. Repayable by annual drawings at, or purchases up to, 101 by 1 per cent. cumulative sinking fund beginning in 1943. The company may redeem the stock at 105 between March 31, 1943 and March 31, 1953, or at 102½ during the ensuing ten years. Estimated total net assets £398,464. Profits of Smith's Potato Crisps after depreciation, years to March 31st: 1933, £70,424; 1934, £119,050; 1935, £136,162. Nocton Estate Farm, years ended May 31st: 1933, Dr. £6,130. Profit to May 31, 1934, £18,447; 1935, £25,697.



**LONDON INDUSTRIAL
FINANCE TRUST
LIMITED**

FARLEIGH HOUSE · LAWRENCE LANE
CHEAPSIDE · LONDON · E.C.2
TELEPHONE NATIONAL 1171

BY TENDER

Bristol Waterworks Company.—Issue by tender of £120,000 5 per cent. consolidated preference stock (or of such amount as will with the premiums thereon be sufficient to realise the sum of £172,012 16s.). Minimum price of issue £143 per £100 nominal stock, yielding at that price £3 9s. 11d. per cent. The object is to provide for expenditure already incurred, including a new reservoir and works to meet increasing demand, and for the general requirements of the company.

BONUS SHARES

Tilling and British Automobile Traction.—The directors propose the capitalisation of part of the reserves by the issue of bonus shares to the ordinary shareholders in the proportion of one new ordinary share for every three ordinary shares held.

ISSUES TO SHAREHOLDERS ONLY

Hobson Components.—The directors are offering 100,000 shares to shareholders at 12s. 6d. each in the proportion of one for every six held.

Peco, Ltd.—Issue of £30,000 5 per cent. first mortgage debentures at par in debentures of £100 each.

Eagle, Star and British Dominions Insurance Company.—The directors propose to issue 66,919 ordinary shares of £3 each, fully paid, at £20 per share. These will be offered to the existing ordinary shareholders in the proportion of one new for each four fully-paid ordinary shares and *pro rata* in respect of the amount paid up on the partly-paid shares (ignoring fractions).

CONVERSIONS AND REPAYMENTS

Birmingham Corporation.—Issue of 3 per cent. stock at 99 per cent. to be redeemed at par on July 1, 1958, or after July 1, 1956, on three months' notice. Issue for purpose of conversion of £4,882,700 Birmingham Corporation 6 per cent. stock 1936-1946. Rateable value £6,756,520. Net debt, March 31, 1935, £52,811,000, of which £39,675,000 was in respect of reproductive undertakings. Estimated population 1,033,000. Cash list remained open all day on April 20th. Lists of conversion applications closed April 24th.

Croydon Corporation.—Issue of £1,500,000 3 per cent. stock 99 per cent. to be redeemed at par July 1, 1958 or after July 1, 1956, on three months' notice. Purpose of issue to repay £1,000,000 Croydon 6 per cent. stock 1936-1946 and £500,000 Croydon 6 per cent. stock 1937-1947. Population 1931 census 233,032, now estimated at 240,600. Rateable value £2,285,000. Rate levied for 1936-37 10s. 6d. Product of 1d. rate £8,950. Net debt March 31, 1935, £6,505,828, made up as follows: Reproductive £1,887,168. Housing £2,183,652. General rate services £2,435,008.

The Bengal Iron Company, Ltd.—The seventh annual drawing of the 7 per cent. first debentures took place on April 3rd when debentures amounting to £29,600 were drawn for repayment at 102½ per cent. on June 30, 1936.

London Brick Company and Forders, Ltd.—At an extraordinary general meeting held April 20th, the resolution converting the recently issued 200,000 ordinary shares into stock was passed unanimously.

London County Freehold and Leasehold Properties.—An extraordinary general meeting is called for May 19th to consider resolutions that: (1) The capital be increased to £4,000,000 by the creation of 2,000,000 additional shares of 10s., and that such shares may be issued as either preference or ordinary shares; (2) all shares issued subsequently to April 16th shall, when fully paid, be converted into stock of the appropriate class; and (3) the articles of association be amended. It is

(Continued on page 202)

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

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

dividends, account being taken of any change in the value of the securities.

Prices, Year 1935		Prices, Year 1936		Name of Security	Price, Apr. 15, 1936	Price, Apr. 22, 1936	Rise or Fall	Yield, Apr. 22, 1936	Prices, Year 1936		Name of Security	Price, Apr. 15, 1936	Price, Apr. 22, 1936	Rise or Fall	Yield, Apr. 22, 1936
High-est	Low-est	High-est	Low-est						High-est	Low-est					
f s. d.															
British Funds															
94 1/2	80	87 1/2	83 1/2	Consols 2 1/2% 1914-49	85	85	...	2 19 0	5 1/2	6 1/2	dis	Nil	Nil	...	...
118 1/2	108 1/2	116	113 1/2	Do. 4% Red. at par on or after Feb. 1957 (n)	116	116	...	3 0 5	7 1/2	3 1/4	Nil	Nil	Nil	...	...
103 1/2	97 1/2	102 1/2	101	Conversion 2 1/2% 1914-49	101 1/2	101 1/2	...	2 4 0	38 1/2	37 1/2	6 1/2	6 1/2	6 1/2	...	...
107 1/2	100 1/2	105 1/2	104 1/2	Do. 3% 1914-53	105	105	...	2 9 6	79 1/2	79 1/2	7 1/2	7 1/2	7 1/2	...	...
112 1/2	106 1/2	110 1/2	108 1/2	Do. 3 1/2% after 1961 (s)	107 1/2	107 1/2	...	3 0 0	48 1/2	43 1/2	2 1/2	2 1/2	2 1/2	...	...
114 1/2	108 1/2	111 1/2	110 1/2	Do. 4 1/2% 1940-44	111 1/2	111 1/2	...	2 2 0	10 1/2	8 1/2	3 1/2	3 1/2	3 1/2	...	...
124 1/2	115 1/2	121 1/2	118 1/2	Do. 5% 1944-46	118 1/2	118 1/2	...	2 12 0	43 1/2	37 1/2	8 1/2	8 1/2	8 1/2	...	...
106 1/2	98 1/2	104 1/2	102 1/2	Funding 3% 1959-69	104	104	...	2 15 0	27 1/2	25 1/2	5 1/2	5 1/2	5 1/2	...	...
112 1/2	106 1/2	110 1/2	108 1/2	Funding 4% 1960-90	107 1/2	107 1/2	...	3 0 0	117 1/2	117 1/2	...	...	...	...	...
114 1/2	108 1/2	111 1/2	110 1/2	War Loan 1914-1922 (p)	107 1/2	107 1/2	...	3 0 0	117 1/2	117 1/2	...	...	...	...	...
104 1/2	96 1/2	100 1/2	98 1/2	Local Loans 3% 1933-53	96 1/2	96 1/2	...	3 1 0	100 1/2	95 1/2	8 1/2	8 1/2	8 1/2	...	...
106 1/2	98 1/2	102 1/2	100 1/2	Australia 5% 1945-75	102 1/2	102 1/2	...	3 16 0	56 1/2	53 1/2	5 1/2	5 1/2	5 1/2	...	...
112 1/2	106 1/2	110 1/2	108 1/2	India 2 1/2% 1914-49	73	73	...	3 8 6	96 1/2	83 1/2	6 1/2	6 1/2	6 1/2	...	...
114 1/2	108 1/2	111 1/2	110 1/2	Do. 3% 1914-49	86	86	...	3 9 6	111 1/2	101 1/2	5 1/2	5 1/2	5 1/2	...	...
116 1/2	110 1/2	113 1/2	112 1/2	Do. 4% 1958-68	120	120	...	3 10 6	63 1/2	61 1/2	8 1/2	8 1/2	8 1/2	...	...
118 1/2	112 1/2	115 1/2	114 1/2	Do. 4 1/2% 1958-68	120	120	...	3 10 6	63 1/2	61 1/2	8 1/2	8 1/2	8 1/2	...	...
120 1/2	114 1/2	118 1/2	116 1/2	U.K. & Arg. 4% A (1947)	107	105 1/2	...	3 9 0	9 1/2	8 1/2	7 1/2	7 1/2	7 1/2	...	...
Dom. & Colonial Govts.															
113 1/2	106 1/2	112 1/2	110	Australia 5% 1945-75	112	112	...	3 10 6	43 1/2	42 1/2	9 1/2	9 1/2	9 1/2	...	...
115 1/2	108 1/2	112 1/2	110	Canada 4 1/2% 1940-60	104	104	...	2 19 6	46 1/2	42 1/2	9 1/2	9 1/2	9 1/2	...	...
117 1/2	110 1/2	114 1/2	112 1/2	Gold Coast 4 1/2% 1956-58	116	116	...	3 7 8	16 1/2	15 1/2	7 1/2	7 1/2	7 1/2	...	...
121 1/2	116 1/2	119 1/2	118 1/2	Nigeria 5% 1950-60	119	119	...	3 5 6	500	472	5 1/2	5 1/2	5 1/2	...	...
115 1/2	107 1/2	111 1/2	105 1/2	N. Zealand 5% 1946-48	114	114	...	3 7 6	16 1/2	15 1/2	7 1/2	7 1/2	7 1/2	...	...
110 1/2	103 1/2	109 1/2	107 1/2	Queensland 5% 40-60	108	108	...	3 1 6	98 1/2	90 1/2	9 1/2	9 1/2	9 1/2	...	...
118 1/2	113 1/2	117 1/2	114 1/2	S. Africa 5% 1945-75	116	116	...	2 18 0	...	...	...	...	...	...	...
Foreign Governments															
101 1/2	98	101 1/2	99 1/2	Argentina 4% Resc. 1952	101	101	...	4 0 0	6 1/2	5 1/2	5 1/2	5 1/2	5 1/2	...	...
101 1/2	98	101 1/2	99 1/2	Austria 7% 1957	96	96	...	7 8 0	15 1/2	14 1/2	12 1/2	12 1/2	12 1/2	...	...
101 1/2	98	101 1/2	99 1/2	Do. 4 1/2% 1954-59	90 1/2	90 1/2	...	5 11 0	...	...	...	...	...	...	...
69 1/2	51	63	57 1/2	B. Aires (Prov.) 5 1/2%	63	63	...	5 11 0	...	...	...	...	...	...	...
112 1/2	106 1/2	110 1/2	108 1/2	Belgian 7% red. by 1956	111	111	...	5 15 0	32 1/2	30 1/2	4 1/2	4 1/2	4 1/2	...	...
29 1/2	14 1/2	17 1/2	14 1/2	Bulgaria 7 1/2% Loan	16 1/2	16 1/2	...	15 3 0	16 1/2	15 1/2	1 1/2	1 1/2	1 1/2	...	...
84 1/2	48	77	65 1/2	Brazil 5% Fund. 1914	72	72	...	6 16 0	12	10 1/2	2 1/2	2 1/2	2 1/2	...	...
29 1/2	14 1/2	17 1/2	14 1/2	Chili 6% (1929)	17 1/2	17 1/2	...	...	28	26	2 1/2	2 1/2	2 1/2	...	...
97 1/2	71	83 1/2	72 1/2	China 5% (1912)	80 1/2	82 1/2	...	6 2 0	38 1/2	34 1/2	4 1/2	4 1/2	4 1/2	...	...
100 1/2	84 1/2	94 1/2	86 1/2	Do. 5% (1913)	94	94 1/2	...	5 5 0	13 1/2	12 1/2	1 1/2	1 1/2	1 1/2	...	...
103 1/2	89 1/2	91 1/2	87 1/2	Czechoslovakia 8%	108 1/2	108 1/2	...	7 8 2	22 1/2	20 1/2	2 1/2	2 1/2	2 1/2	...	...
89 1/2	48	70	66	Danish 3%	110	110	...	2 14 2	22 1/2	20 1/2	2 1/2	2 1/2	2 1/2	...	...
109 1/2	98	105	102 1/2	Danish 6%	69 1/2	69	...	9 8 3	18 1/2	16 1/2	2 1/2	2 1/2	2 1/2	...	...
80 1/2	22	25 1/2	22 1/2	Egypt 10% 1922	105	105	...	3 17 0	40	36 1/2	3 1/2	3 1/2	3 1/2	...	...
78	56 1/2	61	53	French 4 1/2% (British Govt.)	23	23 1/2	...	5 0 6	121 1/2	108 1/2	13 1/2	13 1/2	13 1/2	...	...
58	38 1/2	41	34 1/2	German 7% Dawes Plan	55 1/2	55 1/2	...	12 11 0	11 1/2	10 1/2	1 1/2	1 1/2	1 1/2	...	...
37 1/2	26	35 1/2	30 1/2	Do. 5 1/2% (Young Plan)	40 1/2	40 1/2	...	13 11 9	10 1/2	9 1/2	1 1/2	1 1/2	1 1/2	...	...
48	38 1/2	41	34 1/2	Greek 6% Stab. Plan	35 1/2	35 1/2	...	...	5 1/2	4 1/2	1 1/2	1 1/2	1 1/2	...	...
91 1/2	78	90 1/2	79 1/2	Do. 7% Refugee	43 1/2	43 1/2	...	...	4 1/2	3 1/2	1 1/2	1 1/2	1 1/2	...	...
97 1/2	85 1/2	97 1/2	89 1/2	Hungary 7 1/2%	42 1/2	42 1/2	...	8 13 6	8 1/2	7 1/2	1 1/2	1 1/2	1 1/2	...	...
144 1/2	119	139	122	Japanese 5 1/2% 1936-65	81 1/2	81 1/2	...	6 14 0	21 1/2	18 1/2	3 1/2	3 1/2	3 1/2	...	...
50	42	49 1/2	41 1/2	Do. 6% (1924) red 1959	87 1/2	87 1/2	...	6 14 0	21 1/2	18 1/2	3 1/2	3 1/2	3 1/2	...	...
100 1/2	87	93 1/2	88 1/2	Norwegian 5 1/2% 1911	135 1/2	135 1/2	...	2 19 3	280	255	25 1/2	25 1/2	25 1/2	...	...
146 1/2	106	152	123	Peru 7 1/2% 1922	45	45	...	...	59	51 1/2	7 1/2	7 1/2	7 1/2	...	...
144 1/2	106	152	123	Poland 7%	91 1/2	90 1/2	...	7 15 6	7 1/2	6 1/2	1 1/2	1 1/2	1 1/2	...	...
113 1/2	106 1/2	114 1/2	112	Romania 4% Con. 1922	10	10	...	9 1	17 1/2	15 1/2	2 1/2	2 1/2	2 1/2	...	...
84	75	82	79	Swedish 3 1/2% 1908	145	145	...	2 8 0	253	245 1/2	7 1/2	7 1/2	7 1/2	...	...
37 1/2	24	27 1/2	24 1/2	U.K. & Argentine 1933	81 1/2	80 1/2	...	4 7 8	157 1/2	144 1/2	13 1/2	13 1/2	13 1/2	...	...
120 1/2	114 1/2	118 1/2	116 1/2	Do. C. Certs. (3% Max.)	81 1/2	80 1/2	...	4 7 8	157 1/2	144 1/2	13 1/2	13 1/2	13 1/2	...	...
122 1/2	116 1/2	120 1/2	117 1/2	Corporation Stocks	114	112 1/2	...	4 7 8	157 1/2	144 1/2	13 1/2	13 1/2	13 1/2	...	...
95 1/2	60	84	76 1/2	Berlin 6% 1932-57	26 1/2	26 1/2	...	3 1 0	268	238	2 1/2	2 1/2	2 1/2	...	...
125 1/2	119	121 1/2	119 1/2	Birmingham 5% 1946-58	116 1/2	116 1/2	...	...	18 1/2	15 1/2	3 1/2	3 1/2	3 1/2	...	...
108 1/2	104	106 1/2	103 1/2	Bristol 5% 1948-58	119	119	...	3 1 6	183	167 1/2	5 1/2	5 1/2	5 1/2	...	...
98 1/2	90 1/2	96 1/2	95	Danish 7% 1935-45	84	84	...	8 6 9	30	27 1/2	2 1/2	2 1/2	2 1/2	...	...
104	101 1/2	105 1/2	102 1/2	E. London 5% 1960-70	119	119 1/2	...	3 15 6	9 1/2	8 1/2	1 1/2	1 1/2	1 1/2	...	...
104	101 1/2	105 1/2	102 1/2	Johannesburg 5 1/2% 1937-52	104	104	...	3 8 1	252 1/2	222 1/2	30 1/2	30 1/2	30 1/2	...	...
104	101 1/2	105 1/2	102 1/2	Leicester 5% 1937-52	109	109	...	3 2 6	251	230	21 1/2	21 1/2	21 1/2	...	...
104	101 1/2	105 1/2	102 1/2	L.C.C. 3%	96	96	...	3 2 6	244	222 1/2	21 1/2	21 1/2	21 1/2	...	...
104	101 1/2	105 1/2	102 1/2	Seine (Dpt.) 4 1/2% 1952	105	104 1/2	...	4 2 6	244	222 1/2	21 1/2	21 1/2	21 1/2	...	...
Financial Institutions															
18 1/2	16 1/2	2 1/2	2 1/2	Anglo-American Deb.	275	275	...	3 12 9	...	...	...	...	...	...	...
30	25	Nil	Nil	Anglo-Celtic Ord. f1	77 1/2	77 1/2	...	2 11 6	...	...	...	...	...	...	...
27 1/2	22 1/2	Nil	Nil	Atlas Electric, etc., f1	6 1/2	6 1/2	...	Nil	...	...	...	...	...	...	...
31 1/2	29 1/2	10 1/2	10 1/2	Brit. Assets Trust f1	16 1/2	15 1/2	...	-6d	1 0 0	...	...	...	...	...	...
18 1/2	16 1/2	2 1/2	2 1/2	Debuten Corp. Stk.	248 1/2	248 1/2	...	4 0 8	...	...	...	...	...	...	...
18 1/2	16 1/2	2 1/2	2 1/2	For. Amer. cert., Def.	88 1/2	88 1/2	...	3 7 10	...	...	...	...	...	...	...
18 1/2	16 1/2														

(Continued from page 199)

the intention of the board, as soon as the capital has been increased, to make the ordinary stock transferable in units of 10s.

Sociedad Anonima Cia. Hidro-Elctrica de Tucuman.—The Royal Exchange Assurance, as trustees for the holders of the Sociedad Anonima Cia. Hidro-Elctrica de Tucuman 5 per cent. first mortgage debentures are prepared to receive offers of 5 per cent. first mortgage debentures for purchase in accordance with the provisions of the trust deed securing such debentures. Forms of tender may be obtained on application at the offices of the Royal Exchange Assurance, Royal Exchange, London, E.C.3. Tenders must reach the offices of the trustees not later than May 11, 1936.

State of Parana 7 per cent. Consolidated Bonds.—Holders of the above bonds are reminded that the period for lodging tenders for their bonds under the redemption scheme recently announced will expire at noon on April 29th. Tender forms can be obtained on application from Lazard Brothers and Company, Ltd., 11 Old Broad Street, E.C.2.

FIXED TRUSTS

Trust of Bank and Insurance Shares.—Progress Report No. 1, which covers actual working period October 10, 1935, to March 31, 1936, shows that the rate of distribution will be 3.8475 pence per unit, free of income tax, equivalent to 4.9645 pence gross, if tax be added at the standard rate of 4s. 6d. in the £1. The opening price of Bank-Insurance units was 19s. 3d. The price on April 15, 1936, was 21s. 3d., ex-dividend.

FORTHCOMING ISSUES

Fulford, Trumps & Co., Ltd.—A public issue of preference shares is expected shortly.

Hartley (William P.), Ltd.—An offer for sale of preference and ordinary shares will be made next month by the Charterhouse Investment Trust Limited.

Nuro (Biggleswade), Ltd.—A public offer of ordinary shares is expected next month.

Woodheads Canonbury Brewery, Ltd.—It is reported that arrangements are being made to market the preference and ordinary shares of this concern.

Smethwick Drop Forgings, Ltd.—An offer for sale of 600,000 ordinary 5s. shares at 20s. is expected shortly.

Follsain Metals, Ltd.—250,000 6 per cent. cumulative preference shares of 10s. each in Follsain Metals, Ltd., will be issued shortly.

Bradford Refunding Loan.—A special meeting of the Bradford City Council has authorised the raising of a refunding loan of £1,744,000. The loan is needed to pay out holders of £2,000,000 6 per cent. stock, which is to be redeemed on July 1, 1936. The balance is in sinking fund.

Associated Chocolate.—It is expected that an offer for sale of preference shares of the Associated Chocolate and Confectionery Company, Dublin, will shortly be made.

County Cinemas, Ltd.—An issue by this company is expected next week.

Hills (F.) and Sons.—An offer for sale will be made shortly by this plywood and aircraft manufacturing concern of Stockton-on-Tees and Trafford Park, Manchester.

Alpha Cement Company.—It is reported that this concern will shortly make an issue of capital to finance its acquisition of the Metropolitan Cement Company.

Witwatersrand Nigel Ltd. (Incorporated in the Union of South Africa).—Share capital £1,100,000. The London subscription list will open and close on April 29th for an issue of 800,000 5s. shares at 10s. per share. Preferential consideration will be given to applications from shareholders of the Company and of Oceana Development Company, Ltd. Proportion one share for each four held in the Company and one for each two held in Oceana Development Company. The prospectus will show a total mining area of 9,840 claims, nearly all of which are

underlain by the Nigel Reef horizon. An incline shaft has been sunk to 676 ft. and two vertical shafts to 637 ft., and 625 ft. Up to end of 1935 7,360 ft. of driving, wining, raising and cross-cutting has been completed. The Company has cash resources of about £130,000. The present issue is expected to produce a net sum of £380,000.

Whiteley, Stevens (Holdings).—An issue of 100,000 6 per cent. cumulative £1 preference shares and 200,000 5s. ordinary shares will be made next week.

Guildhall Development Company, Ltd.—An issue of £250,000 5 per cent. guaranteed debenture stock at 99 will be made on April 29th.

Yates and Thom, Ltd.—Arrangements are being made for a public offer of shares by this company.

Switchgear and Cowans, Ltd.—Arrangements are being made for the marketing of this company's shares.

Aeronautical Corporation of Great Britain.—Arrangements have been completed for an issue next week of 560,000 5s. shares at par.

OTHER RESULTS OF ISSUES

The English Electric Company, Ltd.—£1,250,000 4 per cent. Debenture Stock.—The list for applications to exchange 5½ per cent. sinking fund first mortgage debentures and 6 per cent. debenture stock was closed April 16th, and Lazard Brothers and Company, Ltd., announce that applications for conversion in respect of 60 per cent. of the aggregate outstanding amount of the old stocks were received and accepted. In consequence, allotments in respect of cash applications exceeding £100 each have had to be considerably scaled down.

CALLS DUE APRIL 27 TO MAY 2, 1936

The grand total of calls in April, 1936, is £91,181,311, which compares with £7,848,585 in April, 1935.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
£1	Associated London Properties, 100,000 6% Cum. Second Preference Shares, at 20/8	10/- p.s.	May 1	All
Bonds	Belgium Sterling Conversion 4% Bonds, 1936, £8,600,000, at £98½	£68½%	Apr. 30	All
£1	Booth (James) and Company (1915), 50,000 Ordinary Shares to Ordinary shareholders registered night March 8th, at 40/- per Share	40/-	Apr. 29	All
£1	Bowmaker, 500,000 5% Cum. Preference Shares, at par	10/- p.s.	Apr. 27	All
Stock	British Burmah Petroleum, £500,000 5½% First Debenture Stock, at par	£40%	Apr. 30	£55%
£1	British Vacuum Cleaner, 150,000 5½% Cum. Redeemable Preference Shares, at 22/-	6/- p.s.	Apr. 30	All
Stock	Essex County 3% Red. Stock, 1955-65, £1,250,000, at £101	£50%	Apr. 30	All
£10	Greenfriar Investment, 75,000 Shares, at par	60/- p.s.	Apr. 30	All
5/-	Marshall Sons and Company (Successors), 1,600,000 Shares, at par	2/- p.s.	May 1	All
£1	Meadows (Henry), 54,000 "A" Shares, at 35/-	10/-	Apr. 30	25/-
Stock	Surrey County Council 3% Red. Stock, 1961-66, £1,500,000, at £100	£35%	Apr. 28	£55%
2/-	Tenora Rubber Estates	1d. p.s.	Apr. 30	1/11 p.s.
2/-	Trolak Estates	6d. p.s.	Apr. 29	1/6 p.s.
Stock	Tyne Improvement 3½% Red. Stock, 1961, £500,000, at £100	£10%	Apr. 27	£15%
£5	Union Discount of London, 50,000 New Shares, 50/- to be paid up, at a premium of £7½ per Share	130/-	May 1	200/-
5/-	Witwatersrand Nigel, 800,000 Shares, at 10/- per Share	10/- p.s.	Apr. 29	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, April 15, 1936	Price, April 22, 1936
Aircraft Components 5/-	20/6	10/6	6/6-6/9	7/3-7/6
Associated London Properties 6% pref. £1	20/6	10/6	3d dis-3d pm	3d-9d pm
Belgium 4%, 1936	98½	30	£ ½ dis	£ ½ dis
Blackburn Aircraft 5% Pref. £1	21/-	6/-	6d dis-par	4½d-1½d dis
Blackpool 3%	100	50	1½-1½ pm	1½-1½ pm
Bluestone & Elvin Ord. 4/-	9/-	9/-	3d dis-par	9/3-9/9
Do. 6% Pref. 20/-	21/-	21/-	1½d dis-4½d pm	20/6-21/-
Bowmaker 5% Pref. £1	10/-	10/-	3d dis-par	3d dis-par
British Bedaux Ord. 5/-	6/-	6/-	5/7½-6/1½	5/6-6/-
Central Electricity 3½%	100	45	2½-1½ dis	2½-2½ dis
Ceylon 3%	100	25	1½ dis-par	1½ dis-par
Cowburns and Scotts Ord. 4/-	100	4/6	3/7½-4/1½	3/7½-4/1½
Fife County 3%	100	25	1½-1½ dis	1½-1½ dis
Gas Light and Coke 3½% Deb.	par	20	2½-2½ pm	2½-2½ pm
Industrial and General Trust 3½% Deb.	101	10	1½-1½ pm	1½-2½ pm
International Combustion Ord. 20/-	100	5	86/--87/-	88/--89/-
Lanark 3%	100	5	£ ½ dis	£ ½ dis
Marshall, Sons & Co. 5/-	5/-	3/-	3d dis-par	3d dis-par
Metal Closures 4/-	100	30	6/7½-6/10½	6/6-7/-
Metropolitan Elec. Supply 3% Deb.	97	50	1½-1½ dis	1½-1½ dis
Middlesex 3%	100	20	£ ½ dis	£ ½ dis
Morgan Harris Pref. 20/-	21/-	21/-	7½d-10½d pm	4½-7½d pm
Newman Industries Ord.	5/-	5/-	3/11-3/4½	3/11-3/4½
Do. 6% Fig. Pref. Ord.	2/3	2/3	1/10½-2/1½	1/10½-2/1½
Peasey (A.) Ord. 2½%	22/6	22/6	1/-1/3 pm	24/9-25/3
Pressed Steel Ord. 5/-	97	47	¾-¾ pm	¾-¾ pm
Railway Finance Corp. 2½%	12/6	12/6	13/1½-13/7½	12/3-12/9
Saker Battle Ord. 10/-	20/-	20/-	19/-19/6	19/6-20/-
Do. 5½% Pref.	100	20	£ ½ pm	£ ½ pm
Surrey 3%	100	20	7/6-8/-	8/-8/6
Trussed Concrete Ord. 5/-	10/9	10/9	10/9-11/3	10/10½-11/4½
Do. 6% Pref. 10/-	100	60	£ ½ dis	£ ½ dis
Walsall 3%	5/8	5/8	6/10-7/4½	4/3-4/9
Winn (P.) (Barking) Ord. 4/-	20/-	20/-	1/--8d dis	19/-19/6
Do. do. 6% Pref. 20/-	100	10	1½ dis-par	1½ dis-par
York 3%	100	10	1½ dis-par	1½ dis-par

COMPANY MEETINGS, &c.

THE HONGKONG AND SHANGHAI BANKING CORPORATION

(Incorporated in the Colony of Hongkong. The Liability of Members is limited to the extent and in manner prescribed by Ordinance No. 6 of 1929 of the Colony.)

FEATURES AND PROBLEMS OF THE PAST YEAR

REPERCUSSIONS OF CHINESE GOVERNMENT'S MONETARY POLICY

THE FALL IN THE VALUE OF THE HONGKONG DOLLAR

IMPROVED STATE OF INTERNATIONAL BALANCE OF PAYMENTS

GOVERNMENT'S WORK IN ECONOMIC RECONSTRUCTION

MR S. H. DODWELL ON THE POSITION AND OUTLOOK

The ordinary yearly general meeting of the shareholders of The Hongkong and Shanghai Banking Corporation was held in Hongkong on February 22nd last.

Mr S. H. Dodwell presided.

The chief manager having read the notice convening the meeting,

The Chairman said:—Ladies and gentlemen,—The report and statement of accounts having been in your hands for some days, I will, with your permission, take them as read.

After making full provision for losses and contingencies the net profits for the year amount to \$12,088,841.75, to which must be added \$3,294,701.30 brought in from the previous year.

After deducting the interim dividend, paid at 2s. 2½d., and directors' remuneration there remains available for distribution \$11,699,860.03, which it is proposed to deal with as follows:—

To pay a final dividend of £3 per share (subject to deduction of income tax) ...	\$7,372,800.00
Transfer to bank premises account ...	1,000,000.00
Carry forward to new account ...	3,327,060.03
	\$11,699,860.03

Your directors deeply regretted having to reduce the interim dividend by 10s., and it may be as well to explain that they did so to meet in part a substantial loss sustained by the disgraceful failure of an important firm in Bombay. I may say that our loss was but a small fraction of what other banks suffered, but in view of the rising price of silver during the first half of the year, which was doing so much damage to China, your board decided that it was only common prudence to keep the bank in a thoroughly sound position and distribute the greater portion of the loss among the shareholders.

BALANCE-SHEET CHANGES

Comments on changes in the balance-sheet figures are again difficult owing to the different rate of exchange compared to the previous year. The total figures are down some £12,000,000, while the dollar equivalent is up some \$100,000,000 compared to 1934.

Speaking roughly, we can say that there is a reduction in the amount of current accounts, fixed deposits, and note issue on one side, which is counter-balanced on the other side by a reduction in cash and bullion, the cause of which will be seen when I refer later on to Hongkong exchange.

You will notice little or no change in the total of our bank premises account, though we credited the account last year with \$1,000,000 and charged it with about half the cost of our new building. Towards the end of the year it became apparent that provision we had made in past years for certain contingencies would not be required, so your directors decided that as the fund so accumulated was in no way profit earned during the year it should be used to write down the new building, which now stands in our books at a very reasonable figure.

POLITICAL FACTORS

A few weeks ago at the annual meeting of one of the big banks at home the remark was made that in recent years there had been one important change in the position of banking in that nowadays

consideration had to be taken of the many uncertain political factors which are the most incalculable of the risks a banker has to estimate.

In our case the political factor is no new thing, but it is true that year after year it seems to become more and more dominant in the Far East. The past year has been particularly under the influence of political changes, and business in the forthcoming year looks just as likely to be under the same influence.

I do not propose to weary you with a long dissertation on world conditions. I will merely say that the rise in commodity prices in 1935 was the most promising factor in the world economic situation, and that while the improvement continues slowly in most countries there is still a considerable lack of equilibrium which cannot be righted while economic nationalism and un-stabilised currencies remain the order of the day. The unsatisfactory state of international affairs due to the Abyssinian war is unfortunately only too likely to have unfavourable repercussions on trade sooner or later.

MONETARY PROBLEMS

I will turn without further delay to the subject which has, I feel sure, been uppermost in your minds, as it has in ours, during the past year. I mean, of course, the monetary problems of China and Hongkong. The difficulties which we have had to face in Hongkong are only too well known to you.

We opened the year with exchange at 1s. 8½d., which advanced steadily through the spring, the peak of 2s. 6½d. being reached towards the end of April. From then onwards silver and exchange declined and there began a remittance of the large amount of funds which had accumulated here over the past two or three years; these operations necessitated the sale of an enormous amount of silver which had been held as cover. The movement gathered pace in the autumn, with the result, as you all know, that the Hongkong Government followed the example set by China and an embargo was declared on the further export of silver after November 9th, by which date exchange had fallen to 1s. 4½d. From that date for about three weeks followed a period of uncertainty, during which the figure rose again to over 1s. 6d., but by the beginning of December measures were promulgated to control exchange, and since then we have had a period of comparative rest from extreme fluctuations. We trust that this will be for the good of the Colony in that one of the nightmares of merchandising has been removed.

THE LOCAL DOLLAR

The sudden drop in the value of our local dollar, I am afraid, hit the Government rather badly, and it is feared that their Budget estimates, which were formed before the heavy decline set in, will be considerably out of gear, so we may be grateful that they started the year in an extremely sound position. At the same time, it is to be hoped they will remember that merchants, shipping and docking companies and others have had a pretty lean time for a considerable period and are not in a position to bear additional taxation; to meet the situation the proper course should undoubtedly be to curtail expenditure.

In Shanghai our manager, Mr Henschman, whom we are glad to have with us to-day, has been struggling through very trying

OFFER TO NEW READERS

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To The Publisher, "The Economist Newspaper Ltd."

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Name.....

Address.....

times. All through the year he kept in close touch with the Chinese financial authorities, and, like the other leading foreign bankers, co-operated with them as and when possible. But circumstances were too formidable to prevent what finally occurred. Right from the beginning of the year the exchange situation was critical, confidence in the currency was lacking, and interest rates were therefore almost prohibitive. There was a continual danger of panic flights from the dollar. The steady rise in silver from 24½d. at the beginning of the year to its peak of 36½d. in April, and the continued uncertainty as to where the United States silver policy was going to lead, were perhaps outstanding factors. But there was also the uncertain political situation in North China and the difficulties into which a number of Chinese banks got, as well unfortunately as the crash of the Raven Group and certain realty companies in Shanghai.

THE GOVERNMENT CURRENCY DECREE

I am glad to say that we ourselves were not directly affected by these failures, but they helped to aggravate the unsatisfactory state of affairs, and matters were made worse by the very large-scale smuggling of silver and the exchange operations of well-placed speculators. It was these operations, following months of tension, which eventually brought about the sudden enforcement of the Government decrees of November 4th which made China another adherent of the managed currency policy which is the fashion of these days.

Sir Frederick Leith-Ross, the Chief Economic Adviser to H.M. Government, was fortunately in Shanghai at the time. He had been examining the financial situation, and it is understood that he was preparing a detailed scheme of financial reform for submission to the interested Powers whose collaboration was desirable. But the dollar exchange degenerated so rapidly that the Chinese Government felt compelled to take action before detailed plans could be completed or international support assured. Sir Frederick Leith-Ross was therefore not responsible for the decision actually taken by the Chinese Government, but his presence gave them an opportunity to obtain his advice regarding their currency changes, which we sincerely trust will eventually prove to be of great benefit to China and to foreign traders. There are, of course, causes for apprehension.

POLITICAL UNCERTAINTY

The political situation is an unpredictable and ominous factor; the problems raised by a managed currency require great technical knowledge and experience, and full details about the establishment of the promised independent Central Reserve Bank are anxiously awaited. Moreover, Government expenditure will have to be mercilessly pruned if the Budget is to be balanced, but so far the only known action in this direction has been the somewhat arbitrary alteration of the domestic loan system recently announced. There is also the problem of the note issue and the maintenance of a substantial equalisation fund, together with the uncertainty surrounding America's future silver policy. These are some important considerations upon which the long-term success of the new currency scheme is dependent, and a false step in any of them may lead at any time to a recrudescence of speculation and to a serious flight from the dollar.

But I do not want to be thought entirely pessimistic, and one good feature of the present situation is that according to reliable authorities the state of the international balance of payments is much improved. This should help the Government to pull through in spite of its difficulties. It is, of course, impossible to get more than a general idea of the position, as treasure smuggled outwards and commodities smuggled inwards have reached considerable proportions, but the excess of imports has now dropped to 343,000,000 dollars, about one-third of what it was in 1931, and it seems possible that the balance of accounts is adjusted.

UNITED STATES AND SILVER

Senator Pittman has suggested that China will before long go back to a silver standard. All I can say is that it will need a very different silver policy in the United States before this is likely to come about. It is true that after the heavy purchasing of silver by the United States Treasury in the first half of the year, the so-called "permissive clause" was carried out from September to early in December in such a way as to keep silver steady around 65½ cents an ounce, and, indeed, at one time it began to be said that the United States Government were doing their best to avoid causing further difficulties to China as a result of their silver policy.

However, on the definite abandonment of the silver standard by both China and Hongkong in November, they suddenly withdrew their support from the London silver market. What the next step will be no one knows. The statement attributed to the Secre-

tary of the United States Treasury himself that the monetary policy of his Government is on a 24-hour basis shows just how far we can look ahead in regard to this matter. But the question is not purely a domestic one for the United States, and it is particularly unfortunate for China that America first raised the price of silver to an extent which forced China to alter the basis of her currency, and then allowed the price to drop before China had been able fully to establish the new system. The United States have always been animated with good will to the Chinese people, and we can only hope that they will appreciate their responsibility for the present difficulties and assist China to overcome them.

RELATIONS WITH JAPAN

A review of the political situation in China during 1935 can be little more than a review of the relations between China and Japan, and it is a troubled and confused picture.

The year opened with desultory fighting on the Charhar-Jehol frontier, and the year ended with similar trouble which does not yet seem to have come to a close. The situation in North China has not been easy to follow. The Japanese claim that the Chinese have failed to carry out the unpublished terms of certain agreements made during the past year or two. Whether this is so or not, it is anyway not within our province to express an opinion on the rights and wrongs of the case; we can merely express our regrets at this unfortunate state of affairs.

The friction in the North has been a continual source of danger; things just drifted on without a settlement until on November 1st a dastardly attempt was made to assassinate Mr Wang Ching-wei. General Chiang Kai-shek then took over the reins of government, and though he showed a stiff front to proposals that an autonomous Government of the five Northern Provinces should be formed, he nevertheless indicated his desire to come to a working arrangement with Japan. Thus when the Government was reorganised after the Fifth National Congress of the Kuomintang in December, he chose as his Cabinet Ministers largely men who had been educated in Japan, and were, therefore, in close touch with Japanese feeling. The establishment at Peiping of a Hopei-Charhar Political Council was also a compromise measure. I believe that General Chiang Kai-shek is doing his utmost to come to a proper understanding with Japan, and I am sure that we all hope that an agreement on main principles will soon be reached.

The relations between Nanking and Canton have changed little; Outer Mongolia and Sinkiang remain largely under the influence of Soviet Russia, but Inner Mongolia is a danger spot which may well lead some day to trouble between Russia and Japan, involving China as well.

It is heartening to be able to report that the Communist bandits who have given so much trouble during the past few years have generally speaking been kept on the run, although they are far from being properly liquidated. The campaign in the early part of the year resulted in General Chiang Kai-shek obtaining control over Szechuan province, and this brought about a considerable betterment of conditions there.

CHINESE REFORMS

But elsewhere also there are cheering signs to be observed, and the Chinese Government must be given credit for the work done in the last few years in connection with certain forms of economic reconstruction. Wide areas have been put under better administration and internal reforms are progressing in spite of local difficulties and instability. The progress in road building and public health has been striking, but it is almost more desirable that the Civil Service administration and the judiciary should be the subject of reform. Agriculture is also a most pressing problem. But here certain steps have already been taken to effect improvements especially in the case of the cultivation of cotton, rice and wheat and in the production of raw silk. The disastrous floods which swept over the country during the summer unfortunately checked some of the progress.

It is a rare occurrence for China's two great rivers, the Yangtze and Yellow River, both to overflow in the same year. The precautions taken at Hankow prevented a recurrence of floods on the same magnitude as in 1931, but in parts of Shantung and North Kiangsu the overflow has seldom been paralleled, and few realise how bad conditions still are in those areas. The reorganisation of the conservancy system of the country on modern lines is a matter of great urgency. Unfortunately there has in the past been much overlapping in the many departments dealing with this problem.

INTERNAL TRADE CONDITIONS

My references above to the currency difficulties, the financial stringency, the political uncertainty, and the droughts and floods with which China has been afflicted during the past year will not lead you to expect a bright picture of trade. Nevertheless the

indications are that, generalising broadly and taking the year as a whole without regard to the considerable fluctuations that have occurred, internal trade conditions have not really deteriorated as much as might have been expected. The floods seriously affected the cotton crop along the Yellow River as I have already remarked, and the rice crop also suffered in the Yangtze Valley, but the production of wheat appears to have increased slightly. The Customs gold unit values of imports show a drop of only 5 per cent. on 1934, while exports have improved 7 per cent. in terms of the local currency. The indications are that, largely as a result of the monetary crisis, Shanghai has been affected more seriously than other ports. Thus the foreign trade figures for all the larger ports excepting Shanghai and Canton show increases. British merchants are having a considerable struggle to maintain their position in face of keen competition from Japan and Germany. British imports have dropped some 17 per cent., but the British Empire has slightly increased her share and remains the supplier of one-quarter of all imports into China, while she takes an even larger share of all exports. There has been a remarkable change in the Customs figures relating to trade with the United States. Taking the gold unit values, imports have dropped about 30 per cent., largely as a result of much decreased shipments of raw cotton, wheat and leaf tobacco, while exports from China have increased 50 per cent. owing to the improved demand for wood-oil, seeds, silk and egg products. Germany has also increased her purchases from China in like proportion, but her trade is on a smaller scale.

The fact that both in quantities and in value a number of China's most important export commodities have increased appreciably shows that some interior districts are probably beginning to benefit by the higher commodity prices now obtaining and by the better demand from abroad. It is true that the purchasing power of the people remains deplorably low, but improved conditions in some parts have counterbalanced the deterioration in others, such as the flood-ridden areas.

GOVERNMENT'S FINANCIAL POSITION

Considerable development continues to take place in regard to railways, and the Government is determined to push ahead with the plans for building new lines in Central China. The formation of an influential Chinese Railway Bondholders' Committee in London and subsequent exchange of views regarding the outstanding railway debts will, we trust, lead to a satisfactory settlement.

As regards the actual financial position of the Government, no complete statement has been published covering a date later than June, 1934, but the salt revenues are reported to have improved in 1935, though it is doubtful if the central authorities have benefited thereby. The Customs revenues declined \$19 millions last year, leaving only a small surplus available for the Government, but it must in fairness be pointed out that this was largely due to the average higher rate of exchange which adversely affected conversion of the Customs gold unit into local dollars. With the rates fixed as at present, the dollar income ought to improve this year if imports do not fall off.

The situation as regards the Customs offices in North China has been ominous, but Sir Frederick Maze has, as usual, shown great tact in dealing with the matter and so prevented any interference with the existing administration. We hope that both sides will take a realistic view of the position and that the integrity of the Chinese Maritime Customs will be observed at all costs. Sir Frederick Maze deserves the confidence and support of all concerned. It is of interest to note that according to official statements issued by the financial authorities in Manchukuo the latter are setting aside each year a sum of money equivalent to their quota of the foreign loan and indemnity services, which was formerly paid by the Customs offices in the Manchurian ports.

FUTURE OF MANCHUKUO

On the subject of the trade and future prospects of Manchukuo there exists a considerable diversity of opinion, but unquestionably many improvements have been effected there during the past four years. Last year the harvest was good, and though the area under the cultivation of crops was much below the average of former years, the higher prices obtainable have been of benefit to the farmers; as a result of this as well as of monetary stability and of less disturbed conditions in the more important rural districts, the general trend has been better.

In March the Chinese Eastern Railway was formally transferred to Manchukuo by Russia and renamed the North Manchuria Railway. The running efficiency of this line is said to have already improved. New railway construction still continues on a

rapid scale and further large sums have been earmarked for this purpose in the present year. The import trade of the country again expanded slightly during 1935, once more due to increased business with Japan, but exports are slightly down. The Manchurian currency has recently been linked to the Japanese yen, and in December a Foreign Exchange Control Law was enforced with a view to curbing speculation, which it was feared might endanger their attempt at currency stabilisation.

JAPAN'S TRADE EXPANSION

The foreign trade of Japan continues to expand in a remarkable way. The combined figures of exports and imports show an all-time record, that is, in the depreciated yen and not in gold, but, nevertheless, considering the difficulties of restrictive quotas and tariffs in many countries, it is a noteworthy achievement. Industrial production has continued its rapid expansion, and it is significant that machinery is quickly coming to the fore as one of the leading export commodities. During the second half of the year the advance in silk prices, coupled with a recovery in rice, brought about a great improvement in the position of the farmers. The invisible trade balance is believed to be quite favourable, due largely to the prosperity of the shipping companies and good tourist traffic. There are, however, certain factors which make the picture appear less rosy. There is considerable over-production, and the curtailment of output has had to be enforced in the case of some important industries, including that of textiles. The financial position of the country also gives rise to some misgiving. The burden of military and naval expenditure remains abnormally heavy, and the continued deficit of revenue is still being made good by the issue of domestic loans. However, each year sees some reduction in the amount of these new issues and the favourable conditions in the country have so far enabled their absorption.

PHILIPPINE ISLANDS

I will only say a few words about the other countries in which we have branches.

In the Philippine Islands the inauguration on November 15th of the Commonwealth Government was a notable occasion. Full independence when it comes in ten years' time will bring about the culmination of a long period of political agitation. Our bank has seen many changes in the sixty-three years we have been established in the Islands, and we wish the new Government every success. The foreign trade of the country has benefited considerably from the leading part we have taken in its financing, and we hope that this situation will continue for many years to come. There are, of course, dangers ahead, but the public debt of the Islands is small, the Budget is healthy, and the principal exports are flourishing, so the outlook is satisfactory. This time last year reports regarding the sugar industry were inclined to be pessimistic, but it appears that the Sugar Control Act has in fact fulfilled a useful purpose and the great majority of producers are in a sounder financial position than for some years. A recent development is the rapid progress made by the goldmining industry, which in 1935 took second place to sugar in gold export values.

INDIA AND MALAYA

In India nearly all industries have shown an improvement during the past year, and there has been a marked increase in the production of many commodities, while piece goods touched a record level. The cotton crop was about 33 per cent. higher than in 1934, and with satisfactory prices growers have benefited materially, but the mill industry has suffered from overproduction and price cutting. Generally speaking conditions are favourable, and there are good prospects of further development this year.

In Malaya the trade figures do not show much of an improvement, but nevertheless conditions are still on the mend. Rubber restriction has not much affected world stocks yet, and there has been difficulty in controlling the output in the Dutch East Indies. The tin quota has now been moved up to 90 per cent. of standard assessment, and tin exports have increased appreciably.

THE BANK'S NEW BUILDING

Ladies and gentlemen, that concludes my review of conditions in the countries in which we are mainly interested, but I have not yet referred to the fact that we are to-day using our magnificent new building for the first time at an annual meeting. In my opinion this—the 120th meeting of the Hongkong and Shanghai Banking Corporation—is thus almost an historic occasion. I do not of course presume to claim that we are making history for China or even for Hongkong, but in the not uneventful

and not uninteresting history of "Wayfoong" to-day is unquestionably one which marks an event of some importance and of some significance. It is important because the building is thoroughly modern, spacious, convenient and therefore fully suited to provide increased efficiency, and it is significant because it shows that in spite of apparent difficulties and transient storm clouds our faith is still strong in the future outlook for China and Hongkong.

We cannot be blamed for showing pride in the stately and dignified appearance of these premises, and who is more justified in doing so than our chief manager, Mr Grayburn, whose name will be identified with the building so long as it stands? To him and to our principal executive officers as well as to all the staff of the bank we again owe thanks for the continued good work they have done for us under conditions often without precedent, and which political factors seem to make more and more difficult as the years go by.

With these remarks, ladies and gentlemen, I beg to propose the adoption of the report and accounts as presented, and after they have been seconded I shall be pleased to answer any questions that may be asked, to the best of my ability. (Applause.)

SIR W. SHENTON'S SPEECH

In rising to second the report, the Hon. Sir W. Shenton said:—Mr Chairman, ladies and gentlemen,—The year under review has undoubtedly been difficult, probably one of the most exacting in the bank's history, and it is a matter for satisfaction and a great tribute to our directors and chief manager that it has been eminently successful.

I do not think I shall be alone when I say that I have had some difficulty in interpreting the balance sheet, but I note with pleasure that the carry-forward is substantially greater than that of last year.

When the gyrations of the sterling value of the dollar, both in China and Hongkong, are considered, over the period of the past eighteen months, the great difficulty of trading under such conditions can be easily understood.

Our chairman has stated that the political factor has become of paramount importance, and this must certainly be so if the future of foreign trade in the Far East is concerned largely with the supply of capital goods and finance as many trade reports lead us to infer. It is clear that a close contact with China politically and socially is of the utmost importance, especially when it is realised the extent to which Government authority in some shape or form is now so often interested.

ATTITUDE OF FOREIGN BANKS

I can say from personal knowledge that the foreign banks are always prepared to support sound and practical propositions.

As in other parts of the world excess population is the root of many problems, so in the Far East it is often the cause of our difficulties. Industrialisation is regarded as a solution in some quarters, but what China, being mainly agricultural, needs is an improvement in the lot of her peasant population; this undoubtedly is, and for some time past has been, receiving the careful attention of her Government.

Excess population is, of course, one of Japan's major considerations.

It must be obvious to everyone interested in China and her many problems that one of her principal requirements is a uniform and stable currency. The past year has seen a herculean effort to attain this end, and to many outside observers she appears to be well on the road to success. It is interesting to note the support the Central Government has experienced in the provinces.

In Hongkong we have also seen important and far-reaching developments in our monetary system. It has always been regarded as fundamental that the colony's currency should be in line with that of China. This has largely been accomplished by legislation with which we are all familiar, but we hope that when it is feasible to do so the Government will make a clear declaration as to future policy which would engender confidence and be of great assistance to merchants and all who are interested in the Far Eastern trade and commerce carried on in and through this Colony. I think our subsidiary coinage still requires further consideration, but we are certainly appreciative of the foresight of those who were responsible for a plentiful supply of one-dollar notes when the crisis arose.

TRIBUTE TO CHIEF MANAGER

Not only those with a financial interest in our bank but the Colony as a whole should be grateful to our chief manager. For

many months, when the price of silver was following a most erratic course, he had a most difficult task in controlling our exchange and keeping it near silver parity, and when at last the situation got out of hand and the Government took command, he joined the currency board and whole-heartedly placed his great knowledge of exchange at their disposal, thereby creating an atmosphere of confidence in a situation fraught with much uncertainty and great difficulty.

It is, I think, a matter for congratulation that such drastic changes have been carried out both in China and Hongkong with so little disorganisation, and undoubtedly beneficial results are already discernible. The recent expansion of the Hongkong note issue is a happy indication of better times. As far as Hongkong is concerned, it was fortunate that we had Mr Norman Young of his Majesty's Treasury with us to assist the Colonial Treasurer, who is chairman of the currency board, to whom as a whole a grateful tribute is due.

The opening to through traffic of the Hankow-Canton Railway this year, after many vicissitudes, is a matter of first importance. The trends of trade under such circumstances are always difficult to prophesy, but whatever they are conditions will adapt themselves to an economic basis in which foreign trade will certainly benefit. Another result of the opening of that railway will, I think, be a further step in the unification of China.

I must lay particular emphasis on the importance which civil aviation is assuming in the Far East, and strike a warning note that British interests in this respect do not appear to be receiving the attention they should.

THE NEW HEAD OFFICE

The completion of the new head office marks another milestone in the history of our corporation. No commercial undertaking in any part of the world could but be proud of such a magnificent building.

We strongly endorse the decision of the persons responsible for the bold policy of rebuilding, and heartily congratulate those entrusted with the plans and the execution of the work.

When the former head office was in the course of construction many people, I am given to understand, thought Sir Thomas Jackson was far too optimistic in reference to the future, and I believe many people have expressed similar views in regard to this building. Sir Thomas Jackson was proved not to have been in advance of his times, and we have every hope that our board of directors and chief manager are correct in their prognostications of our future requirements.

The cost of the building has undoubtedly been great, but we deduce from the cryptic paragraph in the directors' report "for a contingency which has now become non-existent" that adequate provision has already been made, and we are informed that this property stands in our books at what a banker regards as a reasonable figure. It is, I believe, a fact that a very large proportion of the materials used have been produced within the British Empire.

SERVICES OF DIRECTORS, OFFICIALS AND STAFF

In conclusion, I should like to express, on behalf of the shareholders, our great appreciation of the valuable services we have received from our directors, the chief manager, and the staff, and we congratulate them on their success. (Applause.)

May I in seconding the report and accounts state how much I appreciate the honour of having been asked to do so on this historic occasion.

The Chairman:—There being no questions, as proposed by myself and seconded by the Hon. Sir W. E. L. Shenton the motion now before the meeting is the adoption of the report and statement of accounts as presented.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

*The Reporting Manager,
THE ECONOMIST,
8 Bouverie Street,
Fleet Street,
London, E.C.4.*

THE ANGLO-PALESTINE BANK, LIMITED

CONTINUOUS GROWTH OF BUSINESS

NEW ISSUE OF CAPITAL APPROVED

The thirty-fourth annual general meeting of the Anglo-Palestine Bank, Limited, was held, on the 21st instant, in the bank's offices, Brook House, Walbrook, London.

Mr L. Istoric (one of the directors) presided.

The Chairman, in moving the adoption of the report, said:—Gentlemen—It is with much regret that I have to open the meeting by referring to the great loss which the bank suffered in September last through the death of its chairman, Mr Isaac L. Goldberg. Mr Goldberg gave the bank over twenty years of unstinted and devoted service. His sound practical judgment, his unparalleled knowledge of Palestine and its conditions, and his unusual capacity for hard work proved of the utmost value to the bank, and his great kindness and straightforward character endeared him to his colleagues. The directors have not yet taken a decision in the matter of electing a chairman, and in the meantime Mr L. Braudo is, at the request of his colleagues, acting as chairman of the bank.

Conditions in Palestine continue to be favourable. The figures quoted in the annual report bear testimony to the fact. It is true that there was a slight setback in the month of September, caused by the political unrest prevailing in the Mediterranean, but the country's economic structure showed powers of resistance and a capacity for recuperation which had surprised outside observers. Those who were in close touch with local conditions were in no way surprised, as they had learned to appreciate the soundness of the foundations on which the country's prosperity is being built up. If the events of September have induced those who were, perhaps, inclined to get too elated with success to take a more sober view and to appreciate more correctly the many obstacles that will still have to be overcome, this is all to the good.

CONSPICUOUS SERVICES TO PALESTINE

The bank was able to render conspicuous services to Palestine during the recent period of stress. The smaller credit institutions, which suffered from withdrawals of deposits, were generously supported, and such measure of credit to commerce and industry as was considered necessary and sound was granted in all the bank's branch offices. It is a source of great satisfaction to the directors that all these credits, without any exception, have proved perfectly justified. They have in the meantime been repaid, or are adequately secured. There has been no failure of any importance, and none is expected.

Members will be interested to hear some particulars about the distribution of the bank's credit business over the various fields of economic life. On analysing the figures of the balance sheet it was ascertained that 31 per cent. of the credits outstanding on December 31, 1935, were granted to trading firms, 16 per cent. to industrial concerns, 11.1 per cent. to the orange industry, 2 per cent. to agriculture, 8.3 per cent. to local credit institutions, and 31.6 per cent. to miscellaneous trades.

The results of the year's trading, as the accounts show, have been satisfactory. An amount of £134,969 5s. 9d. remains available for distribution after due provision has been made for the dividend on preference shares and for various contingencies.

As members will have seen from the report, the directors are recommending the payment of a dividend of 8 per cent., free of tax, on the ordinary shares.

In view of the continuous growth of the bank's business, the directors have arrived at the conclusion that further working capital is required. Arrangements have been made for the issue of 209,716 "A" ordinary shares, and an extraordinary general meeting is to be held immediately after the close of this meeting, in order to pass the necessary resolutions for the purpose of the creation of those shares.

CAPITAL BONUS

It is also proposed to capitalise a sum of £100,284, forming part of the undivided profits of the company standing to the credit of the reserve fund, and to distribute the same by way of capital bonus among the ordinary shareholders, and this matter will also be dealt with at the same meeting. The directors also propose to transfer out of the present balance of available profits an equal amount to the reserve fund, thus bringing it up again to the figure at which it stood prior to this appropriation.

The effect of the new issue and of the various proposals before the members would be that the bank's paid-up capital would in future amount to £860,000, and its reserve fund and undivided profits to £225,000.

The report and accounts, together with the dividends and appropriations, therein recommended, were approved, and the proceedings terminated with votes of thanks to the chairman and the staff.

An extraordinary general meeting was subsequently held, at which the proposals referred to in the chairman's opening speech were approved.

CHAMPION REEF GOLD MINES OF INDIA, LIMITED

GOOD RESULTS—INCREASE OF CAPITAL APPROVED

The ordinary general meeting of the Champion Reef Gold Mines of India, Limited, was held, on the 22nd instant, at Southern House, Cannon Street, London, E.C.4, the Hon. A. T. J. Fraser, D.S.O. (the chairman) presiding.

The Chairman, in the course of his speech, said that they had had a most successful year with a total recovery of 68,067 ozs., the total value being £479,117, an increase of £21,477. The profit of £169,987 was an increase of £21,824, and the dividends equalled 42½ per cent. against 40 per cent. in the previous year. The development results had been equally satisfactory, resulting in a considerable addition to the ore reserves, which now amounted to 448,241 tons of an average grade of 11.86 dwts. of gold per ton, an increase of over 42,000 tons. There was also an increase of almost 30,000 tons in low grade ore, which now amounted to a probable tonnage of 107,000.

The bottom of the mine was now looking so promising that the directors and managers were fully justified in taking a long view and adopting measures to ensure their ability to carry the mine to considerably greater depths. There was no doubt that they were justified in reorganising the whole hoisting and ventilation position at a very considerable cost both in time and money. Gifford's shaft, which was now used for hoisting from the 40th level to surface would be sunk a further 2,695 ft. and connected with the 70th level at a depth of 6,556 ft. A new plant would deal with the hoisting in one lift from this great depth. A new engine would be installed at the 70th level, Heathcote's shaft and the old engine at the 40th level dismantled, and this shaft, from the 70th to 40th level would not be used for hoisting but would become the main up-cast for ventilating this section of the mine.

MR SYDNEY TAYLOR'S REMARKS

Mr Sydney E. Taylor, D.S.C., after dealing with development results, said that after considering many alternatives it had been agreed that the scheme now before the shareholders for providing facilities to carry the mine to considerably greater depths was the one that should be adopted and was fully justified by the favourable outlook in the mine. It was a bold and costly scheme, but he was sure they would never regret having decided upon it. Perhaps the most important requirement for a deep mine was adequate ventilation. By sinking Gifford's shaft to the 70th level an adequate down-cast airway would be provided, and an important feature of the scheme was that the upper part of the Heathcote shaft would be made available for a main up-cast airway through that part of the mine where it was most needed. Such a scheme would involve a large amount of construction work which would have to be carried on without interfering with the normal output. For that reason it was estimated that it would take four years to complete the whole scheme. It was most satisfactory that the mine was in such a favourable position that, barring accidents, they could look with confidence to the gold returns being fully maintained during this construction period.

The report and accounts were unanimously adopted.

A special resolution altering the articles of association was carried unanimously, and, in proposing a second special resolution for the increase of the capital of the company to £325,000 by the creation of 130,000 additional shares of 10s. each, the Chairman said that the method of finding the sum of £225,000 required had been very carefully considered, and in fixing the figure at which the issue was to be made there had been borne in mind, first, the actual sum to be required; secondly, that the issue price had to be low enough to allow of a satisfactory bonus to each shareholder to assure the issue being fully taken up, and, thirdly, to restrict the number of new shares to a figure at which they felt they were justified in stating that they had every hope that no reduction in dividends would be necessary. In arriving at the figures of 130,000 shares, i.e. one for four at 35s., they had reconciled those three factors.

The resolution was unanimously adopted.

THE ALLIANCE TRUST COMPANY, LIMITED

DIVIDEND OF 22 PER CENT. MAINTAINED

PROGRESS OF ECONOMIC RECOVERY

MR DAVID PIRIE ON THE POSITION AND OUTLOOK

The annual ordinary general meeting of The Alliance Trust Company, Limited, was held, on the 17th instant, in the company's registered office, Meadow House, 64 Reform Street, Dundee.

The chair was taken by Mr David Pirie, and after formal evidence of the proper calling of the meeting had been submitted, the secretary (Mr John P. Bruce) read the auditors' report to the shareholders.

The Chairman, in moving the adoption of the annual report, said:—I assume that you will, as usual, hold the directors' report and accounts as read, and it is now my duty to submit them for your adoption. I think you will regard the results shown as satisfactory.

You will find the appropriation of the year's revenue at page 3 of the report, and observe that after paying the dividend of 22 per cent. on the ordinary stock, and, of course, excluding the amount brought forward, we have a net surplus for the year of £59,759. Now that is a substantial surplus, but it is right that I should explain that included in it is a sum of nearly £20,000 representing arrears, etc., which have been paid during the year, and which, however satisfactory the future prospects of the concerns involved, cannot in the nature of things recur. There are other reasons, which I need not detail, why we are impelled to regard the surplus in a spirit of conservatism, and I am sure you will agree with our action in adding £50,000 to contingent fund and increasing the carry-forward from £34,353 to £44,114.

CAPITAL POSITION

Turning to the capital position you will observe the statement on page 4 that a valuation of our bond and stock investments at January 31st showed a value in excess of the amount at which they stand in our books. We do not think it appropriate to include in the formal report any exact figures as to such a fugitive and elusive thing as appreciation in market values, though a different practice may be followed when a depreciation is shown, and when, therefore, we cannot assure you that the amount shown in the balance sheet is represented by market values.

Now, that very substantial appreciation reflects a great and important fact in the history of our country—viz., the economic recovery which has taken place in the last three years, and which made its most striking progress in the year under review. In addressing you two years ago, and reviewing the events of 1933, I pointed out that for the first time trade was showing all-round signs of recovery, and I added, "If, as we hope, this wide improvement is really the beginning of our rise from the great depression, 1933 will be a year of much significance to us all." Indeed, it has proved so. The recovery continued strongly through 1934. At the close of that year leading authorities were doubting the basis of our prosperity and advising us to prepare for a backward movement, but the facts paid no attention to the authorities, and, as I have indicated, the movement widened and deepened during 1935, and the close of the year found us with increased prosperity and increased confidence.

EVIDENCE OF PROSPERITY

Some facts and figures in a statistical table published by *The Times* last month are illuminating. If we take the production of our manufacturing industries in 1930 as 100 per cent., we find that in 1931 that had sunk to 91 per cent., while in 1935 the figure is nearly 117 per cent., and a particularly gratifying confirmation of these figures is found in another part of the table where the number of insurable workers in employment is shown to have increased by over a million in the last three years. Another excellent figure which harmonises with the other evidence of prosperity is found in the amount of Post Office Savings Bank deposits on December 31st last, which at £390,000,000 is over £100,000,000 greater than at December 31, 1931.

All the figures relating to our industrial activity point the same way, and it is interesting and perhaps important to notice how our newer industries have contributed to this. The motor-car industry now ranks as the third largest manufacturing activity in the country, and never has it sold so many cars; the aircraft industry's output was larger than it has ever been since the war, and rayon broke all previous records both in production and consumption.

EFFECT ON INVESTMENTS

The natural result of all this recovery in industry has been a number of increases in dividends, restoration of defaults, and payment of arrears, although the effect of this on our revenue showing has been to a certain extent offset by the repayment of profitable investments in the form of high-yielding debentures. On the capital side we have seen a general appreciation in Stock Exchange prices, particularly in ordinary stocks.

The rise in gilt-edged received a check; indeed, we find the record prices in this section as far back as January, 1935, but the public turned its attention to industrial and commercial shares, and these have almost without material exception risen strongly during the year. And, as I have indicated, this rise was based on actual results.

The *Economist* in January last made a calculation based on the average price levels of 158 industrials which showed that the average yield figure on the old and the new price levels was virtually unchanged, having moved from 3.67 per cent. to 3.68 per cent. That yield may be small, but rising prices have merely kept pace with rising dividends, and the position has a stability absent from booms such as the last American one when present earnings were disregarded and wild and disorderly rises were followed by still more wild and disorderly falls.

IMPROVEMENT IN THE UNITED STATES

With regard to the United States, the natural recovery forces are operating with remarkable power and momentum, and the average price of common stocks given in *The Analyst* shows an advance from 36.37 to 54.66 during the year. Recently, widespread fears among industrialists as to the effects of pending tax and other legislation caused a check in confidence, but recovery has surged ahead again, and it is impossible not to be impressed by the arguments for its continuance. On the other hand, when we read of the wonderland finance which prevails and compare the position of the United States Budget with that which our own Chancellor will submit next week, we must recognise the elements of instability and the need for conservatism and caution in operating under such conditions.

Unfortunately, the recovery so prominent in industry has not extended to American agriculture, and with regard to our interest in the mortgage business, which still represents fully 10 per cent. of our invested funds, I can add little to what is contained in the relative paragraph of our report. The difficulties with which we are faced in our policy of liquidation do not tend to decrease, and at present the outlook has changed for the worse. We must face the fact that on this part of our assets we may eventually have to realise a definite capital loss. Against this and other contingencies, however, it is a satisfaction to know that by conservative practice the company has built up a reserve fund of over two millions, and that the appreciation on the market value of its bond and stock investments amounted at the close of the year to nearly one and a half millions.

WORLD CONDITIONS

Turning our eyes to world conditions generally we find much that gives cause for regret and disquiet. The position of international trade is thoroughly unsatisfactory and the whole situation is shadowed by the menace of war. The cause is, of course, the spirit of selfish nationalism which seems ever to extend and deepen. It is this spirit which inspires every form of hampering trade restriction and which forbids the hope of success to conferences concerned to find plans for the common good.

Gold moves about the world, not in the healthy and moderate flow required for its natural function—the settlement of trade balances, but in huge blocks to defend national currencies against attack, and currency stabilisation is rendered impossible. No treaty obligation which conflicts with selfish national aims is sacred—the very foundation on which our modern civilisation is built is threatened. And as the natural result of such madness the threat of war again looms ahead of us. But one cannot help feeling that through all the folly, sense will finally prevail, and that the nations will prefer the road to peace and prosperity rather than that which leads to disaster and utter destruction.

Once again let me pay tribute to the loyal and effective co-operation of our staff.

I shall not detain you further, but conclude by moving that the directors' report and accounts be adopted, and that final dividends be declared as therein recommended, viz.:—On £700,000 preference stock at the preferential rate of 4½ per cent. per annum; on £650,000 preference stock at the preferential rate of 4 per cent. per annum; on £750,000 preference stock at the preferential rate of 5 per cent. per annum; on £100,000 "A" preference stock at the preferential rate of 4 per cent. per annum; and on £1,050,000 ordinary stock at the rate of 22 per cent. per annum, all subject to deduction of income tax.

The report and accounts were adopted, and resolutions declaring dividends, re-electing the retiring director, and appointing auditors were unanimously passed.

ARGENTINE ESTATES OF BOVRIL, LIMITED

A YEAR OF CONSIDERABLE IMPROVEMENT

Speaking at the twenty-eighth annual general meeting of Argentine Estates of Bovril, Limited, held, on the 22nd instant, in London, Lord Luke, K.B.E. (Chairman), said that with the shareholders' permission he would take the report and accounts as read; if they would turn to the balance sheet, on the assets side they would find "Land, Factories and Buildings, etc.," at £957,379, an increase of £2,837. The larger part of this small addition was for watering-places, fences, etc.

The "Machinery, Plant, Furniture, etc.," at £254,225, showed a reduction of £2,341.

"Stocks, including Cattle and Stores in South America," stood at £556,598, an increase of £45,242 on the year.

Under "Sundry Debtors" there was an increase of £26,031, whilst the "Cash in Hand," at £132,386, was £52,308 more than in 1934.

These last two increases taken together about balanced the increase in the "Sundry Creditors" item on the liabilities side of £76,752.

They would note that the floating assets and liabilities in the Argentine had been taken into the balance sheet at \$15 paper to the £, which was the official rate, instead of at the rate of 36d. to the gold peso, as in the previous year's accounts.

As regards "Reserve for Depreciation," this was £5,036 higher at £204,121.

The "Profit and Loss" account showed a considerable improvement on that of the previous year. This was attributable to Estancias section accounts—for some years these had been showing losses owing to the very low price of cattle, but in 1935 cattle prices in the North of Argentina improved sufficiently to provide a profit on the Estancia account.

Last year the preference dividend was paid by the guarantor, but this year the company had been able to pay 3 per cent. on these shares out of profits.

RESULTS OF THE SUBSIDY EXPERIMENT

At last year's meeting he had told the shareholders that when he was in the Argentine towards the end of 1934, cattle in the northern parts of Argentina were still at an exceedingly low price and quite unremunerative to the Estanciero. He had mentioned, too, that in January, 1935, the Ministry of Agriculture in Argentina desired to improve the price of northern cattle and made the company an offer of a subsidy equal to one-third of the cost of the cattle bought by the company for the Santa Elena works during 1935, provided that the company paid to the cattle owner a fixed minimum price for the cattle including this subsidy. The company had accepted this, and put about 60,000 head of cattle through the works on those terms. There would be no profit in this business so far as the works were concerned, because, on the sale of the products, if a profit was made it had to go towards the refunding of the subsidy above mentioned. This action of the Ministry of Agriculture had removed surplus cattle and started a rise in prices in Northern Argentina, and ever since then they had continued to rise.

There could be no doubt that His Excellency the President of the Republic and the Ministry of Agriculture desired to maintain the meat trade on a satisfactory basis both to the cattle owner and to the eventual consumer. The satisfying of the latter was, of course, very essential if the largest beef export business in the world was to continue and prosper.

The report and accounts were adopted.

THE STATE ASSURANCE COMPANY, LIMITED

AN EXCELLENT YEAR

STRONG POSITION

SIR CHARLES MORTON ON GROWTH OF BUSINESS

The forty-fifth annual meeting of The State Assurance Company, Limited, was held, on the 20th instant, at the head offices of the company, State Insurance Buildings, Liverpool.

Sir Charles H. Morton, J.P., chairman of the company, presided. The Chairman, moving the adoption of the report and accounts, said:—We have had an excellent year and the results attained represent one of the most satisfactory year's trading in the history of the company. There has been a pleasing expansion in revenue from all departments.

FIRE DEPARTMENT

In the fire department we have benefited by the favourable conditions which have prevailed during the year. There has been an improvement in our claims ratio in almost every quarter in which the company is operating, with the result that the fire losses, paid and outstanding, for the year show a percentage to premiums of 47.3, being 3.2 per cent. less than the previous year. It is many years since we had such a good experience. There is available for transfer to profit and loss a sum of £45,700, which is well above the company's average earnings from this department.

ACCIDENT BUSINESS

I have previously referred to the steady progress made year by year in the volume of accident business transacted by the company. I am pleased to report further expansion again this year. The claims experience has been good, the ratio of losses to premiums of 48 per cent. being 1.4 per cent. less than the previous year. There is also a slight reduction in the ratio of expense, and the sum of £24,492 available for transfer to profit and loss is a record for the department.

MARINE ACCOUNT

From the marine account there is available £10,837 for transfer to profit and loss, which represents a profit of £9,174 earned on the 1932 account, plus the interest of £1,663 on the marine fund. I am sure you will agree that this is a very satisfactory result, and I am glad to tell you that there is every indication that the 1933 account will show even more favourable figures.

PROFIT AND LOSS

Reviewing the operations of the company as a whole, the transfers from the various trading departments to profit and loss, together with interest not credited to other accounts, amount in the aggregate to £99,940, being £21,667 in excess of the earnings of the previous year. After deducting the various items of depreciation and other charges in the profit and loss account, providing £15,000 for accruing taxation and general contingencies, and transferring £5,000 to the staff pension fund, the credit balance carried forward is £195,889. This represents an increase of £39,673 in the balance brought forward from the previous year's account.

STRONG BALANCE SHEET POSITION

Turning to the balance sheet, you will agree that it discloses a strong position. Once again I am pleased to place on record that the value of the assets as at December 31 last exceeds by a substantial amount the figure at which it appears in the balance sheet. No credit, of course, is taken in the account for this appreciation. There has been a further strengthening of the reserves and the total assets now well exceed the three million mark.

It has been my privilege to submit highly satisfactory reports and accounts on many previous occasions, but I feel that the report and accounts now presented for your adoption give cause for special gratification. It has indeed been an excellent year. The company, as it exists to-day, has never been stronger, either financially or in the general constitution of its business. I am sure we have every reason to look forward to the future with confidence.

The report and accounts were adopted.

AMALGAMATED METAL CORPORATION, LIMITED

ADVANCE IN CONSUMPTION AND PRICES OF METALS

MR CHARLES V. SALE'S REVIEW OF ACTIVITIES

The seventh ordinary general meeting of Amalgamated Metal Corporation, Limited, was held, on the 22nd instant, at 20, Aldermanbury, London.

Mr Charles V. Sale (the chairman), in the course of his speech, said:—Several alterations have been made in the presentation of the accounts, notably in the addition of a consolidated balance sheet of the various subsidiary and allied concerns in which the constituent companies hold an interest of 50 per cent. or more. The figures interlock with those of the combined balance sheet, and the results of the whole undertaking are transferred, in small type, to the accounts of the Corporation. In this manner you now have a complete statement of the affairs of the entire group.

Turning to the combined balance sheet, you will observe that while current liabilities are greater by £790,000 than in the previous year they are covered by an increase of £894,000 in current assets. These figures accompany a larger volume of business, and I may specially mention stocks of merchandise—£4,329,000, or £1,860,000 more than in December, 1934. Of this large total over 99 per cent. was held against forward sales.

CHANGES IN THE INVESTMENT GROUP

There are several changes to be noticed in the investment group, which now stands at £2,492,000 compared with £2,761,000 last year. To begin with, a transfer of £200,000 from general reserve has been applied in reducing the book value of investments which had depreciated during the long and difficult years of depression. The declining values were duly taken into consideration in the valuations mentioned to you at these annual meetings, but the book values remained without change. This transfer clarifies that situation. Next in importance is the purchase by the British Metal Corporation, Limited, of certain investments previously held by a subsidiary company, resulting in the net increase under the sub-heading of investments, and a decrease in amounts owing by subsidiary companies from £541,000 a year ago to £56,000 in the present accounts.

Following in sequence is the application of £20,000 from revenue and £40,000 from reserve for contingencies in writing down the book value of amounts owing by allied companies to £260,000. This reduction concerns the mining property which, as I have mentioned on several occasions since 1931, could not be profitably operated at the then prevailing prices. Late in the year, however, arrangements were made to reopen the mine, which is now in production, and made its first operating profit during the month of March. Pending further development, however, we have considered it prudent to make this provision.

VALUATION OF INVESTMENTS

Lastly, I come to the valuation of all the investments and shares in subsidiary companies, which at the end of 1935 and after the transfer already mentioned shows a margin of £311,000 on the right side. The book cost and valuation of our German securities—holdings in Metallgesellschaft and Norddeutsche Affinerie—are fully set out in our report, and I need only add that the position of both companies is very strong, while the efficiency of their plants is second to none in the world. We do not forget the exchange influences which may arise, but their assets are nearly all of a nature likely to equate with gold—that is to say, land, buildings, plant, ores in process, and metals in stock. With these factors we naturally take into consideration the dividends receivable and the importance to your Corporation of the community of interests with which the investment is associated.

On the other side of the combined balance sheet you will observe that the allocation of £40,000 from contingency reserve for writing down assets was replaced by a similar sum from the profits of the period, leaving the fund unchanged. The total profits of the year were about £43,000 better than the comparable figure for 1934, and the proposed dividend of 6 per cent. will leave a balance on the whole undertaking of £232,000 to be carried forward, against £195,000 a year ago.

ADVANCE IN METAL PRICES

Prices of non-ferrous metals had risen in the last nine months of 1935. The rise in copper was partly due to the restriction

scheme, under which copper produced outside the United States was to be reduced by 240,000 tons per annum. The rise in lead and spelter was largely due to the change in the Ottawa duties, which also had a marked effect on the turnover on the London metal exchange. The moderate duties now imposed, combined with the drawback on exported lead products, gave Empire producers a small preference in the home market without impairing our export trade. Activity in the building trade has also assisted the prices of these metals.

The indices of consumption present several interesting features: 1929 was the last year of great prosperity as 1932 was the one of greatest depression. In each succeeding year consumption has increased under every heading, though markedly less in the United States than elsewhere. The increasing demand in the United Kingdom for copper, lead, and spelter has made an important contribution to the total revival, surpassing all its records in 1935. The same may be said of the world outside the United States, and it is noteworthy that in both directions copper consumption is growing even faster than that of lead.

In spelter, however, the United Kingdom does not show the same relative increase, and this may be attributed to the declining exports of galvanised sheets. The same is true as regards tin, due to intense competition for the export trade in tinplates, which must now be shared not only with the United States but with newcomers—Germany, Italy, and Japan. Thus, the exports of tinplates from the United Kingdom have fallen from 580,000 tons in 1929 to 346,000 tons in 1935. There is little in the world index figures to support the contention that tin, in the aggregate, is losing its place in relation to other metals.

RUBBER DEPARTMENT

The rubber department of Henry Gardner and Company continues its importance in both volume and revenue. The arrangements between the Governments concerned for co-ordinating production and controlling exports from the Far East were only sanctioned in May, 1934. There were many administrative difficulties in the initial stages, and at times during the first twelve months these gave rise to some disappointment. The Dutch authorities found it necessary to arrange an increased quota for their native production, but with adjustments in this and other respects the control is now operating satisfactorily.

MAIN ACTIVITIES OF THE CORPORATION

Now, in summing up as we have been doing the results of our trading over a period of years, it seems appropriate that I should again give you some conception of the main business of your Corporation. It is the marketing and distribution of the base metals and ores and such of the precious or semi-precious metals as are usually associated with them. All its other activities are the servants of this master. They are designed either to secure commercial contracts with producers or consumers or to improve and expand the services which are already performed for them. These services cover a wide range—actual sales, research into new markets, and uses for metals. As an instance of this last I may mention that the sale of cadmium was first developed on a commercial scale in Europe by one of the constituent companies, rising from less than 100 tons in 1922 to over 900 tons in 1935. Finance—which, of course, not only covers advances made against metals and ores moving into consumption but extends even as far as the placing of securities on behalf of our customers. In this connection I may also say that our investments are made to secure commercial contracts or to form financial links with those with whom we already have contracts.

Again our services include shipping, transport, and insurance—the importance of which is great owing to the very large tonnages which are handled, often in small lots, into consumers' works; statistics—to show the trend of production and consumption of the metals and how world influences are likely to affect them; technical—and I may say that it is essential to be able to call upon the experience of mining and metallurgical engineers—this we do through companies closely associated with the group: the British (Non-ferrous) Mining Corporation, Huntington Heberlein and Company, Colliery Engineering, and Lodge Cottrell—in all of which we have substantial holdings.

It is our intention to improve and expand all these services in the hope that they may strengthen the co-operation between producers, consumers, and merchanting interests. In conclusion, it will interest you to know that the trading results of the constituent companies for the four months of the present year are very satisfactory.

The report and accounts were unanimously adopted.

THE AGRICULTURAL MORTGAGE CORPORATION, LIMITED

BETTER CONDITIONS AND GREATER CONFIDENCE

SIR HARRY GOSCHEN'S SPEECH

The seventh ordinary general meeting of The Agricultural Mortgage Corporation, Limited, was held, on the 17th instant, at Stone House, Bishopsgate, London, E.C.

Sir Harry Goschen, Bt., K.B.E., the chairman, presided.

The Secretary (Mr C. B. Palmer) read the notice convening the meeting, and the General Manager (Mr S. A. Bonner) read the report of the auditors.

The Chairman, in the course of his speech, said: Further loans to a total of £466,830 were completed during the period under review, bringing the total amount advanced by the corporation since its inception to £11,590,913, granted on the security of nearly 800,000 acres of land, which, with the farmhouses and buildings, has been valued on our behalf at over £18,000,000. In addition, advances of a further £148,665 have been duly sanctioned.

The total of improvement loans completed has increased to £67,028, secured on land of an estimated rental value of £46,184 per annum.

We have accepted during the year in addition to the ordinary contractual reductions special capital repayments totalling £462,406, so that our grand total of loans outstanding is some £70,000 less than last year.

You will remember that two years ago we reduced our basic lending rate from 5 per cent. to 4½ per cent., and although over £1,000,000 has been lent in new loans since the reduction was made this has not been quite sufficient to enable us to keep pace with the repayments.

It must be borne in mind that £8,500,000 of the money we have lent was borrowed on debenture stock of the corporation carrying interest at 5 per cent. per annum and not redeemable, at the earliest, before 1959, while the greater part of the proceeds of our last issue of £2,000,000 4½ per cent. stock, which was issued at 95, is still in hand and is temporarily invested to give a return much below its annual cost.

It will be quite obvious to you that we are making an actual loss in lending at the present time on a 4½ per cent. basis, but we have considered it to be in the spirit of the Act, in pursuance of which the corporation was brought into being, that our main consideration should be to grant all the assistance in our power to farmers requiring long-term credit, while at the same time not in any way imperilling the stability of the corporation itself.

I am glad to report once again that the contractual payments of interest and principal continue to be promptly met and 93 per cent. of the amounts falling due in the year up to March 24, 1936, had been received by the close of the financial year.

During the year 1935 we have seen further developments in the regulation of the production and sale of agricultural produce, and largely as a result of the various marketing schemes prices have been stabilised to a great extent and farmers as a whole have been able to make a moderate living.

The weather conditions were not entirely favourable, but the mild, open weather of the early months of 1935 assisted in the wintering of cattle out of doors and lambing conditions were good. The summer was exceptionally dry and conditions were good for hay-time and harvest, but with parched pastures and dried up ponds and streams, stock farmers experienced an anxious time.

Most of the corn and root crops showed a lower return than in the previous year, but the corn yield, though not so good as in 1934, was higher than the average for the past ten years. The acreage under wheat again showed an increase in 1935, but the total production was 125,000 tons less. The drought adversely affected the crop in many of the best barley areas and the yield fell by 71,000 tons. Root crops generally were light; 520,000 tons less potatoes were produced, and sugar beet, with a reduced acreage and difficult lifting conditions, was generally disappointing.

Dairy cattle have made good prices, but beef producers have experienced little improvement in the value of their stock. Once again sheep have provided the bright feature of the live stock section, and the upward tendency of prices for breeding stock at the autumn fairs reflects confidence in the future of the sheep industry.

A spirit of returning confidence in agriculture is manifesting itself in many ways. Purchases of new and up-to-date implements have increased considerably, and more intensive stocking of the land and the employment of extra labour are all signs that farmers are adapting themselves to the new and better conditions.

I should now like to direct your attention to the balance sheet and profit and loss account. I have already mentioned the slight drop in the balance of loans outstanding, and, against this figure, you will notice an increase of nearly £100,000 in the other investments. In this connection I might perhaps draw your attention to the fact that the market value of our investments on March 31 last was over £280,000 more than the figure at which they stand in the balance sheet.

Our profit and loss account, after a transfer of £5,000 to contingencies account, and the requisite provision for income tax, shows a balance of £28,347, which figure is some £10,000 lower than last year. The difference is largely accounted for by lower receipts from interest on our mortgage loans, due to the fact that a number of 5 per cent. loans have been repaid and the money, to a large extent, re-lent on a 4½ per cent. basis. In addition, receipts from fees this year are some £3,000 below last year on account of the rather smaller amount of our earlier loans, which have been redeemed on payment of the 5 per cent. redemption fee. The income received from investments also is slightly lower, although the amount invested is some £100,000 greater.

Full provision has been made from contingencies account to cover all bad and doubtful debts and, in addition, to provide a sum sufficient to cover all interest payments due up to December 31, 1935, and not received by the end of our financial year.

The balance of profit and loss account after bringing in £4,634 4s. 5d. from last year is £28,347 7s., which has been carried to the balance sheet and allocated as follows:—

	£	s.	d.
Transferred to special reserve	...	...	2,664 0 0
Transferred to general reserve	...	...	10,000 0 0
Written off expenses of the issue of £8,500,000 5 per cent. debenture stock and £2,000,000 4½ per cent. debenture stock	...	...	5,000 0 0
Written off discount on the issue of £2,000,000 4½ per cent. debenture stock	...	...	3,333 6 8
leaving a balance of £7,350 os. 4d., which the directors propose to carry forward.			

I much regret that it has not been possible for us to continue the dividend of 2½ per cent. which we have paid to the shareholders for the past five years, but I am quite sure that the great banks which subscribed our share capital will support the policy we have adopted of consolidating our position while at the same time giving the greatest assistance in our power to the individual farmers during these difficult times in agriculture.

The report and accounts were unanimously adopted.

OOREGUM GOLD MINING COMPANY OF INDIA, LIMITED

INCREASED ORE RESERVES

The ordinary general meeting of this company was held, on the 17th instant, at Southern House, London.

The Hon. A. T. J. Fraser, D.S.O., who presided in the absence, through illness, of the Hon. Lionel Holland, chairman of the company, said that the developments of the year showed a notable improvement, resulting in a substantial addition—over 25 per cent.—to the reserves of ore. The total reserves at the end of the year were estimated at 176,372 tons, averaging 9.57 dwt. per ton, in addition to 94,000 tons of probable ore of low grade payable at the present price of gold.

The latter part of the year, however, did not maintain the promise of the early months, more especially in Bullen's section of the mine, where the lode was disturbed by intrusions of pegmatite. There was nothing new in these occurrences, which had frequently taken place in the mine for some years past, to be followed by a return to normal conditions when the pegmatite was passed through.

The tonnage of ore milled and old tailings retreated was practically the same as in the preceding year. The total return of fine gold was 2,041 oz. more, and they had benefited by the higher price of gold to the extent of 3s. per ounce. The total income was £20,920 greater, and working costs (including royalty on profit paid to the Mysore Government) had increased by £14,187. This increase was due to the important work of exploration and

opening up of the ore shoots as rapidly as possible and to the establishment of a substantial stock of ore at surface.

From the profit and loss account it will be seen that the operating profit added to the amount brought forward from the last account, together with dividends received on shareholdings, make a total credit of £72,501. Appropriations for income tax reserve, machinery and plant, and insurance and contingency fund amounted altogether to £15,000. With the balance dividend which we now recommend, payable on April 25th, the distributions for the year will amount to £48,077, and after allowing for the percentage payable on the dividend on the ordinary shares £8,702 remains to be carried forward.

The dividends of 2s. per share on the preference and 1s. per share on the ordinary shares are 3d. per share less than the amounts paid for 1934, when, however, it will be remembered, a profit of £22,000 was realised on the sale of certain investments, distinct from the ordinary profit of working the mine.

A satisfactory financial position is maintained, the surplus of liquid assets, after allowing for current liabilities and the amount distributed in dividend, remaining undiminished.

With regard to the operations underground, development work had been vigorously pushed ahead, and that was of more than usual importance, in view of the approaching exhaustion of the dump of old tailings. The yield from the re-treatment of those tailings for the past ten years had been a source of considerable revenue, which would come to an end in about 12 months' time, and it was their aim to build up the ore reserves as much as possible to meet the increased call upon them when the dump of old tailings became exhausted.

The report was unanimously adopted.

EAGLE, STAR AND BRITISH DOMINIONS INSURANCE COMPANY, LIMITED

LARGER PROFITS, ASSETS AND DIVIDEND

INCREASE OF CAPITAL APPROVED

Presiding at the annual general meeting of the Eagle, Star and British Dominions Insurance Company, Limited, held, on the 21st instant, in London, Sir Edward Mountain, Bart, J.P., in moving the adoption of the Report and Accounts, said they continued to feel the increasing prosperity of the country, and he thought they would agree the results of the past year were good.

LIFE DEPARTMENT

The Life Department had shown excellent and progressive results. New policies were issued numbering 2,454 for sums assured of £2,854,936, of which £100,256 was re-assured and £2,754,680 retained. These figures compared with £2,404,263 retained in 1934, an increase of £350,417. Their Life business was confined to the United Kingdom, with a trifling exception in South Africa. The current Life Assurance and Annuity Funds expanded during the year by over £411,000 and now stood at £6,357,479, while the premium income of the Current Fund exceeded that of last year by over £19,000. The average rate of interest earned was 4 1/4 per cent., after deduction of Income Tax, which he was sure they would consider favourable.

The number of schemes handled by their Group Life and Group Pensions Department continued to increase. For several years the number of new schemes had exceeded the previous year's figures and 1936 had started extremely well. The valuations of the two Closed Funds of the Eagle and English and Scottish were made at December 31st last, with very good results. In the case of the Eagle Fund, the surplus revealed enabled the declaration of a simple reversionary bonus at the remarkable rate of 10 per cent. per annum, whilst in the English and Scottish Fund a compound bonus of 3 per cent. had been declared. The bonuses allotted to English and Scottish policies since the date of the amalgamation with the Eagle Star Company ranged from 75 per cent. to 95 per cent. of the sums assured and bonuses existing at that time. As would be seen from the Profit and Loss Account, the Shareholders' proportion of the profits from these Funds recently declared amounted to £72,275.

FIRE DEPARTMENT

In the Fire Department the premium income amounted to £808,087. The incurred loss ratio was 40 per cent., the ratio to premiums earned being 39.77 per cent. These percentages were 2.76 per cent. and 3.11 per cent. lower than in 1934. The profit for the year was £70,139, or 8.68 per cent. of the premium income,

the total reserve being £423,235, which amounted to 52.37 per cent. of the premiums.

ACCIDENT AND GENERAL DEPARTMENTS

In the Accident Department, after providing for claims paid and outstanding and setting aside the usual reserve of 40 per cent. for unexpired risks in connection with the ordinary annual premium income, £8,809 was transferred to Profit and Loss Account.

In the General Insurance Department the premiums amounted to £424,118, an increase of £26,000. Claims paid and outstanding amounted to £117,080, and after setting aside the usual reserve of 40 per cent. in respect of unexpired risks, the sum of £110,676 was transferred to Profit and Loss Account. These results were the best the Company had so far experienced in the General Account.

In the Motor Department the premium income amounted to £1,465,318, which showed an increase of £322,271. After providing for the outstanding claims and the usual reserve of 40 per cent. for unexpired risks the sum of £17,661 was transferred to Profit and Loss Account. These results proved that the public were being extremely well catered for and were getting their insurance at approximately cost price or under.

MARINE DEPARTMENT

In the Marine Department they were able to transfer to Profit and Loss Account the sum of £25,000, and the Marine Fund at the end of the year stood at £309,675, which equalled the very satisfactory percentage of 145.58 per cent. of the premium income.

PROFIT AND LOSS ACCOUNT

The Credit Balance brought in from last year was £214,138, and the net interest on investments amounted to £230,431. Trusteeship and other fees were £6,816, and the net profit on the sale of investments totalled £56,111. The Shareholders' proportion of the Eagle and English and Scottish Funds Valuation profits was £72,275, which, with the profits from the various trading departments, £236,502, made a grand total of £816,273.

After providing for British and other Taxation and Expenses not charged elsewhere, they had paid an increased dividend on the Ordinary Shares of 25 per cent., which with the dividends on the Preference and Preferred Ordinary Shares, absorbed £228,426 net. It would be thus seen that the total dividend on all classes of shares was more than covered by the net interest from investments alone and more than twice by the total net profits.

Of the balance remaining they decided to write off the cost of Life Businesses acquired the sum of £100,000, reducing that item now to £145,000, and to transfer £100,000 on account of provision for Pensions, leaving a credit balance to be carried forward of £257,264, being an increase of £43,127 on the amount brought in.

The total premium income for 1935 amounted to £4,089,433, as compared with £3,774,535 in 1934, an increase of £314,898, while the total assets of the Company and its subsidiaries stood at £23,691,499, an increase of £1,057,387.

PROPOSED ISSUE OF SHARES

The Ordinary Shareholders had received a Notice convening an Extraordinary General Meeting of the Company to be held that day, the object of which was to give the Directors powers to issue additional Ordinary Shares, the powers of the Directors to issue new shares now being nearly exhausted. It was the intention of the Board to issue in the immediate future part of those new shares on terms which, in their opinion, would be advantageous to the present Shareholders. As probably they were aware, the Directors were amongst the largest Ordinary Shareholders themselves.

In conclusion, he stated the financial position of the Company was outstandingly strong, that the new year had opened very promisingly, and that he looked forward with every confidence to the future.

The Report and Accounts were unanimously adopted, and the retiring Directors having been re-elected and the Auditors re-appointed, the proceedings closed with votes of thanks to the Chairman, Directors, Officials and the Staff.

At an Extraordinary General Meeting of the Ordinary Shareholders subsequently held, the resolution authorising the increase of capital by the creation of 144,044 Ordinary Shares of £3 each to rank *pari passu* with the existing Ordinary Shares was approved. The total authorised share capital will then stand at £5,500,000. The fully subscribed capital will be £5,245,049, the paid up capital £3,088,439, and the Reserve Fund approximately £2,450,000.

ROYAL EXCHANGE ASSURANCE

A YEAR OF PROSPERITY

The two hundred and sixteenth annual general Court of the Royal Exchange Assurance was held, on the 22nd instant, at the head office of the corporation in the Royal Exchange, London.

Mr Vivian Hugh Smith (the Governor), reviewing the work of the various departments, said: In our life department the net sum assured was £4,350,000, as against £3,750,000 in the previous year. The total premium income of the life department was £1,194,000, which is again an increase over that received in 1934, and the claims paid and outstanding totalled £676,000, as against £638,000 for the previous twelve months. The number of policies completed was 8,712, an increase over 1934 of 2,337. The life assurance fund now stands at £11,791,000. The year, as you know, has been the final year of the quinquennium, and the directors decided that the corporation could well maintain a reversionary bonus at the rate of 2 per cent. compound for the five years ending December 31st last.

The trustee and executor department has this year been able to transfer from revenue account to general profit and loss account an amount approximating £19,500. This is some £7,000 higher than the amount transferred last year, and reflects the satisfactory working of this department.

It will interest you to know that the total funds in hand and under the administration of the department at the end of the year exceeded £151,000,000, being an increase of over £34,000,000 as compared with the total funds at the end of 1934.

I should like to take this opportunity of referring to the position of this department in its capacity as trustees to certain of the fixed trusts. I feel it my duty to point out to the general public that, in instances where the name of the Royal Exchange Assurance appears as trustees, this should not be looked upon as any guarantee on our part of the stability of the value of the underlying securities. Our duties are confined to those of trusteeship as distinct from the responsibilities of management.

FIRE RESULTS

I am sure you will have received the results of our fire department this year with a good deal of satisfaction. The underwriting profit of £189,000 constitutes a record for this department in the history of the corporation.

After having taken credit for £40,673, being the net amount of interest received, a total of £229,964 has been transferred to general profit and loss. The fire premium income shows a small but welcome increase in each of the main fields of our world-wide business, and at the same time a reduction in both loss and expense ratios can be recorded.

In our marine department we again transfer £25,000 to our general profit and loss account, while our marine fund stands at £822,000, representing nearly 138 per cent. of the premium income.

I am pleased to be able to give you a better account from our accident department this year. Net premiums amounted to £1,172,000, and after taking credit for £42,000 interest, dividends and rents an amount of approximately £75,000 has been transferred to our general profit and loss account. This sum exceeds the average of the amounts transferred from the accident department over the last ten years. The improvement in the results of the department is gratifying and has been brought about partly by a reduction in our commitments abroad.

DIVIDEND

I now come to the general profit and loss account of the Corporation for the year 1935. The total income for the year brought into this account amounts to £510,735. The net result is that the balance of profit and loss account now amounts to £1,269,728. Your directors have already notified you of their proposal to ask you to approve a final dividend of 19 per cent. for the year 1935, payable by the corporation on May 6th; this, together with the interim dividend of 11 per cent. paid on November 6th last, will make a total dividend paid by the corporation of 30 per cent. (less income tax) on the capital stock of the corporation for the year 1935.

If you compare the profit and loss account with that of 1934, you will find that each single item brought in on the income side shows an increase over that of last year, with the exception of the allocation from the marine department, which remains the same. I can hardly give you better evidence of a year of prosperity than that, and I think, gentlemen, we can each one of us congratulate ourselves upon the result.

The report and accounts were unanimously adopted.

OLYMPIC PORTLAND CEMENT COMPANY, LIMITED

STRONG POSITION—DIVIDEND MAINTAINED

The twenty-fifth annual ordinary general meeting of the Olympic Portland Cement Company, Limited, was held, on the 17th instant, at the registered offices, 7 Gracechurch Street, London, E.C., Mr John Lawson (chairman of the company) presiding.

The Secretary (Mr Thomas Rose) having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said:—The profit for the year shows a reduction on the preceding year of about £4,000, due to the smaller quantity of cement sold and delivered. After writing off £10,000 depreciation the balance at credit of profit and loss account is £37,921 os. 10d. The directors now recommend the payment of a 5 per cent. dividend, which will absorb £9,947 19s. 2d., leaving to be carried forward a balance of £27,973 18s. 8d., against £28,160 5s. 8d. brought in from last year.

Although the production of clinker last year was somewhat less than in 1934, the manufacturing cost of finished cement was practically unchanged. This is satisfactory because nearly one-half of the clinker produced was of the special quality required for the Coulee Dam, which costs rather more than standard cement.

Turning to the balance sheet, there is very little to be said at this time. Property account has been increased £12,557 by the addition of the slurry tanks and quartz deposit referred to in the report. Stocks are about £8,000 higher than in 1934. But, on the other hand, investments and cash are down by about £17,000. While the liquid assets of the company total about £127,000, liabilities under sundry creditors only amount to about £9,000. I think you will agree that the balance sheet shows a sound and strong position.

The production of cement in the United States of America last year was 76½ million barrels, or about 1½ million less than in 1934. In the company's territory very little State work was undertaken, beyond a few road contracts. The Federal Government's relief works plan overshadowed other State work, and it was not until the latter part of the year that the cement contract for the Coulee Dam project was arranged. A contract of 4½ million barrels of cement was placed with the cement companies in Washington in September of last year. As mentioned in the directors' report, the Olympic's portion of the contract is 770,000 barrels, deliveries to be spread over two years. As you would naturally expect, the price for a large contract of this type was keenly cut, and while the business will assist in keeping the factory running during the next two years nearer to its capacity than has been possible for some time past, the profit to the company will be almost negligible.

As regards the prospects of the present year, the outlook is better than it was when I addressed you last. Federal and State funds to be made available for highway programme during this year are said to total 1,800 million dollars, of which 700 millions are for construction and 175 millions for maintenance, exclusive of what will be spent by Federal projects on farm roads and streets. There is now greater optimism among those concerned with highway development than has been evident during the past five years. It is hoped that the State of Washington will benefit by this programme and that some considerable amount may be spent on road work.

The housing programme in the United States took longer to get under way than in this country, where the brick and cement trades have been very busy, but the Department of Labour at Washington estimates that there is an increase of residential building for February, 1936, over February, 1935, of 189 per cent., and for buildings of all kinds an increase of 86 per cent.—for the same period. Your works being situated in one of the chief lumber regions of the country much demand cannot, however, be expected for your production in connection with house building.

One interesting feature as affecting the use of cement for road-making has been the result of the unusually severe winter in the Eastern States of America. A report covering thirteen Eastern States shows that the main highways, which were constructed of cement, have withstood the severe test of alternate frost and thaw better than any other types of road surfacing. This is an important recommendation for the use of cement. It is likely that some of the repairing work necessary in the Eastern States will be carried out with cheaper types of surfacing. Officials of cement companies, however, and other informed sources express the belief that all major repairing will probably be done with concrete, as this type of surfacing has demonstrated greater resistance to climatic conditions.

Mr L. B. Stoddart seconded the adoption of the report and accounts, which were carried unanimously.

ARMY AND NAVY STORES, LIMITED

INCREASED TURNOVER AND PROFITS

The annual general meeting of the Army and Navy Stores, Limited, was held, on the 22nd instant, on the company's premises, Westminster, London.

Brig.-Gen. Sir Frederick Gascoigne, K.C.V.O., C.M.G., D.S.O. (the chairman), in the course of his speech, said: I was able to tell you last year that trade had shown an improvement on the previous year, which itself had shown an improvement on its own predecessor. I am glad to be able again to report a satisfactory increase in the turnover, which has resulted in increased profits, brought about not only by the increased turnover but by various economies which it has been found possible to establish without loss of efficiency. It is encouraging and significant to know that these increases have been contributed to by nearly every section of the business, both in regard to the money value and to the number of orders.

The improvement I mention can be fairly described as a general all-round improvement; no abnormal conditions to account for it, and one, therefore, which it may reasonably be hoped will continue at a gradually increasing ratio, provided that no outside influences cause a check.

We always seem to hold our meeting either just before or just after the Budget, but we could anticipate little hope of any assistance from the Budget this year, and so it has proved to be. The Budget will not help us nor could we expect it to do so in view of the many calls upon the public exchequer, at any rate in respect to releasing cash to be spent in the shops. Let us hope that the additional sense of security, for which the Budget provides, will create an air of optimism and cause people to spend more freely such meagre surpluses as a 4s. 9d. income tax—and super tax to match—leaves in their pockets; rather than to hoard it against an even more evil day which we hope will never come.

PROFIT AND DIVIDEND

With regard to the profit available, you will see that there remains for distribution a sum of £235,742 after deducting £34,166 already paid as interim dividend, and after adding the amount brought forward last year, namely, £120,966. It is proposed to pay a final dividend of 10d. per share, making a total dividend of 1s. 3d., or 12½ per cent., the same as last year.

The improvement in India was maintained, and, though it is very uphill work carrying on business in that country owing to the competition of the bazaars, where the prices of merchandise, whether proprietary or otherwise, are cut to ribbons, we are fulfilling a want out there, I hope and think to the satisfaction of our customers. Moreover, the gross profit we make is a direct help to our overhead expenses, and so long as we can hold our own as satisfactorily as we are doing at present, the maintenance of our business out there is well worth while.

As regards the London stores, we have well considered plans in hand for the opening out and regrouping of many of the departments, and when these plans have materialised it will be easier for those who are not so accustomed to the Stores as are most of those present to find their way about.

GREATER FACILITIES FOR CUSTOMERS

I referred last year to the greater facilities—in the way of improved telephone service and increased motor deliveries—we were giving to those living in the outer suburbs and the Home Counties, and the results have fully justified our efforts. More and more members resident in those districts are realising the economy and convenience of dealing with the Stores for the greater portion of their daily needs. Summarised, these advantages are:—One order; one delivery; one account.

We are thinking all the time of "service," for we realise it is good "service" all the time that the customer wants. He wants good quality, too, and through the lean times we have kept up our quality and refused to be tempted to use the lure of false cheapness by changing our quality to the second rate.

I told you last year that you had a sound balance sheet before you and that the Society was in a strong financial position. I have no hesitation in saying on this occasion that you have a still sounder balance sheet before you and are in a still stronger financial position.

Nearly three months of the present financial year have gone, and our progress continues, and I express the hope that unless anything unforeseen occurs we shall be able to show you even better results at the end of the current year, and I rely confidently on your support to see that this hope is fulfilled.

The report was unanimously adopted.

OXENDALE AND COMPANY (PROPRIETORS), LIMITED

NEW HIGH RECORD ESTABLISHED

The ordinary general meeting of Oxendale and Company (Proprietors), Limited, was held, on April 21st, in London.

Mr A. Stanley Smith, the chairman of the company, who presided, said that the object of the alteration in the articles of association approved at the previous extraordinary meetings was to enable the dividends on the preferred ordinary shares to be paid on May 1st and November 1st instead of on March 1st and September 1st, as at present.

Dealing with the accounts, the chairman said the increase of £6,060 in sundry creditors was partly due to the expansion of trade in the month of February and partly to additional provision for income tax necessitated by the higher profits earned during the last year; the reserve accounts had been increased by £3,000 to £58,500.

The necessity of providing for a growing turnover and of safeguarding profits against rising prices had resulted in an increase of £5,595 in stock to £43,906; the balance at the bank—£19,916—was evidence of ample liquid resources. The profit and loss account, including a dividend of £3,000 from the subsidiary, showed a trading profit for Oxendales of no less than £38,356, which enabled the Proprietor Company to pay the full dividend of 10 per cent. on the ordinary share capital.

The result was particularly encouraging to the directors, representing as it did another step towards the culmination of a definite plan; during the years of depression the board had had to take a very long view, and the steady advance had been very encouraging.

Another high record had been established in sales, which was all the more satisfactory, as unfavourable weather had completely spoiled the pre-Whitsuntide trade last year and caused a serious loss of turnover. Particularly good progress, also, had been made by the subsidiary—the Manchester Mutual Trading Association, Limited as regarded the current year, there did not seem to be any reason why further progress should not be made; the rising tide of employment was in their favour, and prospects generally appeared good.

The report and accounts were carried unanimously, and the meeting closed with a vote of thanks to the chairman, directors and staff.

STRAND ELECTRIC HOLDINGS, LIMITED

IMPORTANT ORDERS SECURED

The statutory meeting of Strand Electric Holdings, Limited, was held, on the 16th instant, at the Demonstration Theatre of the Strand Electric and Engineering Company, London, W.C.

Mr F. L. Blow, J.P. (the chairman), said that the revenue of the company would be derived entirely from profits made by the Strand Electric and Engineering Company, Limited, and its constituent concerns, all the shares of which were held by this company, and the directors would be enabled to declare a dividend at an early date covering twelve months' trading. Mr Phillip Sheridan, the managing director, had spent a lifetime in pioneering electrical work of a specialised nature. The premises were equipped and stocked to meet every requirement for stage work, indoor and outdoor illumination, flood-lighting and general electrical engineering.

NUMEROUS CONTRACTS ON HAND

Enquiries came from all parts of the world, and the fact that the company had been entrusted with the work of installation of stage equipment for the "Queen Mary" was a practical recognition of the outstanding position which the company held in the electrical engineering world. The contract had also been secured for equipment for the lighting of the new television studios of the B.B.C. at the Alexandra Palace. A considerable amount of work had also been carried out for H.M. Office of Works and the Department of Overseas Trade, for whom an order was in hand for the Empire Exhibition at Johannesburg.

Recent contracts included numerous theatres and cinemas throughout Great Britain, extensions to Covent Garden Opera House, the Shakespeare Memorial Theatre, Stratford-on-Avon, and work under C.B. Cochran control. Other contracts included work on flats in Grosvenor Square and other important buildings and factories in distant parts of the country. The forthcoming Coronation of His Majesty King Edward would give the company a unique opportunity of display work, and a very busy time was expected. The electrical industry might be said to be still in its infancy. There was an ever-widening field for the operations of well-directed enterprise such as theirs. The directors looked forward to the future with the utmost confidence.

Ford Cars and Fordson Trucks—
proved by the past—improved for the future

FORD MOTOR COMPANY LIMITED
ANNUAL MEETING

THE Seventh Ordinary General Meeting of the Ford Motor Company, Limited, was held on the 22nd inst., at Dagenham, Essex.

Sir Percival Perry, K.B.E. (the Chairman), said: Sales in the Domestic Market during 1935 were considerably in excess of the preceding year and constitute the largest output in the Company's history. The outstanding event of the season was our introduction to the world markets of the first £100 fully equipped saloon car. This car, known as our "Popular" model, maintains for quality and performance the highest Ford traditions. The new 22 h.p. V-8 is doing much to bring luxury car ownership within the means of those of modest income.

Commercial vehicle sales have been satisfactory in spite of the many restrictions and persecutions with which motor transport is afflicted. Improvement in agriculture has created extensive demand for Fordson Tractors.

Parliament continues to overtax domestic users and impede the progress of exports by the application of the absurd horsepower tax. It is high time that our laws were brought up to date.

In spite of the many difficulties encountered, your Company's export trade during 1935 showed a considerable increase, and all the Associated Companies, in which we have predominant interest through the medium of our Holding Company, earned profits during the year.

PROFIT AND DIVIDEND

The Company's entire plant and equipment have been maintained in a high state of efficiency and adequate provision to the extent of £714,370 has been made for depreciation and obsolescence. Excess of liquid assets over liabilities amounts to £2,094,532. The net profit amounts to £597,153 and the Directors recommend a dividend of 5 per cent. The recommendation is in accordance with the consistent and conservative policy always exercised by your Directors.

Our products are designed exclusively for peaceful pursuits. This opportunity is taken of denying in toto the rumours which have been circulated to the effect that we are developing aeroplane engines, mechanical warfare appliances or any other description of munitions of war.

Our interest in Associated and Subsidiary Companies is through our Holding Company in Luxembourg, which has again earned a profit. During the year the Holding Company became entitled to receive as dividends declared during 1935 by Associated Companies approximately £156,000. These dividends are not brought into the accounts of this Company, but the operating loss, viz., that incurred by the Near Eastern Branch, has been fully provided for. The Scandinavian group of companies showed improved results.

DEVELOPMENTS IN GREAT BRITAIN

The market for cars of small horsepower is extending rapidly to those who were formerly users of motor-cycles, and our Company is playing a considerable part with its £100 saloon car. There is still a large potential market to be explored.

I stress again the importance of the revision of Horse Power Taxation, both because it is unfair and because it is not devoted to the purposes for which it was imposed. Of the £540,000,000 contributed during the last 15 years by motor licence duties, petrol taxes and other impositions, less than half has been devoted to road improvements. More must be done to improve road conditions in this country, not only in order that motoring may become more economical and of more service to the entire community, but so that the safety of all road users may be assured.

The report was adopted.

Copies of the Chairman's Speech
in full may be obtained from

FORD MOTOR COMPANY LTD.
88 REGENT STREET, LONDON, W.1, and
DAGENHAM, ESSEX

1936 — OUR CENTENARY YEAR

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GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended April 18, 1936, amounted to £12,623,500, against ordinary expenditure of £11,939,000. After allowing for an increase in Exchequer Balances of £42,870, the operations for the week, as shown below, decreased the gross National Debt by £577,000 to approximately £7,925 millions.*

(000's omitted)

Public Department Advances ...	+ 2,390	Treasury Bonds repaid	— 42,000
Treasury Bills	+ 38,994	N. Atlantic Shipping Issues	— 25
National Savings Certificates ...	+ 100	British Shipping Issues	— 36
	+ 41,484		— 42,061

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appeared in the *Economist* for April 4, 1936.

REVENUE	Total Receipts into the Exchequer			
	April 1, 1935, to April 20, 1935	April 1, 1936, to April 18, 1936	Week ended April 20, 1935	Week ended April 18, 1936
ORDINARY REVENUE				
Inland Revenue—				
Income Tax	8,178,000	7,001,000	550,000	126,000
Sur-tax	1,890,000	1,650,000	410,000	370,000
Estate, etc., Duties	6,160,000	4,140,000	1,860,000	1,670,000
Stamps	390,000	280,000	260,000	80,000
Excess Profits Duty and Corporation Profits Tax	50,000	30,000	20,000	10,000
Land Tax and Mineral Rights Duty	50,000	30,000	20,000	10,000
Total Inland Revenue	16,668,000	13,101,000	3,100,000	2,256,000
Customs and Excise—				
Customs	9,653,000	8,596,000	2,383,000	2,511,000
Excise	7,100,000	6,564,000	5,800,000	5,564,000
Total Customs and Excise	16,753,000	15,160,000	8,183,000	8,075,000
Motor Vehicle Duties (Exchequer Share) Post Office (Net Receipt)	407,000 2,150,000	1,341,000 1,300,000	Dr204,000 750,000	1,103,000 1,050,000
Crown Lands	95,202	204,073	30,737	138,340
Receipts from Sundry Loans	3,111,269	39,568	2,567,748	1,212
Miscellaneous Receipts				
Total Ordinary Revenue	39,184,471	31,145,641	12,591,485	12,623,552
SELF-BALANCING REVENUE				
Post Office	1,850,000	1,450,000	450,000	...
Motor Vehicle Duties apportioned to Road Fund	2,040,000	1,194,000	2,040,000	...
Total Self-balancing Revenue	3,890,000	2,644,000	2,490,000	...
Total	43,074,471	33,789,641	15,081,485	12,623,552

EXPENDITURE	Total Issues out of the Exchequer to meet Payments			
	April 1, 1935, to April 20, 1935	April 1, 1936, to April 18, 1936	Week ended April 20, 1935	Week ended April 18, 1936
ORDINARY EXPENDITURE				
Interest and Management of National Debt Payments to Northern Ireland Exchequer Other Consolidated Fund Services	22,638,390 231,260 ...	21,824,139 257,057 ...	4,335,180 ...	3,639,182 ...
Post Office Fund	...	...	...	...
Total	22,869,650	22,081,196	4,335,180	3,639,182
Total Supply Services (excluding Post Office)	22,100,000	24,850,000	7,400,000	8,300,000
Total Ordinary Expenditure	44,969,650	46,931,196	11,735,180	11,939,182

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	93,249,560
Reserve	3,152,844	Other Securities	21,367,436
Public Deposits	13,231,108	Discounts and Advances	47,479,056
Other Deposits	£93,080,518	Securities	£13,888,380
Bankers'	£93,080,518	Notes	46,896,227
Other Accounts	£38,053,119	Gold and Silver Coin	757,366
	131,133,637		162,070,589

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

Both Departments	Amount, April 22, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	415,447,769	+ 6,442,860	+ 22,265,772
Public deposits	13,231,108	+ 3,327,516	+ 5,606,937
Bankers' deposits	93,080,518	+ 11,830,861	+ 5,035,287
Other deposits	38,053,119	+ 1,484,275	+ 1,544,689
Total outside liabilities	559,812,513	+ 13,461,930	+ 21,272,693
Capital and rest	17,705,844	+ 10,624	+ 7,381
Government debt and securities	351,868,737	+ 13,421,425	+ 6,250,203
Discounts and advances	7,479,056	+ 1,276,734	+ 1,659,207
Other securities	14,298,092	+ 733,442	+ 4,468,982
Silver coin in issue department	871,111	+ 8,531	+ 932,894
Coin and bullion (bank's reserves)	202,901,361	+ 521,942	+ 9,834,576
Reserves of notes and coin in banking department	47,453,593	+ 6,964,802	+ 12,431,196
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	32.8%	- 2.5%	- 8.3%
(b) Gold stocks to deposits and notes ("reserve ratio")	36.2%	- 9.5%	- 0.3%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936							
April 1	460,850	413,018	9,736	102,648	38,469	235 in	2.22%
" 8	461,150	421,416	9,605	93,440	37,142	300 in	2.22%
" 15	461,630	421,891	9,904	104,911	36,569	480 in	2.22%
" 22	462,144	415,448	13,231	93,081	38,053	514 in	2.22%

(000's omitted)

Date	Issue Department		Both Depts.	Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities		Govt. Securities	Discounts & Advances	Other Securities	
1936							
April 1	258,106	917	201,634	352	95,875	10,108	14,583
" 8	258,623	401	201,949	36	93,862	9,773	13,692
" 15	258,618	402	202,379	35	106,672	8,758	13,162
" 22	258,619	410	202,901	32	93,230	7,479	13,888

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
January 1 to April 8	9,227,239	571,508	978,441	10,777,188
Week ended April 15	475,641	26,572	45,578	547,791
Week ended April 22	555,538	36,512	65,498	657,548
Total to date, 1936	10,258,418	634,592	1,089,517	11,982,527
Total to date, 1935	10,219,672	595,658	990,476	11,805,806
Increase or decrease in 1936	+ 38,746	+ 38,934	+ 99,041	+ 176,721
	= 0.4%	= 6.5%	= 10.0%	= 1.5%
Total for year 1935	32,443,575	1,897,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5.5%	= 7.2%	= 8.1%	= 5.8%

PROVINCIAL

(000's omitted)

No. of working days:	Week ended April 18.		Month of March		Aggregate Totals January 1 to April 19.	
	1935	1936	1935	1936	1935	1936
BIRMINGHAM	1,809	1,373	9,580	10,653	+ 11.2	38,422
BRADFORD	642	631	3,794	4,666	+ 22.9	16,317
BRISTOL	1,090	805	4,868	5,533	+ 13.6	18,671
DUBLIN	5,115	4,970	...	...	...	90,620
HULL	668	730	3,209	3,424	+ 6.8	12,043
LEEDS	798	733	4,280	3,874	+ 9.4	15,415
LEICESTER	506	590	2,792	3,114	+ 11.5	11,176
LIVERPOOL	4,746	3,918	25,824	27,526	+ 6.5	97,143
MANCHESTER	8,469	7,560	42,786	44,900	+ 6.9	161,963
NEWCASTLE	1,030	941	5,493	5,656	- 2.9	20,280
NOTTINGHAM	389	317	1,982	2,116	+ 6.7	7,636
SHEFFIELD	716	736	3,452	4,289	+ 24.2	14,255
	25,978	23,304	108,060	115,751	+ 7.1	502,506
						510,275

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE.—The latest return of the Bank of Italy appeared in the Economist for November 9. Turkey in January 4. Egypt in March 28. Bank for International Settlements, Argentina, Denmark, Danzig, Finland in April 11. Bulgaria, Greece, Latvia, Sweden, Portugal, Java in April 18.

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

U.S.F.R. Banks	Apr. 24, 1935	Apr. 1, 1936	Apr. 8, 1936	Apr. 15, 1936	Apr. 22, 1936
RESOURCES					
Gold Certificates on hand and due from the Treasury	5,730,270	7,665,340	7,665,350	7,664,830	7,663,840
Total reserves	5,997,870	8,030,250	8,015,410	8,020,310	8,019,530
Total cash reserves	249,610	350,040	336,360	341,740	342,250
Total bills discounted	6,820	7,250	5,500	6,190	5,270
Bills bought in open market	4,700	4,670	4,690	4,680	4,680
Total bills on hand	11,520	11,920	10,190	10,880	9,950
Industrial advances	26,210	30,360	30,260	30,310	30,040
Total U.S. Govt. securities	2,430,230	2,430,240	2,430,250	2,430,250	2,430,340
Total bills and securities	2,467,960	2,472,710	2,470,880	2,471,630	2,470,510
Total resources	9,062,620	11,164,390	11,090,680	11,295,190	11,163,380
LIABILITIES					
Federal Reserve notes in actual circulation	3,145,800	3,772,020	3,781,040	3,761,760	3,748,580
Aggregate of excess member bank reserves over requirements	...	2,310,000	2,420,000	2,530,000	2,640,000
Deposits—Member bank—reserve account	4,719,310	5,077,090	5,161,320	5,333,050	5,441,620
Government deposits	56,870	1,085,690	964,390	829,730	712,420
Total deposits	5,064,250	6,493,380	6,471,280	6,497,360	6,509,370
Capital paid in and surplus	306,720	302,730	302,710	302,710	302,710
Total liabilities	9,062,620	11,164,390	11,090,680	11,295,190	11,163,380
Ratio of total reserves to deposit and F.R. note liabilities combined	73.1%	78.2%	78.2%	78.2%	78.2%
U.S.F.R. BANKS AND TREASURY COMBINED RESOURCES					
Monetary Gold Stock	8,701,000	10,185,000	10,190,000	10,200,000	10,209,000
Treasury and National Bank Currency	2,550,000	2,504,000	2,505,000	2,502,000	2,501,000
LIABILITIES					
Money in Circulation	5,459,000	5,884,000	5,906,000	5,877,000	5,860,000
Treasury Cash and Deposit with Federal Reserve Banks	2,978,000	3,614,000	3,502,000	3,374,000	3,269,000

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

	Apr. 24, 1935	Apr. 1, 1936	Apr. 8, 1936	Apr. 15, 1936	Apr. 22, 1936
Total gold reserves	2,245,250	3,237,050	3,139,150	3,106,880	3,103,460
Total bills discounted	3,950	3,980	3,490	3,480	3,090
Bills bought in open market	1,800	1,740	1,750	1,750	1,750
Total U.S. Govt. securities	739,320	729,380	729,380	729,380	729,380
Total bills and securities	751,180	742,770	742,290	742,300	741,890
Deposits—Member bank—reserve account	2,028,670	2,404,940	2,303,770	2,351,340	2,420,400
Ratio of total res. to deposit and Federal Res. note liabilities combined	77.3%	83.0%	82.4%	82.3%	82.1%

FEDERAL RESERVE REPORTING MEMBER BANKS*

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

	Apr. 10, 1935	Mar. 11, 1936	Mar. 18, 1936	Mar. 25, 1936	Apr. 1, 1936	Apr. 8, 1936
Loans	1,935	1,936	1,936	1,936	1,936	1,936
Investments	11,757	13,054	13,379	13,407	13,229	13,362
Reserve with Federal Reserve Bank	3,329	4,632	4,097	4,008	3,866	4,052
Due from banks	1,902	2,419	2,294	2,230	2,198	2,234
Demand deposits	11,830	14,041	13,773	13,747	13,578	13,890
Time deposits	5,048	4,931	4,923	4,921	4,909	4,956
Government deposits	1,095	500	782	777	774	760
Due to banks	4,650	6,209	5,888	5,754	5,804	5,789

* Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	Apr. 22, 1935	Mar. 23, 1936	Mar. 30, 1936	Apr. 6, 1936	Apr. 13, 1936	Apr. 20, 1936
ASSETS						
Gold and English sterling	15,994	16,003	16,003	16,003	16,003	16,003
Other coin, bullion and cash	5,610	5,997	5,871	6,622	6,424	5,859
Money at short call—London	18,923	21,549	19,257	18,616	18,838	19,341
Short-term loans	5,747	2,941	3,207	2,566	2,828	3,056
Securities	69,674	75,008	75,008	76,001	76,997	75,997
Discounts and advances	6,191	7,728	7,919	8,167	8,305	7,964
LIABILITIES						
Notes issued	48,550	47,044	47,044	48,045	49,045	48,044
Reserve premium on gold	3,692	7,753	7,753	7,753	7,753	7,753
Deposits	83,920	72,941	70,890	70,828	71,351	63,846

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

	Apr. 15, 1935	Mar. 23, 1936	Mar. 30, 1936	Apr. 6, 1936	Apr. 13, 1936	Apr. 20, 1936
ASSETS						
Gold	3,001	2,801	2,801	2,801	2,801	2,801
Sterling exchange	22,067	25,147	24,830	24,500	23,939	23,939
Subsidiary coin	175	202	202	201	200	200
Investments	2,095	1,821	1,828	1,804	1,809	1,809
LIABILITIES						
Bank notes	9,398	9,979	10,153	10,269	10,342	10,342
Demand liabilities—Government	12,136	8,602	8,788	8,278	7,920	7,920
Other	4,264	9,649	9,113	9,203	8,913	8,913
Ratio of reserves to sight liabilities	97.2%	98.5%	98.5%	98.4%	98.4%	98.4%

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

	Mar. 25, 1935	Apr. 1, 1936	Apr. 8, 1936	Apr. 15, 1936
ASSETS				
Reserve, of which	193,031	190,831	193,467	192,662
Gold coin and bullion	180,013	180,383	180,299	180,582
Dominion Government securities	108,718	108,046	107,905	110,544
LIABILITIES				
Note circulation	85,662	85,983	89,648	92,944
Deposits	25,433	21,654	23,358	19,758
Chartered banks	184,907	184,174	182,263	188,824
Ratio of reserves to notes and deposit liabilities	64.9%	65.0%	65.1%	63.8%

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

	Apr. 19, 1935	Mar. 20, 1936	Mar. 27, 1936	Apr. 3, 1936	Apr. 10, 1936	Apr. 17, 1936
ASSETS						
Gold coin and bullion	26,179	29,162	29,644	27,487	24,287	23,897
Bills discounted: Foreign	6,293	5,145	5,208	5,169	7,074	8,578
Investments	1,725	1,750	1,756	1,737	1,737	1,737
Other assets	12,581	15,852	16,487	16,159	13,362	12,640
LIABILITIES						
Notes in circulation	11,954	12,704	13,585	14,439	13,930	13,307
Government deposits	2,976	7,658	7,269	7,454	3,513	4,607
Bankers' deposits	25,139	26,202	26,444	22,836	22,990	22,648
Ratio of cash reserves to liabilities to public	59.0%	59.3%	58.9%	58.2%	55.5%	53.0%

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

	Apr. 19, 1935	Apr. 3 1936	Apr. 10, 1936	Apr. 17, 1936
ASSETS				
Gold coin and bullion.....	44,42.17	44,42.17	44,42.17	44,42.17
Rupee coin.....	49,98.23	59,33.93	59,32.52	59,34.93
Balances abroad.....	12,15.94	22,43.00	21,77.88	20,09.36
Sterling securities.....	68,92.95	67,31.87	67,31.87	68,31.71
Indian Government rupee securities*	43,05.15	24,42.73	24,42.81	23,42.97
Investments.....	5,09.26	5,06.20	5,06.20	4,99.17
LIABILITIES				
Note circulation.....	1,68,40.64	1,69,83.56	1,73,22.74	1,73,12.99
Deposits :—				
Government.....	17,44.94	7,86.67	6,89.89	6,66.99
Other.....	7,51.13	35,09.96	35,30.93	36,86.74
Ratio of gold and sterling to liabilities	50 01%	57 29%	57 29%	57 7%

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

Assets	Apr. 15, 1935	Mar. 23, 1936	Mar. 31, 1936	Apr. 7, 1936	Apr. 15, 1936
Coin and bullion—Gold	118,791	118,840	118,851	118,851	118,850
Balance abroad and foreign bills	53,311	43,087	46,360	47,763	47,357
Funds provisionally placed in gold not included in the gold reserve	16,379	66,287	66,287	66,287	66,287
Norwegian and Foreign Government securities	33,659	41,866	41,736	41,457	41,474
Discounts and loans	211,884	198,933	202,212	204,830	210,374
LIABILITIES					
Notes in circulation	326,561	345,114	356,965	361,913	359,247
Deposits at sight	76,434	82,833	74,665	74,564	82,256

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

Assets	Apr. 11, 1935	Mar. 21, 1936	Mar. 28, 1936	Apr. 4, 1936	Apr. 11, 1936
Gold	2,269,406	2,252,935	2,227,687	2,227,659	2,227,656
Silver	690,467	684,911	686,804	688,854	673,360
Discounts	1,032,753	1,062,281	1,073,263	1,107,176	1,133,076
Loans	1,300,228	1,291,704	1,489,997	1,476,744	1,588,365
Treasury bills	77,415	75,998	75,998	75,228	75,998
Securities	38,918	36,465	36,021	36,843	36,907
LIABILITIES					
Notes in circulation	4,670,742	5,261,181	5,224,435	5,171,475	5,332,861
Deposits	1,076,103	1,209,622	1,088,202	1,123,002	1,085,493

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

Assets	Apr. 15, 1935	Mar. 23, 1936	Mar. 31, 1936	Apr. 7, 1936	Apr. 15, 1936
Cash reserve	242,187	242,544	242,546	242,555	242,560
Gold coin and bullion	36,777	81,078	80,547	78,780	79,984
Other foreign exchange	233,752	216,931	217,650	217,560	218,600
Bills discounted	624,444	624,444	624,444	624,444	624,444
Federal debt	872,661	846,156	929,050	886,911	882,975
LIABILITIES					
Notes in circulation	247,719	316,074	234,041	273,309	277,090

* In dollar and sterling only.

† In accordance with Art. 53 of the Statutes.

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

Assets	Apr. 15, 1935	Mar. 23, 1936	Mar. 31, 1936	Apr. 7, 1936	Apr. 15, 1936
Metal reserve—					
Gold coin and bullion	78,935	78,936	78,936	78,936	78,936
Foreign exchange	22,987	32,251	32,921	32,789	32,378
Token money	13,706	13,900	12,611	11,958	12,839
Inland bills, warrants and securities	489,818	474,269	502,000	482,399	460,600
Advances to Treasury	58,448	80,496	80,496	80,461	80,461
LIABILITIES					
Notes in circulation	331,870	333,460	390,964	365,011	341,195
Current accounts, deposits, etc.	95,891	148,177	121,319	128,580	133,854
Cash certificates	115,136	104,298	104,298	104,298	104,298
Other liabilities	169,896	166,532	165,786	169,428	168,105

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted)

Assets	Apr. 15, 1935	Mar. 23, 1936	Mar. 31, 1936	Apr. 7, 1936	Apr. 15, 1936
Gold	2,684,151	2,692,135	2,691,954	2,693,141	2,692,901
Balance abroad and foreign currency	300,446	48,846	46,932	47,773	46,465
Discounts and advances	1,113,544	1,295,264	1,412,591	1,545,044	1,609,863
State notes debt balance	2,083,031	2,040,103	2,040,049	2,038,775	2,038,748
Other assets	987,946	897,140	943,267	942,313	849,905
LIABILITIES					
Bank notes in circulation	5,494,625	5,091,459	5,412,942	5,471,055	5,451,875
Check account balances	891,300	972,843	778,314	840,253	893,876
Other liabilities	314,605	428,151	462,502	474,703	411,096

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

Assets	Apr. 15, 1935	Mar. 23, 1936	Mar. 31, 1936	Apr. 7, 1936	Apr. 15, 1936
Cash reserve—					
Gold at home and abroad	1,279,219	1,490,072	1,490,983	1,493,492	1,493,492
Foreign exchange	54,687	12,546	15,531	12,786	12,786
Other foreign exchange	171,899	300,112	312,706	312,148	312,148
Bills and advances against security	1,805,837	1,642,013	1,627,948	1,609,919	1,609,919
Government advances	1,689,595	1,672,005	1,672,015	1,672,061	1,672,061
LIABILITIES					
Notes in circulation	4,406,699	4,903,896	4,894,158	4,811,959	4,811,959
Sight deposits	1,228,354	1,481,069	1,484,981	1,562,767	1,562,767
Time deposits	291,800	80,900	79,900	75,600	75,600

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

Assets	Mar. 30, 1935	Mar. 7, 1936	Mar. 14, 1936	Mar. 21, 1936	Mar. 28, 1936
Gold and gold exchange	10,552,145	10,897,143	10,897,159	10,925,033	10,928,711
Commercial bills	5,389,108	5,207,829	5,237,707	5,236,728	5,247,715
Agrie. and urban advances	2,875,689	2,623,645	2,624,225	2,602,614	2,593,693
Treasury bills issued against losses on credits	4,169,361	5,486,039	5,500,975	5,524,804	5,540,579
State debt advances to Treasury	5,654,992	5,638,745	5,638,745	5,638,745	5,638,745
LIABILITIES					
Notes in circulation	21,903,716	22,351,993	22,733,092	22,738,302	23,055,871
Other sight liabilities	7,699,678	8,244,885	8,076,465	8,090,269	7,856,463
Long-term liabilities	3,334,369	4,638,578	4,707,586	4,682,274	4,670,003

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

Assets	Apr. 10, 1935	Mar. 10, 1936	Mar. 20, 1936	Mar. 30, 1936	Apr. 10, 1936
Gold	507,695	445,200	426,569	426,742	426,878
Foreign exchange and balances	14,842	12,064	25,348	26,284	17,113
Bills discounted	617,102	607,845	595,266	611,339	618,195
Loans and advances	55,046	89,271	82,837	70,159	70,159
Treasury bonds discounted	20,828	39,010	38,802	50,869	59,671
Securities	39,080	91,345	91,468	91,525	91,201
LIABILITIES					
Notes in circulation	942,862	951,004	934,867	978,832	971,592
Sight liabilities	210,592	193,634	193,230	155,371	165,971

BANK OF ESTONIA.—In Kronas (000's omitted)

Assets	Apr. 7, 1935	Mar. 15, 1936	Mar. 23, 1936	Mar. 31, 1936	Apr. 7, 1936
Gold coin and gold bullion	28,576	34,126	34,126	34,124	34,122
Net foreign exchange	5,092	2,390	1,630	2,450	2,908
Subsidiary Estonian coin	1,833	3,389	3,275	1,677	1,592
Home bills discounted	6,969	10,286	10,400	10,895	10,811
Loans and advances	5,992	9,964	10,004	11,334	7,893*
LIABILITIES					
Notes in circulation	36,879	40,065	42,476	41,700	42,144
Sight deposits and current accounts	18,526	29,294	26,975	27,512	24,399
Ratio of reserve to current liabilities	60.77%	52.65%	52.84%	52.84%	55.65%

* Includes Kronas 1,516 guaranteed by the Government.

BANK OF LITHUANIA.—In lt. (000's omitted)

Assets	Apr. 15, 1935	Feb. 15, 1936	Mar. 15, 1936	Mar. 15, 1936	Apr. 15, 1936
Gold	46,501	39,066	41,240	45,155	50,990
Silver and other coins	3,335	5,080	5,044	4,983	4,903
Foreign currency	5,578	15,915	16,154	15,700	14,099
Discounts	93,690	86,095	83,051	80,417	79,517
Advances	11,863	11,555	11,671	12,146	12,416
LIABILITIES					
Bank notes in circulation	99,347	103,355	106,264	105,437	109,444
Current accounts	34,108	28,572	27,759	28,535	28,187
Deposits	20,506	21,297	19,300	20,538	19,218

BANK OF JAPAN.—In yen (000's omitted)

Assets	Mar. 30, 1935	Mar. 7, 1936	Mar. 14, 1936	Mar. 21, 1936	Mar. 28, 1936
Gold coin and bullion	472,022	511,255	512,050	512,318	512,597
Other coin and bullion	37,944	38,910	40,261	42,804	43,495
Discounts	656,816	583,130	547,156	610,882	691,004
Advances	103,469	162,167	163,159	163,715	164,281
Advances on foreign bills	164,002	153,494	112,134	137,384	166,415
Government bonds	642,502	444,738	410,826	565,544	532,704
LIABILITIES					
Notes	1,334,071	1,315,763	1,294,941	1,247,338	1,367,292
Government deposits	500,786	421,235	418,212	643,883	582,670
Other deposits	77,182	67,234	55,892	63,180	73,944

MONEY AND EXCHANGE RATES
LONDON MONEY RATES

	Apr. 16, 1936	Apr. 17, 1936	Apr. 18, 1936	Apr. 20, 1936	Apr. 21, 1936	Apr. 22, 1936	Apr. 23, 1936
Bank rate (changed from 2½% June 30, 1932).....	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—							
60 days' bankers' drafts	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3
3 months' do.	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3
4 months' do.	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3
6 months' do.	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3
Discount Treasury Bills—							
2 months'	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3
3 months'	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3
Loans—Day-to-day	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3
Short	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3
Deposit allowances: Bank	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3
Discount houses at call	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3
At notice	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3	2½-3

Comparisons with previous week—

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1936	%	%	%	%	%	%	%
Mar. 19	2-1	2-1	2-1	2-1	2-2 ⁺	2-1 ⁺	2-3
" 26	2-1	2-1 ⁺	2-1	2-1	2-2 ⁺	2-1 ⁺	2-3
Apr. 2	2-1	2-1	2-1	2-1	2-2 ⁺	2-1 ⁺	2-3
" 8	2-1	2-1	2-1	2-1	2-2 ⁺	2-1 ⁺	2-3
" 16	2-1	2-1	2-1	2-1	2-2 ⁺	2-1 ⁺	2-3
" 23	2-1	2-1 ⁺	2-1	2-1	2-2 ⁺	2-1 ⁺	2-3

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of Exch. per £	Apr. 17, 1936	Apr. 18, 1936	Apr. 20, 1936	Apr. 21, 1936	Apr. 22, 1936	Apr. 23, 1936
New York, \$	4.864	4.94-94	4.93-94	4.93-94	4.93-94	4.93-94	4.93-94
Montreal, \$	4.864	4.97-97	4.96-97	4.96-97	4.96-96	4.95-96	4.95-96
Paris, Fr.	124.21	74-75	74-75	74-75	74-75	74-75	74-75
Brussels, Bel	35.00(a)	29-20	29-21	29-18-21	29-20-23	29-19-22	29-18-21
Milan, Li	92.46	62-60	62-60	62-60	62-60	62-60	62-60
Zurich, Fr.	25.22	15-15	15-15	15-15	15-15	15-14-17	15-14-16
Athens, Dr.	375	520*	519	519	519	519	519
Helsinki, Mk.	193.23	226-227	226-227	226-227	226-227	226-227	226-227
Madrid, Ptas.	25.22	36-1	36-1	36-1	36-1	36-1	36-1
Lisbon, Esc.	110	109-110	109-110	109-110	109-110	109-110	109-110
Amst'dm, Fl.	12.107	7-27	7-27	7-27	7-27	7-27	7-27
Berlin, Mk.	20.43	12-26	12-26	12-26	12-26	12-26	12-26
Registered							
Vienna, Sch.	34.58	25-27	25-27	25-27	25-27	25-27	25-27
Bu'pest, Pen.	27.82	16-16	16-16	16-16	16-16	16-16	16-16
Pra'gue, Kc.	1164.1	119-1	119-1	119-1	119-1	119-1	119-1
Danzig, Gul.	1164.1	26-26	26-26	26-26	26-26	26-26	26-26
Warsaw, Zi.	43.33	26-1	26-1	26-1	26-1	26-1	26-1
Riga, Lat.	22.48	14-15	14-15	14-15	14-15	14-15	14-15
Buchar'st, Lst	813.8	670*	670*	670*	670*	670*	670*
Const'ple, Pest	110	616*	616*	617*	617*	617*	617*
Belgrade, Din.	276.32	212-222	212-222	212-222	212-222	212-222	212-222
Kovno, Lit.	48.66	28-29	28-29	28-29	28-29	28-29	28-29
Sofia, Lev.	673.66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18.159	17-18	17-18	17-18	17-18	17-18	17-18
Reval, Kr.	18.159	19-85	19-85	19-85	19-85	19-85	19-85
St'helm, Kr.	18.159	19-35	19-35	19-35	19-35	19-35	19-35
Cop'h'gen, Kr.	18.159	22-35	22-35	22-35	22-35	22-35	22-35
Alex'd'r, Pers.	974	978*	978*	978*	978*	978*	978*
Br. India Rup	18d.	18-1	18-1	18-1	18-1	18-1	18-1
Hong Kong	18d.	15-16	15-16	15-16	15-16	15-16	15-16
Kobe, Yen.	24.58d.	14-14	14-14	14-14	14-14	14-14	14-14
Shanghai, \$	28d.	28-1	28-1	28-1	28-1	28-1	28-1
Singapore, \$	12.11	7-23-25	7-23-25	7-23-25	7-23-25	7-23-25	7-23-25
Batavia, F.	15.999d.	21-1	21-1	21-1	21-1	21-1	21-1
Rio, Mil.	15.999d.	17-95	17-95	17-95	17-95	17-95	17-95
B Aires, \$	11.45	18-00	18-00	18-00	18-00	18-00	18-00
Valparaiso, \$	11.45	17-02h	17-02h	17-02h	17-02h	17-02h	17-02h
M'video \$	51d.	129e	129e	129e	129e	131e	131e
Lima, Sol.	17.38	22-1	22-1	22-1	22-1	22-1	22-1
Mexico, Pes.	9.76	39-1b	39-1b	39-1b	39-1b	39-1b	39-1b
Manila, Pes.	17.38	18-40	18-40	18-40	18-40	18-40	18-40
Alcedo, Rbis.	24.66d.	24-1	24-1	24-1	24-1	24-1	24-1
B'ngkok, Baht	24.66d.	24-1	24-1	24-1	24-1	24-1	24-1

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended April 23, 1936			Silver Exported from Great Britain and Northern Ireland, week ended April 23, 1936		
From	Bullion*	Coin†	To	Bullion*	Coin†
Hong Kong	8,630	...	Gibraltar	£	4,000
Australia	...	300	British India	258,293	...
New Zealand	1,636	...	Ceylon	1,250	...
Germany	5,862	31	Anglo-Egyptian	1,365	...
Netherlands	3,700	501	Sudan	26,893	...
Belgium	13,627	14	Canada	16,480	...
France	12,274	97	Denmark	2,440	...
Japan	30,011	...	Germany	8,780	809
Other countries ...	164	313	France	3,235	...
			Other countries	1,654	200
Total	75,904	300	Total	320,392	4,800
		856			809

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

ARRIVALS .			WITHDRAWALS		
1936		£	1936		£
Apr. 16	Bar Gold	514,000	Apr. 16	.....	Nil
" 17	"	Nil	" 17	.....	Nil
" 18	"	Nil	" 18	.....	Nil
" 20	"	Nil	" 20	.....	Nil
" 21	"	Nil	" 21	.....	Nil
" 22	"	Nil	" 22	.....	Nil
" 23	Bar Gold	452,967	" 23	.....	Nil
	Total	966,967		Total	Nil

Movement April 16, 1936, to April 23, 1936 (inclusive) £966,967 in
 Movement during year 1935 £7,745,822 in
 Movement during 1936 (January 1 to April 23, 1936, inclusive) £2,545,753 in
 Movement April 29, 1925, to April 23, 1936 (inclusive) £33,502,950 in
 Movement September 21, 1931 (gold standard suspended) to April 23, 1936 (inclusive) £65,908,402 in

GOLD MARKET

Messrs. Samuel Montagu and Company write on April 22, 1936, as follows:—

The Bank of England gold reserve against notes amounted to £201,629,685 on the 15th instant as compared with £201,149,928 on the previous Wednesday. Purchases of bar gold announced by the Bank during the week amounted to £514,310. In the open market about £1,600,000 of bar gold changed hands at the daily fixing and was absorbed by general demand. Movements in the premium over gold exchange parities the tendency has been for this to decrease slightly.

Quotations during the week:—

	Per fine ounce	Equivalent value
April 16	140s. 10½d.	12s. 0.73d.
" 17	140s. 10d.	12s. 0.77d.
" 18	140s. 10½d.	12s. 0.73d.
" 20	140s. 10d.	12s. 0.77d.
" 21	140s. 9½d.	12s. 0.82d.
" 22	140s. 11d.	12s. 0.69d.
Average	140s. 10.25d.	12s. 0.75d.
April 23	141s. 0½d.	12s. 0.56d.

The s.s. "Strathmore," which sailed from Bombay on April 18th, carries gold to the value of about £688,000.

SILVER MARKET

The market has been active during the past week and persistent demand from the Indian Bazaars both for prompt shipment and forward delivery, together with some speculative inquiry, caused prices to advance sharply until 20½d. for both deliveries was reached on the 18th instant.

However, on the 20th instant with less resistance to the continued offerings on China account and speculative re-selling, prices fell sharply to 20½d., but in view of the rapid advance this reaction was not unexpected. Quotations recovered ½d. yesterday, but there was a further decline to-day to 20½d.

The tendency at the present level is uncertain, especially in view of the fact that it was officially stated in Washington that, in spite of the advance in London and New York prices, the United States Treasury silver price remains at 45 cents.

Quotations during the week:—

IN LONDON		IN NEW YORK	
Bar silver per oz. std.	Cash Two Months' delivery	Per Ounce	Per 999 fine
April 16	20½d.	April 15	45
" 17	20½d.	" 16	45
" 18	20½d.	" 17	45½
" 20	20½d.	" 18	No quotation
" 21	20½d.	" 20	46
" 22	20½d.	" 21	45½
Average	20.562d.		
April 23	20½d.		

The highest rate of exchange on New York recorded during the period from April 16th to April 22nd was \$4.94½ and the lowest \$4.93½.

COMPANY NEWS

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash			Dividend for Whole Years	
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
RAILWAYS					
San Paulo Railway	...	...	...	2½†	2½†
BANKS					
Bank of Montreal	\$2 p.s.*	June 2	Same	...	...
Canadian Bank of Commerce	2½*	June 1	Same	...	...
National Bank of Australasia	2½†	...	2½†	5½	5
INSURANCE					
Guardian Assurance	5/- p.s.	May 30	Same	10/- p.s.	10/- p.s.
Guarantee Society	...	...	...	17/6 ps	17/6 ps
London and Lancashire Insurance	25%†	...	Same	50	50
TEA AND RUBBER					
Adams Peak Tea	...	...	...	4	2½
Bandarapola Ceylon	...	...	...	5	9
Bikam Rubber	...	...	...	3	2
British Malay Rubber	...	May 18	...	2	2
Bukit Panjong Rubber	2½†	...	3%†	4½	6
Ceylon Proprietary Tea	2½†	...	Same	5	5
Dorankande Rubber	2½%*	...	...	...	...
Dusun Durian Rubber	...	...	...	3	4
Ellawatte Ceylon Tea	3%†	May 22	...	5	4
Hunaseria Tea	3%†	May 8	3½†	5	3½
Igalkande Rubber and Tea	...	May 9	...	3	6
Kasintoe Rubber	...	...	...	3	4
Langkat Sumatra Rubber	...	...	...	2½	Nil
Lindoola Tea	10%†	...	...	12½	10
Lunuvu (Ceylon) Tea and Rubber	5%†	...	4%†	8	7
Merton Rubber	...	...	...	2½	2½
Moolaya Estates	4%†	May 15	5%†	7	9
Neboda (Ceylon) Rubber and Tea	...	May 20	...	2½	5
New Dimbula Co.	3½*	Apr. 30	Same	...	...
Oriental Rubber	...	May 18	...	2	2
Ouvah Ceylon Estates	4½†	May 8	4%†	7	6
Panawatte Tea and Rubber	...	May 12	...	2	4
Ragalla Tea	5%†	...	2%†	7½	6
Rembau Jelai Rubber	...	May 20	...	5	6
Scottish Ceylon Tea	7½%†	...	5%†	12½	10
Spring Valley Ceylon Estates	4%†	May 8	3½†	6	5
St. George Rubber	...	...	...	4	7½
Sungei Batu (Malaya) Rubber	...	...	...	5	6
Tanum (Malay) Rubber	...	May 16	...	5	5
Vellikellie Tea of Ceylon	7½%†	...	...	10	7½
Woodend (Kelani Valley) Ceylon Rubber	2½%*	...	...	...	...
MINING					
Balkis, Ltd.	2½%*	May 1	Same	...	...
Indian Copper Corporation	6%†	May 28	5%†	10	7½
Kleinfontein Estates & Township	10%*	Apr. 30	16½%*	...	...
Kramat Tin	10%*	May 5	7½%*	...	...
Malayan Tinfields	15%*	Apr. 24	Nil*	...	...
Mawchi Mines	45%†	...	30%†	65	45
Oriental Consolidated Mining	50c. p.s.	May 6	Same	...	...
Pahang Consolidated Ord.	10%*	June 1	Nil*	...	...
Do. do. Preference	3½*	May 5	Same	...	...
Petaling Tin	10%*	May 5	7½%*	...	...
OTHER COMPANIES					
Ballington Hosiery	...	...	...	10	3
Berger (Lewis) and Sons	6%*	May 1	Same	...	...
Beet (Henry) and Sons	...	...	...	10	7½
British and Foreign General Securities and Investment	...	May 12	...	2½	2
British Oxygen	(a) 8%†	May 26	11%†	(a) 15	15
Cakebread, Robey and Co.	10%†	May 18	9%†	15	14
Calcutta Electric	...	May 6	...	12½	12½
Cheltenham Original Brewery	5%*	...	Same	...	...
City of Buenos Ayres Tramways	1½*	May 15	Same	...	...
Clan Line Steamers	...	May 15	...	20 (b)	6 (c)
Cockayne (T. B. and W.)	2½%*	...	2%*	...	...
Colman (J. and J.)	11%†	May 1	...	16 (a)	25
Consolidated Trust (Def.)	4½%†	...	...	6	5
Dennis Brothers	33%*	May 23	Same	...	...
Dividend Shares, Inc.	2½c. p.s.	May 1	Same	...	...
Dunville and Co.	2½%*	...	Same	...	...
Elektrolux	...	...	...	10	9
Engineering Components	7½%†	...	...	12½	...
Foreign, American and General Investment Trust (Def.)	1½%†	...	Same	3	3
Gadong Coconut	...	...	...	6	2½
Gaumont British Picture	Nil*	...	3%*	...	...
Gieves, Ltd.	9%†	May 1	Same	15	15
Horden Collieries	2½*	May 29	1½%*	10	15
Ideal Building and Land	6½*	...	...	7½	7½
Kalgoolie Electric Power	4½*	...	...	...	...
Leeds Fireclay (6% non-cum. pref.)	2%*	...	Nil*	...	...
Leethens (Twilt)	3%*	May 1	Same	...	...
Lilley and Skinner	...	...	...	10	10
London and Colonial Investment (Def.)	2½%*	...	Same	...	...
Longmore (William)	5%*	May 1	Same	...	...
Marconi's Wireless Telegraph	...	May 22	...	4½	6
Metal Agencies	17½%†	...	...	22½	15
Milton Proprietary	7½%†	May 1	Same	...	...
Morris (Herbert)	15%*	May 15	5%*	...	...
Morrison and Gibb	5%*	May 15	Same	...	...
Mowlem (John)	10%*	May 6	Same	12½	12½
Murex	25c. p.s.*	May 8	Same	...	...
Nash Motors Co.	15c. p.s.*	May 1	Same	...	...
National Power and Light	15c. p.s.*	Apr. 15	Same	...	...
Otis Elevator Co.	...	Apr. 28	...	2†	2†
Primitiva Gas of Buenos Aires	...	...	...	...	...
Realisation and Debenture Corporation of Scotland	2½%*	May 6	1½%*	...	...
Rubber Plantations Investment Trust	...	May 23	...	5	5
Second Broadmount Trust (Def.)	4%*	May 1	Nil*	3	3
Tarapaca Waterworks	...	...	...	20	20
Telephone Condenser	...	...	...	7½	2½
Telephone Manufacturing	5%†	May 28	...	...	...

(a) Paid on a larger capital. (b) On capital of £450,000. (c) On capital of £225,000. † Free of income tax.

ELECTRICAL ENERGY AT ECONOMIC RATES IN NORTH-EAST COAST AREA

NORTH-EASTERN ELECTRIC SUPPLY Co. Ltd.
 Carlisle House, NEWCASTLE-UPON-TYNE
 SITES FOR WORKS Apply to the above Address for details

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1935	+ or -	1935	+ or -
INDIAN							
		1936		Rs.		Rs.	Rs.
Assam Bengal	52	Mar. 31	1,330	\$5,25,200	+ 64,355	1,69,19,854	+ 20,12,350
Barsi Lt. Ry.	51	Mar. 29	292	47,000	+ 11,500	18,39,800	+ 68,600
Bengal & N.Western	26	Mar. 31	2,112	\$13,04,750	+ 2,27,213	1,90,17,634	+ 6,20,656
Bombay-Nagpur	49	Mar. 31	3,268	\$25,14,000	+ 72,773	8,10,10,988	+ 55,47,388
Bombay, Bar. & C.I.	1	Apr. 10	3,072	\$37,41,000	+ 6,36,000	...	...
Madras & S. Mah.	52	Mar. 31	3,230	\$22,83,000	+ 1,36,280	7,19,40,381	+ 19,51,549
Robil'h'd & Kumaon	26	Mar. 31	572	\$3,00,039	+ 40,497	38,17,901	+ 44,881
South Indian	51	Mar. 20	2,526	\$14,51,294	+ 72,515	5,07,54,981	+ 27,91,197
		† 10 days.			† 11 days.		

‡ 10 days. † 11 days.

CANADIAN

		1936		\$	\$	\$	\$
Canadian National.	15	Apr. 14	23663	3,203,752	+ 44,426	46,842,457	+ 2,157,690
Canadian Pacific....	15	14	17244	2,474,000	+ 185,000	34,273,000	+ 3,273,000

SOUTH AMERICAN

		1936		£	£	£	£
Antofagasta (Chili and Bolivia).....	16	Apr. 19	884	{ £ 2,290 + £ 1,020 215,590 + £ 19,770			
Argentine N.E. ...	42	Mar. 18	753	{ *£147,800 33,300 5,576,200 + 366,800			
B.A. and Pacific	42	Mar. 18	2,806	{ *£1,757,000 16,000 59,829,000 + 4,431,000			
B.A. Central.....	39	Mar. 28	...	{ *£103,231 274 3,514,728 + 270,651			
B.A. Gt. Southern	42	Apr. 18	5,084	{ £78,400 20,300 4,345,200 + 34,800			
B.A. Western	42	Apr. 18	1,930	{ £2,380,000 117,000 94,056,000 + 9,874,000			
Central Argentine..	42	Mar. 31	3,700	{ *£139,835 7,829 5,525,361 + 562,527			
Central Uruguayan	41	Mar. 31	273	{ £82,000 112,000 32,129,000 + 77,000			
C. U. (East Ext.)	41	Mar. 31	111	{ £52,409 6,282 1,887,453 + 11,527			
C. U. (N. Ext.)	41	Mar. 31	185	{ £1,912,150 435,100 85,646,000 + 125,950			
C. U. (W. Ext.)	41	Mar. 31	211	{ *£112,347 26,481 5,031,362 + 14,382			
Cordoba Central.....	42	Mar. 18	1,218	{ £11,230 470 449,776 + 123,487			
Entre Rios	42	Mar. 18	810	{ £1,721 471 82,359 + 3,820			
G. Westn. of Brazil	16	Apr. 18	1,082	{ £1,311 51 57,879 + 14,000			
Leopoldina	16	Apr. 18	1,918	{ £764 172 36,068 + 1,131			
Leopoldina Termn. Nitrate	31 1/2	Mar. 31	401	{ £401,000 23,000 19,975,000 + 244,000			
Paraguay Central.....	42	Mar. 18	1,218	{ £23,560 1,210 1,737,470 + 7,900			
San Paulo	42	Mar. 18	1,353	{ *£168,400 9,200 7,000,000 + 1,118,900			
United of Havana	42	Mar. 18	810	{ *£9,894 479 452,336 + 63,767			
	16	Apr. 18	1,082	{ £7,000 1,000 146,800 + 9,600			
	16	Apr. 18	1,918	{ Ms£277,000 358,000 25,083,000 + 4,221,000			
	16	Apr. 18	1,918	{ of£14,473 3,024 286,388 + 11,311			
	16	Apr. 18	1,918	{ Ms. 324,000 32,000 5,297,000 + 823,000			
	16	Apr. 18	1,918	{ of£4,143 2,661 48,608 + 6,688			
	16	Apr. 18	1,918	{ £273,000 139,400 89,658,000 + 434,900,000			
	16	Apr. 18	1,918	{ £22,900 650 826,246 + 55,200			
	16	Apr. 18	1,918	{ Ms£200,000 104,000 33,990,000 + 5,679,000			
	16	Apr. 18	1,918	{ of£22,750 472 425,158 + 92,627			
	16	Apr. 18	1,918	{ £26,127 1,709 972,006 + 13,118			

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Dividend Interest	Amount Available for Distribution	Appropriation				Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit
					Prefce.	Ordinary	Rate			
					Amount	Amount	Rate			Dividend
Breweries										
Charrington and Co.	Dec. 31	216,710	731,296	948,006	103,778	304,053	13	317,750	222,425	666,892
Shipstone (James) and Sons	Dec. 31	103,790	187,408	291,198	23,842	107,793	17	53,990	105,573	185,851
Wilson's Brewery	Feb. 29	87,594	139,841	227,435	18,300	79,520	16	40,133	89,482	130,428
Financial Land, etc.										
Capital & Counties Property	Dec. 31	1,199	6,689	7,888	4,650	...	...	...	3,238	10,126
Northern Securities Trust...	Dec. 31	12,343	19,755	32,098	11,110	7,920	6	1,000	12,068	18,950
Rubber and Tropical Trust	Mar. 31	...	2,682	2,682	...	1,937	2½	...	745	3,305
Scottish Agricultural Securities Corporation	Mar. 31	Dr. 1,359	6,077	4,718	...	...	...	4,304	414	Dr. 838
Gas										
Bombay Gas	Dec. 31	42,158	30,975	73,133	...	24,820	8	3,359	44,954	30,681
Iron, Coal and Steel										
Babcock and Wilcox	Dec. 31	44,406	501,495	545,901	14,952	343,973	8	121,083	65,893	404,943
Stephenson (Robert) and Co.	Dec. 31	3,037	Dr. 4,598	Dr. 1,561	...	3,197	2	Dr. 5,000	242	Dr. 16,338
Motor and Cycle										
Albion Motors	Dec. 31	26,452	82,058	108,510	8,032	41,450	10	30,000	29,028	44,681
Scammell Lorries	Dec. 31	1251	Dr. 5,589	Dr. 4,338	...	...	...	...	Dr. 4,338	Dr. 1,324
S.T.M. Motors	Mar. 31	3,232	Dr. 19,433	Dr. 16,201	...	...	...	...	Dr. 16,201	Dr. 33,993
Rubber										
Bukit Ljok (Selangor)	Dec. 31	3,049	4,180	7,229	...	3,696	7½	...	3,533	3,286
Cheviot	Dec. 31	20,268	20,084	40,352	...	18,375	7½	...	21,977	20,801
Doloswella	Dec. 31	5,503	6,401	11,934	...	6,912	3	...	4,992	10,985
Grand Central (Ceylon)	Dec. 31	52,517	15,287	67,804	...	32,158	2½	...	35,646	45,961
Hewagam	Dec. 31	1,785	3,630	5,415	...	3,600	1½	1,150	665	9,019
Inch Kenneth	Dec. 31	13,821	4,362	18,183	...	2,906	3	900	14,377	10,421
Kampong Kuantan	Dec. 31	5,053	9,433	14,486	...	9,190	11	500	4,796	13,267
Labu (F.M.S.)	Dec. 31	19,181	24,570	43,751	...	23,456	10	...	20,295	26,759
Langkat Sumatra	Dec. 31	...	(p) 3,584	3,584	...	1,562	2½	...	2,022	...
London Asiatic	Dec. 31	81,037	55,449	136,486	...	46,215	7	10,000	80,271	69,837
Malacca	Dec. 31	23,804	38,640	62,444	8,625	20,415	2½	...	33,404	45,272
Mendaris (Sumatra)	Dec. 31	17,799	13,518	31,317	...	12,926	3	...	18,391	18,761
Nagolle (Ceylon)	Dec. 31	2,801	1,666	4,467	...	3,703	2	...	764	5,628
North Malay	Dec. 31	537	13,044	13,581	...	11,420	4	...	2,161	17,098
Remfield	Dec. 31	4,117	3,596	7,713	...	...	...	2,000	5,713	3,100
Seremban	Dec. 31	819	1,114	1,933	...	...	...	...	1,933	4,819
Shipping										
Cunard Steam Ship	Dec. 31	105,054	25,535	130,589	...	...	...	...	130,589	89,132
Cunard White Star	Dec. 31	Dr. 408,090	Dr. 61,769	Dr. 469,859	...	...	...	...	Dr. 469,859	Dr. 408,090
Shops and Stores										
Austin Reed	Feb. 20	35,351	87,541	122,892	33,592	25,240	10	27,350	36,710	80,517
Baker (Charles) and Co.	Jan. 31	Dr. 73,376	Dr. 8,818	Dr. 82,194	...	...	...	...	Dr. 82,194	Dr. 110,42
Civil Service Supply	Feb. 29	33,776	27,218	60,994	...	14,157	4	20,920	25,917	22,221
Hope Brothers	Feb. 29	43,049	56,321	99,370	16,500	28,000	7	1,000	53,707	49,351
Peacock's Stores	Dec. 31	5,898	33,509	39,407	12,401	6,200	8	10,173	10,633	20,238
Tea										
Amblamana	Dec. 31	774	3,906	4,680	...	2,001	3	2,119	560	1,099
Ceylon Tea Plantations	Dec. 31	47,090	54,725	101,815	10,578	37,600	10	7,000	46,637	60,100
Craighead	Dec. 31	5,824	4,863	10,687	...	3,681	6	500	6,095	3,937
Kandapolla	Dec. 31	4,814	9,989	14,803	1,878	6,160	10	2,070	4,695	8,988
South Wanaiah	Dec. 31	1,615	6,072	7,687	780	4,235	7	1,000	1,672	3,630
Textiles										
Ballington Hosiery	Dec. 31	7,030	20,928	27,958	7,048	6,278	10	12,300	2,332	9,797
Tramways and Omnibuses										
Rangoon Electric Tramways	Dec. 31	24,077	149,689	173,766	15,000	55,000	10(t)	79,643	24,123	119,073
Trusts										
Gresham Trust	Mar. 31	9,940	28,415	38,355	...	13,943	6	15,000	9,412	25,082
London & South American	Mar. 31	24,716	21,566	46,282	21,312	...	...	...	24,970	21,417
London Trust	Mar. 31	46,433	70,551	116,984	22,088	44,640	12	...	50,256	67,530
Third Guardian	Mar. 15	12,796	27,271	40,067	13,562	9,494	3½	4,000	13,011	25,430
United States & S. American	Apr. 4	56,295	60,374	116,669	19,479	31,172	8	5,000	61,018	59,170
West London and Provincial	...	...	...	...	...	...	...	...	...	...
Electric and General	Mar. 31	2,559	18,291	20,850	7,440	9,207	6	...	4,203	20,397
Other Companies										
Associated Fisheries	Feb. 29	5,630	51,724	57,354	18,750	22,500	14	12,500	3,604	49,743
Ault and Wiborg	Mar. 31	4,490	52,801	57,291	7,976	24,000	12	20,047	5,268	28,252
Bovis, Ltd.	Dec. 31	934	37,766	38,700	9,375	14,128	10½	1,197	37,566	10½
Bruce Peebles and Co.	Dec. 31	793	1,261	2,054	...	...	...	...	2,054	5,309
Bryant and May	Mar. 31	82,455	634,952	717,407	67,200	330,000	25½	150,000	109,330	579,809
Burton, Sons and Sanders	Dec. 24	45,777	51,633	97,410	29,636	16,626	10	...	51,148	48,603
Cerebos, Ltd.	Dec. 31	116,264	(b) 353,724	469,988	...	232,500	40	106,45	131,03	283,514
Colman (J. and J.), Ltd. ...	Dec. 31	80,847	500,239	581,086	74,781	321,122	16	100,000	85,183	462,111
Garrard Engineering	Jan. 31	13,838	31,646	45,484	7,500	10,833	16½	5,645	21,506	21,465
Goodson's Mantle & Costume	Jan. 19	4,253	14,757	19,010	10,850	1,937	33½	...	6,223	14,436
Hutton (John V.)	Jan. 31	2,229	12,181	14,410	...	7,440	8	3,500	3,470	11,982
Metropolitan Elec. Cable, etc.	Dec. 31	1,066	13,114	14,180	3,836	...	5½	6,000	1,344	11,388
Paquin, Ltd.	Dec. 31	26,510	Dr. 16,456	10,054	...	...	...	...	10,054	9,092
Ragusa Asphalt Paving	Dec. 31	...	23,991	23,991	...	15,000	10	7,500	1,491	...
Reckitt and Sons	Dec. 31	149,792	1,015,653	1,165,445	67,985	820,800	22½	100,000	176,660	1,065,507
Spratt's Patent (America)	Dec. 31	10,069	14,003	24,072	...	12,000	15	1,000	11,072	13,079
Unilever, Ltd.	Dec. 31	299,597	1,471,964	1,771,561	232,067	754,584	6½	417,547	367,363	1,228,430

(h) Ordinary shares. (i) Partnership shares. (j) Employees' proportion as compared with £43,229. (k) Eight months.
 (r) Preferred participating shares. (b) 13 months. (s) Period June 20, 1934, to December 31, 1934. (t) Free of Indian income tax.
 † Free of income tax. (n) Absorbed £71,000. (v) Fifteen months. (w) Sixteen months. (h) Absorbed £209,063.

TRANSVAAL GOLD OUTPUT IN MARCH 1936

Month of	1930	1931	1932	1933	1934	1935	1936
January....	Fine Ozs. 882,801	Fine Ozs. 914,576	Fine Ozs. 936,784	Fine Ozs. 967,457	Fine Ozs. 907,641	Fine Ozs. 890,875	Fine Ozs. 924,081
February....	818,188	839,937	914,012	883,145	826,363	821,246	894,624
March	889,370	910,998	960,035	946,863	874,112	882,309	933,776
April	868,608	882,337	949,796	895,097	865,822	869,959	...
May	916,213	910,279	965,644	944,604	898,418	889,026	...
June	887,867	897,759	959,011	918,633	868,129	889,026	...
July	912,652	916,843	931,160	923,671	876,094	827,803	...
August	921,081	916,425	931,322	934,714	881,861	929,331	...
September...	903,176	916,024	961,501	901,799	857,442	902,333	...
October ...	926,561	945,113	974,965	908,888	885,627	931,724	...
November ..	884,753	900,510	978,716	898,468	878,847	909,550	...
December..	908,492	923,353	980,618	894,156	866,037	906,496	...
Total.....	10,719,760	10,874,145	11,553,564	11,017,485	10,486,393	10,776,694	2,752,481

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

	July, 1935	Aug., 1935	Sept., 1935	Oct., 1935	Nov., 1935	Dec., 1935	Jan., 1936	Feb., 1936	Mar., 1936
Goldmines	268,409	269,905	269,775	271,416	271,926	276,687	284,084	286,913	288,610
Coal mines	14,097	14,150	14,247	14,131	14,136	14,017	14,026	14,203	14,365
Total ..	282,506	284,055	284,022	285,547	286,062	290,704	298,110	301,116	302,975

The following statistics show the outputs, &c. of the individual mines:—

Note.—Value of gold calculated at £7 0s. 6d. per ounce in all cases.

The Johnnies Group	Tons milled, March, 1936	Estimated Value, March, 1936		Estimated Costs per ton, March, 1936	Estimated Profit, including Sundry Revenue March, 1936	Feb., 1936 Profit at £7/0/6 per fine ounce
		Gross	Per ton			
Government Areas (Modderfontein)	212,000	£ 475,750	s. d. 44 11	s. d. 17 8	£ 291,138	£ 290,050
Langlaagte Estate	96,000	108,084	22 6	17 1	27,056	26,113
New State Areas	123,000	267,429	43 6	18 7	154,064	150,084
Randfontein Estates	383,000	465,337	24 4	16 10	146,216	136,143
Van Ryn Deep	105,000	140,819	26 10	17 10	47,624	45,326
Witwatersrand	89,000	96,876	21 9	19 2	13,117	12,145
Totals	1,008,000	1,554,295	...	17 7	679,215	659,861

Anglo-American Corporation Group	Tons Milled, March, 1936	Total Revenue, March, 1936	Working Costs, March, 1936	Profit, Jan., 1936	Profit, Feb., 1936	Profit, March, 1936
		£		£	£	
Brakpan Mines, Ltd.	136,000	241,294	135,519	106,635	100,037	105,775
Daggafontein Mines, Ltd.	121,500	254,497	134,366	123,124	117,008	120,131
Springs Mines, Ltd.	133,300	287,654	125,570	146,504	155,032	162,084
West Springs, Ltd.	105,500	106,619	73,610	32,294	33,037	33,009

DANIEL WILLARD President.

years, he regarded the outlook for copper as really optimistic—a statement which had a reassuring effect upon the United States market.

Sales on the London Metal Exchange: 1,350 tons on Monday; 1,400 tons on Tuesday, against 3,000 tons last week; 675 tons on Wednesday, against 1,850 last week. Domestic spot was quoted at 8.95 cents per lb. in New York on Wednesday, against 8.97½ cents a week ago and 8.70 cents a month ago. Wednesday's official closing price for standard cash in London was £37 2s. 6d. to £37 3s. 9d., compared with £37 3s. 9d. to £37 5s. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 62,739 tons, show a decrease of 595 tons, while stocks of rough copper, at 6,973 tons, show a decrease of 62 tons on the week.

LEAD AND SELLER.—After exhibiting signs of weakness, both metals showed some improvement and the market closed on Wednesday with a better tone. Although political uncertainties are adversely affecting the initiative of consumers, demand now appears to be on the increase. No news has been forthcoming this week regarding the renewal of the Zinc Cartel, but it is learned that discussions to this end may be resumed in a month or so. Stocks of spelter in the United States increased by 4,324 short tons in March to 79,841 short tons, chiefly in consequence of a sharp increase in production from 36,228 to 42,483 short tons.

Sales of lead on the London Metal Exchange: 750 tons on Monday; 1,150 tons on Tuesday, against 1,650 tons last week; 600 tons on Wednesday, against 700 last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £16 per ton, compared with £16 a week ago.

Sales of spelter on the London Metal Exchange: 550 tons on Monday; 1,200 tons on Tuesday, against 600 tons last week; 625 tons on Wednesday, against 900 last week. Wednesday's quotation in East St. Louis was 4.90 cents per lb., against 4.90 cents the week before and 4.90 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £15 2s. 6d. per ton, against £15 1s. 3d. last week.

TIN.—Prices eased this week, mainly in response to the expectation that Bolivian shipments will increase as a result of the recent currency devaluation. Considerable quantities of ore are believed to have been held back by Bolivian mines in anticipation of the devaluation; this belief induced the International Committee at its Wednesday meeting to postpone fixing the quota for the third quarter of the year until May 26th. While there is some justification for this decision, supplies will be very scarce in coming weeks, should the anticipated increase in Bolivian supplies not be forthcoming. But Bolivia was in arrears at the end of March to the extent of about 7,730 tons.

Turning to the demand side, it must be remembered that tinplate mills in the United States are now working at 85 per cent. of capacity so that requirements will be rather large in coming weeks. Moreover, European consumers are poorly supplied and will continue to need considerable amounts of tin. Last week's increase of 116 tons in home warehouse stocks (to 558 tons) will thus afford little relief, while the freer offerings of the past few days provide no grounds for anticipating an immediate return of the market to normality. As has frequently been the case immediately before important meetings of the International Committee, the bulk of recent offerings came from the "group brokers." In view of Wednesday's decision by the International Committee, it would not be surprising if these offerings were now to cease.

Sales of tin on the London Metal Exchange: 200 tons on Monday; 175 tons on Tuesday, against 100 tons last week; 50 tons on Wednesday, against 105 last week. The New York quotation on Wednesday was 46.75 cents per lb., against 47.00 cents a week ago and 47.50 cents a month ago. Wednesday's official closing quotation in London for standard cash was £206 10s. to £206 15s. per ton, compared with £209 10s. to £209 15s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 558 tons, an increase of 116 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was quoted at £12 12s. 6d. per flask of 76 lbs., the same as last week. Chinese antimony was quoted at £60 to £61 per ton ex warehouse, duty paid, as against £61 to £62 last week. Chinese wolfram for April-May shipment was quoted at 33s. 6d. to 34s. per unit, c.i.f., as against 33s. 9d. to 34s. 6d. per unit last week. Platinum (refined) was maintained at £7 per ounce.

TEXTILES

COTTON.—Manchester.—Business has given very little satisfaction to producers. Turnover has again consisted of small lots to meet urgent wants and buyers have not been any more disposed to anticipate future requirements. Raw cotton prices have tended to harden. Although the American Government is now releasing more material there are no signs of the level of prices being adversely affected. Business is being checked by the discount on prices for new crop futures in Liverpool. Weather advices from the American belt have been slightly better, but climatic conditions as a whole remain unsatisfactory.

There has been no expansion in business in piece goods. Trade has been of a miscellaneous character. There have been numerous attempts at transactions for India, and some fair lots have been booked in mulls and jaconets for Karachi, light whites for Calcutta

and dyed fancies for the up-country markets. Operations for China have been practically at a standstill, but further buying has taken place in dyed materials for Java and Singapore. A mixed business has been done for South America, chiefly in finishing fabrics. Certain fine goods have been in request for the Continent, especially Switzerland. Quite a useful business has been done for the Dominions and the Crown Colonies. Home trade purchases have been restricted and many cases have been reported of wholesale houses asking manufacturers to hold back deliveries.

Quotations for yarn have been firmly held. Not more than necessary buying has occurred in American and Egyptian counts for home consumption. A little more activity continues to show itself in fine yarns for India.

COTTON PRICES

	1936					Corresponding Date
	Apr. 1	Apr. 7	Apr. 15	Apr. 22	1934	1935
Raw Cotton—Mid. American per lb.	6-51	6-47	6-50	6-62	6-09	6-66
Sakellaridis Fully Good Fair Egyptian per lb.	9-19	9-11	9-06	9-13	8-21	8-28
Yarns—32's twist per lb.	10½	10½	10½	10½	10½	10½
" 40's twist per lb.	10½	10½	10½	10½	10½	10½
" 60's twist (Egyptian) per lb.	15½	15½	15½	15½	16½	15½
32-in. Printers 118 yds., 16 by 16, 32's and 50's s. d.	17 0	17 0	17 2	17 2	18 11	17 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's s. d.	24 0	24 0	24 3	24 3	22 7½	24 0
38-in. ditto, 38 yds., 18 by 18, 10 lb. s. d.	10 0	10 0	10 1	10 1	10 9	10 5½
39-in. ditto, 37½ yds. 16 by 15, 8½ lb. s. d.	9 0	9 0	9 1	9 1	9 7	9 3½

COTTON TRADE WAGES.—The Operative Weavers' Amalgamation, representing over 100,000 workers in the manufacturing section of the Lancashire cotton industry, have made an application to the employers for a wage increase of 15 per cent. on current earnings, and a minimum of not less than 7½d. an hour, equal to 30s. per week. The application was considered at a meeting of the Wages Committee of the Cotton Spinners' and Manufacturers' Association in Manchester on Tuesday last, and at the close it was announced that arrangements had been made for a joint conference with the representatives of the trade union on May 5. During the last six months the operatives have been agitating for an advance in wages, and the leaders, in addition to carrying out an extensive propaganda campaign, have taken a census of weavers' earnings which showed that at least 50,000 were in receipt of less than 30s. a week. It may be mentioned that since the war the weavers have suffered wage reductions on seven occasions, the last time being in July, 1935. The present rates of pay were legalised last July by the Minister of Labour under the Cotton Manufacturing Industry (Temporary Provisions) Act. The negotiations between the employers and the operatives with regard to this wages demand may be of a protracted character. It is admitted that the earnings of many weavers are very low and, if the union officials press the demand, there is a possibility of some advance being secured. The employers, however, will resist very strongly the establishment of a minimum wage.

JUTE.—Dundee.—Inactivity in the jute yarn and cloth markets is leading to further curtailment of production. The outlook for the home jute industry is anything but bright at the moment. The failure of the Indian Jute Mills' Association to secure agreement with the non-member mills on the question of working hours has resulted in the prolongation of low prices for jute goods made in India, and this naturally affects the level of quotations in other producing centres. Imports of these cheap Calcutta fabrics into this country, which are duty free, are increasing by leaps and bounds. Since the beginning of this year, the total quantity of Calcutta goods arriving in Dundee was approximately 13,000 bales, compared with an average of 18,000 bales during the previous six complete years. Efforts are being made by manufacturing interests in Dundee to secure tariffs on these jute goods imported from India. A tax on cloth and bags from foreign countries has proved very successful, and imports from the Continent are now very small.

Prices for raw jute have been very well maintained, with a firm undertone prevailing. Daisee-2/3 was reduced to £18 15s. for the full group, but recovered to £19 for April/May shipment, with new crop available at £18 17s. 6d., October/December. Old Crop Tossa-2/3 is quoted at £20 2s. 6d. and new crop at £19 17s. 6d. for full group, with fours at from £19, old crop, April/May. First Marks are offered at £22 12s. 6d. and Lightnings at from £20 17s. 6d. April/May, while new crop Lightnings are named at £21 10s. and Hearts at £20 7s. 6d., August/September. Spinners have bought very little during the past fortnight.

Jute yarns are very quiet and there is a tendency for prices to decline. Common 8 lb. cops have been sold at 2s. 0d. and 8 lb. spools at 2s. 1d.; below these rates spinners are refusing to sell. Twist is obtainable at 3½d. for 3-ply 8 lb., and sacking yarns are rather easier at 2½d. for 24 lb. weight and 3½d. for 8 lb. chains. Rove is down to £20 for 48 lb. and £16 for 200 lb., while the finer yarns are more or less neglected at 2s. 8½d. for second quality 8 lb. warp, 2s. 4½d. for third and 2s. 3d. for fourth. Carpet yarns have had a good spell at from 3½d. to 3½d. for 14 lb. warp.

Only trifling quantities of jute cloth are being bought as a rule, with few orders of note being received. Manufacturers are refusing to consider lower prices, as the loss already being made would be increased. Production is being curtailed and several establishments may close down in the near future if conditions continue as dull as they are at the moment. The price of 10 oz. 40 in. is 2½d. and of 8 oz. 2½d., but owing to keen competition good orders might be taken at something less.

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended March 31		Three Months ended March 31	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	4,450,327	5,548,247	12,485,742	14,888,369
B. Feeding-stuffs for Animals	640,715	688,647	2,062,073	2,131,609
C. Animals, Living, for Food	514,911	589,749	1,201,418	1,478,130
D. Meat	6,463,064	6,417,036	19,146,945	18,577,470
E. Dairy Produce	4,910,922	4,718,450	14,027,501	15,145,540
F. Fresh Fruit and Vegetables	3,172,419	3,576,622	8,150,992	8,940,089
G. Beverages and Cocoa Preparations	3,485,132	3,845,198	10,644,981	11,813,244
H. Other Food	3,810,317	3,466,402	10,667,085	11,441,605
I. Tobacco	1,160,375	1,355,581	3,971,799	4,374,190
Total, Class I	28,608,182	30,205,912	82,358,536	88,790,246
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,452	4,614	4,673	15,127
B. Other Non-Metalliferous Mining and Quarry Products and the like	272,499	346,278	757,678	901,199
C. Iron Ore and Scrap	387,163	867,921	1,127,700	2,176,871
D. Non-Ferrous Metalliferous Ores and Scrap	801,653	985,584	2,462,557	3,133,374
E. Wood and Timber	1,328,349	1,599,054	5,155,881	5,797,160
F. Raw Cotton and Cotton Waste	2,620,312	2,966,020	9,039,601	10,674,672
G. Wool, Raw and Waste, and Woolen Rags	3,590,507	5,314,768	10,698,305	14,466,901
H. Silk, Raw, Knobs and Nolls	105,897	185,169	330,208	618,032
I. Other Textile Materials	1,047,497	1,027,934	3,696,893	3,602,725
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,348,922	2,529,197	6,584,575	7,564,245
K. Hides and Skins, Undressed	1,251,858	1,640,010	4,006,374	5,118,874
L. Paper-making Materials	634,862	677,002	2,459,799	2,622,568
M. Rubber	1,033,865	537,645	3,496,335	1,633,104
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	917,675	842,119	2,546,465	2,467,357
Total, Class II	16,543,511	19,553,315	52,368,044	60,792,097
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	4,590	11,530	12,273	30,833
B. Pottery, Glass, Abrasives, etc.	573,290	577,023	1,575,889	1,650,666
C. Iron and Steel and Manufactures thereof	824,096	1,030,460	2,255,799	2,907,191
D. Non-Ferrous Metals and Manufactures thereof	2,446,075	2,579,902	6,136,452	7,199,372
E. Cutlery, Hardware, Implements and Instruments	487,554	572,482	1,338,772	1,529,712
F. Electrical Goods and Apparatus	211,803	260,191	658,505	779,945
G. Machinery	1,122,357	1,516,744	3,116,900	4,012,274
H. Manufactures of Wood and Timber	487,833	582,295	1,384,123	1,754,883
I. Cotton Yarns and Manufactures	197,940	242,492	559,127	659,934
J. Woollen and Worsted Yarns and Manufactures	190,304	237,391	596,350	705,882
K. Silk Yarns and Manufactures	320,481	242,750	871,804	744,565
L. Manufactures of other Textile Materials	625,524	621,866	1,760,844	1,843,152
M. Apparel	924,544	992,476	2,356,144	2,523,740
N. Chemicals, Drugs, Dyes and Colours	943,997	1,148,600	2,707,585	3,057,896
O. Oils, Fats and Resins, Manufactured	2,277,258	3,226,828	7,298,396	8,693,048
P. Leather and Manufactures thereof	705,031	775,464	1,865,272	2,127,987
Q. Paper, Cardboard, etc.	943,527	1,203,130	3,033,300	3,574,322
R. Vehicles (including Locomotives, Ships and Aircraft)	462,645	597,659	1,213,048	1,468,807
S. Rubber Manufactures	58,843	51,050	158,210	158,964
T. Miscellaneous Articles wholly or mainly Manufactured	1,299,617	1,405,658	3,813,536	4,099,635
Total, Class III	15,109,309	17,875,991	42,812,329	49,522,814
IV.—Animals, not for Food	136,583	159,708	309,700	372,148
V.—Parcel Post	109,750	257,194	570,363	843,794
Total	60,507,335	68,052,120	178,418,972	200,321,099

Calcutta goods have improved during the past week, hessians gaining about 6d. by fractional daily increases. Negotiations for a settlement between the parties to the dispute in India are still proceeding.

GRAIN MARKETS

WHEAT.—The improved tone noted a week ago has been well maintained, prices on United Kingdom markets responding to the strength of Chicago and Winnipeg. These, in turn, have been stimulated by the continuance of drought in the growing areas and by political uncertainty abroad. The American winter wheat crop is reported to be deteriorating rapidly and the position of the Canadian Wheat Board has been correspondingly strengthened.

On Wednesday last, "May" futures were quoted in Chicago at 101½ cents per bushel, against 98 cents the week before and 96½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba (Vancouver), ex ship, 33s. 6d. per 496 lbs., against 33s. 3d. a week ago; No. 2 Northern Manitoba, ex ship, 33s., against 32s. 9d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 811,000 quarters, against 981,000 in the previous week and 1,328,000 quarters in the corresponding week a year ago.

LOUR.—The market is very steady in response to a better demand for home-milled, and has been stimulated by the strength of wheat. Shipments of flour from North America last week totalled 148,000 sacks, against only 59,000 in the previous week and 100,000

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED

KINGDOM (Value F.O.B.)

	Month ended March 31		Three Months ended March 31	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	£ 162,664	£ 171,313	£ 472,767	£ 466,842
B. Feeding-stuffs for Animals	62,318	61,718	210,166	180,838
C. Animals, Living, for Food	832	457	2,435	1,120
D. Meat	68,021	103,294	211,182	271,936
E. Dairy Produce	68,333	88,551	186,953	251,523
F. Fresh Fruit and Vegetables	19,284	7,590	89,121	37,003
G. Beverages and Cocoa Prepara- tions	602,409	1,070,184	1,932,223	2,861,323
H. Other Food	1,011,294	1,043,887	2,741,041	3,007,296
I. Tobacco	395,617	401,535	1,073,617	1,128,719
Total, Class I	2,390,772	2,948,529	6,919,505	8,206,605
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,522,643	2,162,298	7,526,889	6,632,390
B. Other Non-Metalliferous Min- ing and Quarry Products and the like	83,000	97,646	245,416	249,883
C. Iron Ore and Scrap	26,855	33,921	121,778	99,475
D. Non-Ferrous Metalliferous Ores and Scrap	143,084	185,632	374,354	497,870
E. Wood and Timber	9,633	8,235	24,189	19,678
F. Raw Cotton and Cotton Waste G. Wool, Raw and Waste, and Woolen Rags	104,536	109,304	359,041	252,012
H. Silk, Raw, Knobs and Nolls	837,822	599,811	2,488,630	1,814,951
I. Other Textile Materials	1,209	946	3,684	3,822
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	52,684	44,725	117,800	141,380
K. Hides and Skins, Undressed	319,813	212,359	736,408	790,269
L. Paper-making Materials	97,477	168,775	274,659	576,071
M. Rubber	97,974	108,800	302,324	284,432
N. Miscellaneous Raw Materials and Articles mainly Un- manufactured	13,109	16,125	45,589	46,513
Total, Class II	309,337	313,306	886,441	875,160
Total, Class II				
	4,619,176	4,061,883	13,507,202	12,283,906
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	240,426	228,251	806,787	755,953
B. Pottery, Glass, Abrasives, etc.	636,091	668,037	1,867,795	1,960,343
C. Iron and Steel and Manufac- tures thereof	2,751,824	2,771,084	8,295,992	8,166,079
D. Non-Ferrous Metals and Manu- factures thereof	1,223,262	1,204,424	3,510,321	3,270,251
E. Cutlery, Hardware, Imple- ments and Instruments	653,268	681,673	1,852,503	1,910,036
F. Electrical Goods and Apparatus	730,307	827,737	2,211,656	2,345,620
G. Machinery	3,301,916	3,496,493	9,512,496	10,037,656
H. Manufactures of Wood and Timber	83,960	110,639	229,718	297,932
I. Cotton Yarns and Manufactures J. Woollen and Worsted Yarns and Manufactures	5,356,747	5,349,212	15,968,544	15,693,055
K. Silk Yarns and Manufactures	2,740,552	2,793,120	8,597,093	8,614,438
L. Manufactures of other Textile Materials	92,950	103,957	275,618	314,674
M. Apparel	1,336,910	1,553,542	3,767,842	4,261,716
N. Chemicals, Drugs, Dyes and Colours	1,023,918	1,146,291	2,760,849	3,086,791
O. Oils, Fats and Resins, Manu- factured	1,840,574	1,789,218	5,377,025	5,178,149
P. Leather and Manufactures thereof	427,941	362,072	1,522,673	1,218,665
Q. Paper, Cardboard, etc.	320,022	355,868	915,910	1,009,171
R. Vehicles (including Locomo- tives, Ships and Aircraft)	517,989	532,332	1,607,085	1,569,909
S. Rubber Manufactures	2,808,301	2,426,673	7,700,477	7,952,677
T. Miscellaneous Articles wholly or mainly Manufactured	129,907	142,400	364,734	404,689
Total, Class III	1,827,615	2,087,110	5,132,387	5,621,911
Total, Class III	28,044,480	28,630,183	82,277,505	82,830,715
IV.—Animals, not for Food				
	42,145	60,535	128,423	171,658
V.—Parcel Post				
	855,201	808,422	2,665,680	2,588,094
Total	35,951,774	36,509,552	105,498,315	106,080,978

at 64½ cents per bushel in Chicago, against 61 cents a week ago, and 58½ cents last month. Quotations in London, Wednesday, "Plate," landed, 19s. 6d. per 480 lbs., compared with 19s. 6d. a week ago; "Plate," ex ship, 18s. 9d., as against 18s. 9d. a week ago; "Plate," "April," 18s. 9d., as against 18s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £5 7s. 6d. per ton, as against £5 5s. last week.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to April 18	85,580	182,286	145,394	154,083
33 weeks to April 18	7,591,282	9,344,931	11,992,628	11,478,146
Average price of English wheat per cwt.	s. d. 5 2	s. d. 4 5	s. d. 4 10	s. d. 6 6

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Apr. 16, 1932	Cwts. 121,798	Cwts. 38,634	Cwts. 32,857	s. d. 5 11	s. d. 7 10	s. d. 7 5
Apr. 15, 1933	85,580	30,850	14,944	5 2	6 4	5 10
Apr. 21, 1934	182,286	24,446	26,132	4 5	7 8	6 0
Apr. 20, 1935	145,394	39,261	13,484	4 10	7 2	7 0
Apr. 11, 1936	95,341	35,991	21,963	6 5	7 8	6 2
Apr. 18, 1936	154,083	28,964	25,206	6 6	6 11	5 11

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

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	Apr. 23, 1935	Dec. 31, 1935	Apr. 15, 1936	Apr. 22, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	65½	82½	88½	84½	81½	82½
Chicago (No. 2 Winter) —Cents per 60 lb.	84½	98½	99½	101½	98	101½

The visible supply of wheat in Canada amounts to 111,378,000 bushels, against 110,611,000 bushels last week, and 106,463,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—Prices again showed a sagging tendency at the end of last week, but demand has since improved somewhat and the tone of the market has become more steady. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 84s. to 88s.; Canadian, 80s.; Danish, 92s., as against 86s. to 90s., 82s. and 92s., respectively, a week ago. Arrivals in London last week included Danish, 13,666 bales; Canadian, 3,774; Dutch, 2,849; Lithuanian, 1,726; and Polish, 2,960.

BUTTER.—A quiet tendency was in evidence during most of the period under review, quotations being barely steady. On Wednesday, however, the market firmed up once again. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 87s. to 88s.; Australian, choicest salted, 87s.; Danish, 103s.; compared with 87s. to 88s., 87s. to 88s. and 105s., respectively, a week ago.

CHEESE.—Business has been moderate and prices show little change on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 80s. to 86s.; Canadian, finest coloured, 63s. to 64s.; and New Zealand, finest coloured, 53s. to 53s. 6d.; against 74s. to 86s., 64s. and 53s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. In London, the market in Accra cocoa has had a firm tone, prices being higher on the week. On Wednesday last, good fermented new crop, "April-May," was quoted 24s. 1½d. per 250 kilos, c.i.f. Continent, against 23s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 11,795 bags; delivered, for home consumption, 4,284 bags; exported, 15 bags; stocks, 156,792 bags, against 190,990 bags a year ago.

COFFEE.—In London on Monday the spot market was quiet, pending the resumption of public auctions on Tuesday. Very little interest was shown at the latter, and the bulk of the offerings was withdrawn. The New York market has been quiet, with prices unchanged. On Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered, for home consumption, 138 cwt.; exported, nil; stocks, 11,519 cwt., against 18,456 bags a year ago. Central and other South American, landed, 7,791 cwt.; delivered, for home consumption, 1,943 cwt.; exported, 776 cwt.; stocks, 117,552 cwt., against 104,780 packages last year. Other kinds, landed, 11,377 cwt.; delivered, for home consumption, 2,886 cwt.; exported, 703 cwt.; stocks, 171,016 cwt., against 124,084 packages last year.

EGGS.—In consequence of shorter supplies, the Tooley Street market was firm on Monday. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 9s. 3d. to 9s. 6d. per 120, as against 8s. 9d. to 9s. last week, while Danish (15½ lb.) made 8s. 6d. to 8s. 9d. per 120, against 8s. 3d. to 8s. 6d. last week.

FRUIT.—Business at Covent Garden showed an improvement towards the end of last week, states *The Fruitgrower*. New season apples continue an active sale, prices maintaining a good average. Pears have been doing very well, with all arrivals clearing readily at rather higher rates. Australian plums have encountered a fair inquiry, while South African pineapples are more plentiful. English forced strawberries are in increasing supply and show good condition and colour; but cold weather has restricted demand and prices of this fruit are easier. Grapes are not selling so well as recently. Oranges have generally deteriorated with the advance of the season and have eased in price. Lemons are a little easier, and grapefruit have been only a moderate trade at slightly lower rates.

MEAT.—Only a moderate business has been transacted at Smithfield Market this week, chilled beef having eased in price. On Wednesday last Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. per 8 lbs., as compared with 3s. 4d. to 3s. 8d. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 4d. to 4s. 2d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,199 tons, a decrease of 572 tons on the corresponding week last year. Beef and veal accounted for 4,303 tons, mutton and lamb 2,327 tons, and pork and bacon 1,059 tons, as compared with 4,807, 2,498 and 977 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 30 tons; delivered, 6 tons; stocks, 1,700 tons, against 2,157 tons a year ago. White, landed, 4 tons; delivered, 49 tons; stocks, 12,492 tons, against 19,761 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. ex warehouse on Wednesday, as compared with 8s. 6d. per cwt. a week ago. "April-May," in singles to Continent and U.K., was quoted at 8s. per cwt., against 7s. 10½d. per cwt. a week ago. Movements in London during the past week were as follows: Landed, 54 tons; delivered, 80 tons; stocks, 977 tons, against 1,336 tons a year ago.

SUGAR.—The London spot market has been quietly steady this week, while the New York market has exhibited a similar tendency. The spot price in New York on Wednesday was 3-75 cents per lb., as compared with 3-75 cents per lb. last week and 3-60 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "May delivery" at 5s., against 4s. 11½d. to 4s. 11½d. a week ago. The movements of raw sugar, at public warehouses in London and Liverpool last week were as follows: Imports, 23,357 tons, against 10,841 tons last week and 10,083 tons in the same week of last year; deliveries, 14,370 tons, against 11,545 tons last week and 14,169 tons last year; stocks, 230,576 tons, against 221,589 tons last week and 172,429 tons last year.

TEA.—The week's offerings at the public auctions in Mincing Lane comprised 45,876 packages of Indian and 22,103 packages of Ceylon tea. When sales of Indian grades were resumed on Monday and Wednesday a good general demand was in evidence, prices for low grade and medium sorts showing a hardening tendency; but previous prices for the better kinds were not maintained. At Tuesday's Ceylon sales, on the other hand, cheaper teas were barely steady, but higher-priced teas were in active demand at advancing rates. The advance of 2d. per lb. in the tea duty, announced by the Chancellor on Tuesday, is expected to stimulate the demand for cheaper teas.

VEGETABLES.—The acute shortage of kitchen greenstuff continues, states *The Fruitgrower's* Covent Garden report, and anything of good quality is dear. Salads, however, have been in slow demand on account of the cold weather. Thus, cucumbers show a considerable drop in price, while tomatoes are not selling well; lettuce is very slow. Forced marrows are dearer, but house-grown beans and green peas are in increasing supply and have fallen in price. Forced rhubarb is doing rather better on account of the scarcity of outdoor. Carrots are scarce and parsley dear. New potatoes encounter a steady demand at the rather easier prices ruling, Malaga making about 15s. to 16s. and Mataro 21s. to 22s. per cwt. Meanwhile, business in old potatoes shows no new features and best siltland King Edward realised from 8s. to 8s. 8d. per cwt. at the Borough on Tuesday, against 8s. to 8s. 6d. last week.

MISCELLANEOUS COMMODITIES

RUBBER.—The market has been steady, with prices generally unchanged. The statistical position continues slowly to improve and the restriction scheme is clearly taking effect. In this connection it may be noted that a meeting of the International Committee is to be held on Tuesday next; some apprehension has been expressed in market circles concerning the possibility of a relaxation of the quotas and a decision to maintain these at the current level would probably have a stimulating effect on the market. The spot price in New York on Wednesday was 15½ cents per lb., compared with 16 cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., the same as on the corresponding day a week ago. In forward positions, business has been done at 7½d. to 7½d. for July-September shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 143,337 tons, against 144,275 tons a week earlier. A year ago stocks amounted to 165,247 tons.

VEGETABLE OILS AND OILSEEDS.—Quiet but steady conditions prevail. Demand for oils for both technical and edible purposes is fair, but is confined to immediate requirements. Support is forthcoming from the sustained demand for oilcakes. Linseed oil remains steady and unchanged on the week and with slight fluctuations has been at the same level for two months. The current price, ex Hull mill, for April delivery is £26 5s., while May-August and later positions are at a small premium. Export demand for refined cotton oil has fallen off and quotations are easy around £26 15s. per ton ex Hull, while crude Egyptian is offered freely at £24 5s. prompt. There was some further appreciation in soya oil, which is now protected by the 20 per cent. import duty.

In the market for linseed demand is principally for Indian, and for Calcutta May-June to Hull £12 12s. 6d. has been conceded. Plate is in slow request and largely nominal, but a little trade has been done on Continental account. Crushers, however, appear to have current requirements fairly well covered by seed afloat. Shipments from the River Plate last week were comparatively small. The quantity now afloat for Europe has been reduced to 149,500 tons (including 31,900 tons from India), or 18,700 tons less on the week. That destined for America is 37,500 tons, against 61,100 tons a year ago. Cottonseed is quiet, with business in black Egyptian afloat and April loading at £6 17s. 6d. For new crop, October shipment to Hull, £6 7s. 6d. has been paid.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, April 22nd				The prices in the following are revised with the assistance of an eminent firm in each department.			
CEREALS AND MEAT				POTATOES—			
Wheat, Etc.—				King Edward per cwt.			
No. 2, N. Man. 496 lb.	33 0	s. d.	s. d.	8 0	s. d.	s. d.	s. d.
Eng. Gaz. av. per cwt.	6 6			8 0			
Barley, Eng. Gaz. av.	6 11			8 0			
Jats,	5 11			8 0			
Maize, La Plata, landed, ..	19 6			8 0			
480 lb.	19 6			8 0			
400 lb.	27 9			8 0			
280 lb.	27 9			8 0			
rice, No. 2 Burma, per cwt.	8 0			8 0			
apioca, per cwt.	8 0			8 0			
Fair Flake, Singapore	—			8 0			
MEAT—				SPICES—			
Beef, per 8 lbs.	3 10	4 6		Pepper, per lb.			
English long sides	3 8	4 0		Black Lampung			
Argentine chilled hinds	5 0	5 8		White Muntok			
Mutton, per 8 lbs.	3 4	4 0		Cinnamon—1st sort, per lb.			
English wethers	5 0	5 8		Cloves—Zanzibar, per lb.			
N.Z. frozen	4 8	5 6		Ginger—per cwt.			
Lamb, per 8 lbs.	4 8	5 6		African			
N.Z. frozen	5 4	6 0		Jamaica, ord. to good			
Pork, English, per 8 lbs.	5 4	6 0		Mace			
BACON— OTHER FOODS				Nutmegs, 65's			
English	84 0	88 0		SUGAR—			
Irish	84 0	84 0		(Duty, 11/8 per cwt.)			
Danish	92 0	94 0		Centrifugals, 98%, prpt.			
Dutch	88 0	90 0		ships, c.i.f. U.K./Cont.			
HAMS—				B.W.I., crystallised ...			
Canadian	92 0	96 0		Java, white, c. & f. India			
American	94 0	95 0		Oct.-Dec.			
BUTTER—				Refined—London—			
Australian	87 0	88 0		Yellow Crystals			
New Zealand	87 0	88 0		Cubes			
Danish	103 0	103 0		Crushed			
CHEESE—				Granulated			
Canadian	63 0	64 0		Home Grown			
New Zealand	53 0	53 6		TEA—			
English Cheddars	80 0	86 0		Indian—per lb.			
Dutch	38 0	43 0		Broken Pekoe			
COCOA—				Orange Pekoe			
(Duty, British grown, ..	24 6	25 0		Broken Orange Pekoe			
11/8; foreign, 14/- cwt.)	38 0	46 0		Ceylon—per lb.			
Accra, f.f.	33 0	36 0		Pekoe			
Trinidad	33 0	36 0		Broken Pekoe			
Grenada	33 0	36 0		Orange Pekoe			
COFFEE—				Broken Orange			
(Duty, British grown, ..	38 0	46 0		Ceylon			
4/8; foreign, 14/- cwt.)	38 0	46 0		Pekoe			
Santos sup. c. & f. cwt.	48 0	56 0		Broken Pekoe			
Colombian, good	52 0	75 0		Orange Pekoe			
Costa Rica, med. to good	48 0	70 0		Broken Orange			
East Indian	48 0	62 0		Ceylon			
Kenya, medium	48 0	62 0		Pekoe			
EGGS—	9 3	9 6		Broken Pekoe			
English	8 6	8 9		Orange Pekoe			
Danish	14 0	20 0		Broken Orange			
FRUIT—Oranges—				Ceylon			
Denta	9 0	14 0		Pekoe			
Jaffa	20 0	30 0		Broken Pekoe			
Lemons, Malaga	18 0	25 0		Orange Pekoe			
" Sicilian	9 6	11 6		Broken Orange			
Apples: Amer. (var.) brls.	9 0	14 0		Ceylon			
" (var.) boxes	7 0	7 6		Pekoe			
" Australian	15 0	18 0		Broken Pekoe			
Onions	15 0	20 0		Orange Pekoe			
Valencia, case	64 0	72 0		Broken Orange			
Egyptian, bags	62 0	63 6		Ceylon			
Grapes, Algeria, barrels	15 0	18 0		Pekoe			
Grapefruit, Jamaica	15 0	20 0		Broken Pekoe			
" Amer.	64 0	72 0		Orange Pekoe			
Irish bladders	62 0	63 6		Broken Orange			
U.S.	62 0	63 6		Ceylon			

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

UNITED STATES

(New York quotations, unless otherwise stated)

	Apr. 24, 1935	Mar. 25, 1936	Apr. 15, 1936	Apr. 22, 1936		Apr. 24, 1935	Mar. 25, 1936	Apr. 15, 1936	Apr. 22, 1936
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	99½	96½	98	101½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-30	3-60	3-75	3-75
Maize, nearest future, Chicago, per bushel	88½	58½	61	64½	Cotton, middling, spot, per lb.	11-80	11-47	11-72	11-85
Oats, nearest future, Chicago, per bushel	49½	25½	27	27½	Rubber, smoked sheet, spot, per lb.	11½	15½	16	15½
Rye, nearest future, Chicago, per bushel	59½	52½	53½	53½	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	(a)	(a)	40	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	7-47½	8-70	8-97½	8-95
Coffee, Rio No. 7, cash, per lb.	6½	6½	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.	7-65	8-92½	9-20	9-20
" Santos No. 4, cash, per lb.	8½	8½	8½	8½	Spelter, East St. Louis, spot, per lb.	4-10	4-90	4-90	4-90
Cocoa, Accra, nearest future, per lb.	4-58	4-90	5-01	5-03	Lead, spot, per lb.	3-75	4-60	4-60	4-60
				(a) Nominal.	Tin, " Straits," spot, per lb.	50-87½	47-50	47-00	46-75

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THE FINANCIAL NEWS

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

MONDAY, APRIL 27—ARMAMENT METAL COMPANIES.
—This is the first of three articles, to appear on successive
Mondays, which will survey the investor's opportunities in the
Companies which produce the alloy metals used for armament
and engineering steels. This first article will deal with
Tungsten and Cobalt, both of which have experienced a heavy
increase in demand during the past two years. Companies in
this field include: Beralit Tin & Woolfram, Kramat Pulai and
Mawchi Mines.

TUESDAY, APRIL 28.—Continuing his series on Base Metal
Companies, this week our Special Mining Correspondent,
"Minotaur," deals with the second largest copper mining and
fabricating concern in the World: KENNECOTT.

WEDNESDAY, THURSDAY AND FRIDAY, APRIL 29
and 30, and MAY 1—Companies and their Profit-Earning
Capacity—No. 14—THE AUTOMOBILE INDUSTRY.—
Continuing our special series on leading Companies and
their profit-earning power, we start this week on a full scale
analysis of the private and commercial motor industry, and
the individual concerns operating it. This series will cover
individually all motor manufacturing firms and the principal
ancillary companies in which there is investment interest.

This week's three articles provide a general introduction to
the study of prospects for the Companies and their Profits.
Wednesday, April 29—The Automobile Industry—Its back-
ground and its prospects.

Thursday, April 30—The Private Car Industry.

Friday, May 1—The Commercial Motor Industry.

In the following week, companies' prospects will be con-
sidered specifically, including Austin, Morris, Ford, Standard, etc.

SATURDAY, MAY 2—THE PLASTIC INDUSTRY.—A
Special Correspondent reviews the growth and prospects of
an industry which is widely expected to be one of the key
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SATURDAY, MAY 2, 1936

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IF THE LEAGUE DIES

THE 11th of this month will be a prominent date in the history of our civilisation. On that day the Council of the League of Nations is to reassemble; and the real question on its agenda will be whether the League is to live or die.

If the League is to live, Italy will have to be prevented at last from achieving her aims in the war of aggression that she is waging in breach of the Covenant. Now that things have been allowed to drift to the edge of Niagara by the inaction of the French and British Governments, a last effort to save the situation will entail drastic measures. Probably, by now, the League can only be saved by our closing to Italian shipping the maritime approaches to the Suez Canal; and obviously this action, just because it would still be effective, would involve us in a serious risk of having our next war to-day instead of to-morrow. The risk would be restricted, of course, to a minimum if Great Britain and France agreed to take it together; for then the other sanction-taking Powers would almost certainly follow this Anglo-French lead, while Italy might hesitate to turn and attack so formidable a posse of constables. Whether France will be ready after next Sunday's elections for so great a change we cannot yet say. We certainly cannot count upon it. And, if not, what should England do?

By the terms of Article XVI of the Covenant, it is not only our right but also our duty to fulfil our covenanted engagements on our own, whatever our fellow States-members may or may not do. Our duty here is certainly also our interest, since the collective system of security which is embodied in the League is (it cannot be repeated too often) the last as well as the first line of defence for the British Empire. At the same time, we have to face the prospect that Mr Baldwin's Government will let the League die on the 11th for the sake of putting off the risk of war from to-day till to-morrow. If they take this fateful decision and make it a question of confidence, they can almost certainly count on a majority in the House of Commons. And by so doing the League's doom will be

sealed. So we have to face the possibility that the League may be *in articulo mortis*, and to ask ourselves: "Little man, what now?"

In general terms, the answer is patent. If the League dies, then we shall all revert to the traditional beggar-my-neighbour game of seeking our security through the use of armaments as instruments of national policy. This is a policy which always defeats itself. Its most potent weapon is an alliance; and if the Power of which we are afraid arms itself with allies, we can no more afford not to do likewise than we can afford not to lay down battleship against battleship, or bombing plane against bombing plane. Accordingly, when States are arming competitively against each other, they cannot help lining up in two opposing systems which quickly clash in a general war. And so, if the League dies, who will dare scoff at the forecast, made by Mr Churchill in the Budget debate on Thursday of last week, that the next European war will come "within the lifetime of the present Parliament"?

If this should be the fate in store for us, who will be fighting whom in the new bout of international anarchy? The first point which we must frankly recognise is that the answer will scarcely depend at all upon our own choice. If once we abandon our great post-war effort to bring international relations under the control of a moral and rational order, we shall place ourselves once more at the mercy of blind, inhuman, mechanical forces. We shall be in the grip of the goddess whom our Communist contemporaries call "historical necessity," and whom the Greeks (when she was destroying them) called *Fortune*. Tyche's other name is *Kali*: the black goddess with the necklace of skulls.

Who then, if the League dies to-day, will side with whom in the war of to-morrow? Will France and England fight Germany and Italy? Or will Italy and France fight England and Germany? The French, of course, and that France, Italy and England will all be on the

against Germany; while Mr Baldwin and his supporters are perhaps hoping that, when France and Italy fight Germany, England will be able to "get by" once more—as she is "getting by" so splendidly in the Italo-Abyssinian War—by remaining neutral with a benevolent inclination towards the Italo-French *bloc*. But it is all too probable that the English hope of preserving neutrality in the future European war will prove as illusory as the French hope of fighting it with a reconstructed Stresa Front. Can we rule out the possibility that one of the first two alternatives may be the final choice?

Of course, the French and English will not give up their anaesthetising illusions without a struggle. If the League dies on May 11th, its cowardly betrayers will vie with one another in protesting that the League is still alive; that the blow dealt to it by Mussolini has not been fatal; that Great Britain has suffered neither national defeat nor diplomatic humiliation; and that, after giving Abyssinia a hasty burial, the Stresa Powers can settle down together again as though nothing unpleasant had ever happened to disturb their harmony. We venture to predict with some assurance that this is not the way in which—if the League dies—the next chapter of history will unfold.

We may be asked: Why should Britain not swallow pride and humiliation alike, and after a decent interval bury the hatchet with Italy? There is a conclusive answer. The people of this country are, by now, fully seized of the importance of Japan's and Italy's acts of wanton aggression. If a British Government asks them peaceably to lie down with one proven aggressor, in the hope of turning away the covetous eyes of another, the same shrewd indignation will arise as almost swept the Government from its seat four months ago. Even considerations of power-policy show that Britain's interests can in no way be served along that path. For the conquest of Abyssinia, which France has made possible for Italy by sabotaging the League, is only a first step towards Mussolini's intended re-acquisition of the African and Asiatic provinces of the Roman Empire. His next step will be to extend his dominion over the whole of the Mediterranean and the Nile Basin and the Red Sea.

That can only be done at the cost of the British Empire. Will the English be willing to pay Mussolini's price for letting us off a war to-morrow as well as to-day? His price for that will be the surrender of Malta, Cyprus, Egypt, the Sudan, Palestine, British Somaliland, Aden, and perhaps Kenya into the bargain, and the setting back of the eastern bounds of British sea-power from Singapore to Gibraltar. This Italian bill is so huge that, long before it is presented, the Government at Westminster may prefer to pay the smaller bill which will be presented by Hitler (just the restoration of the former German colonies) as his price for fighting our battle against Italy with German blood.

But is it certain that the dictators must necessarily find themselves in rival camps? Honest men, they say, enjoy their own as long as thieves fall out. But when thieves put their heads together the outlook for men of property is grim. The assumption that Fascist Italy and Nazi Germany are, in the very nature of things, bound to perpetual enmity because of an independent Austria, the Brenner frontier, and thousands of Teutonic folk in the South Tirol may well prove an illusion if the "hungry ones" should agree to eat up the weaklings, morsel by morsel. Germany and Italy are incalculable Powers. Their systems are based on principles which are fundamentally incompatible with democracy, and which decry the sanctity of international obligations and commitments. He would be a bold democrat, indeed, who reposed absolute trust in either the one or the other in a struggle for the security and peaceful development of Europe; and it may yet prove that, if international law be jettisoned, the final struggle will become a struggle between dictatorship and liberty. The alternatives, indeed, are between the knees of the goddess Kali.

Only one thing is certain. Rapid re-armament based purely on "British interests" are but us in conflict, sooner or later. For on any side of our "interests," which we are feverishly preparing to protect without reference to the League, with those of hungry aggressors is bound to occur. And what comes after that? *La Jacquerie*. Is not the salvation of the League after all more worth fighting for? At any rate, it is being the cheaper fight.

ARMS AND INDUSTRY

"RE-ARMAMENT Budget No. 1" has come and gone. We have returned to £800 million Budgets, with the certainty of Supplementaries amounting this year to a further £15 millions for armaments and perhaps another £10 millions for civil subsidies. Our armaments expenditure will this year be equivalent to almost a quarter of the Budget; and we are committed to an increase from the envisaged minimum of £173 millions this year to annual minima of £200 millions in each of the four succeeding financial years, 1937-38 to 1940-41. Will re-armament expenditure stimulate recovery further; or will it force investment into less reproductive channels, under Government aegis? And how will it affect industry?

The estimated extra expenditure on re-armament, over and above the 1934-35 level, amounts to about £60 millions this year and to about a minimum of £75 millions in each of the years 1937-38 to 1940-41. Much of this increased expenditure will be for personnel, clothing, barrack equipment, etc.; but the rest will necessarily be confined to a narrow section of the national productive machine, e.g. in the main to a few aircraft manufacturing concerns, to three or four steel and armament firms, and to one or two naval shipyards. The mainstay of our domestic recovery, hitherto, has been the "housing boom." We may not be far wide of the mark if we put the value of net new investment, in dwelling houses alone, in the neighbourhood of £50 millions in 1932 and £110 millions in 1935. Municipal and industrial constructional activity, more recently, has shown signs of expansion to offset a possible falling-off in dwelling-house construction. Inevitably, the necessity of concentrating significant annual increments of Government-controlled expenditure on a few elements in the national economy involves the risk that the normal development of the trade cycle may be replaced by a "jam" at the points most affected.

In British industry as a whole, while "bottle-necks" may occur here and there, there is no question but that the industrial machine could meet the immediate increased demand for munitions, etc., without distortion. No capital ships can be laid down till next year; then only two are scheduled for building. Yet in 1933 we were building four-times the amount of mercantile shipping we are now engaged on, and constructing eight new capital ships into the bargain. Shipbuilding requires steel plates—a form of steel only used in ships. There is no doubt that when the real increase in naval building begins a shortage of crude steel, or a diversion of it from civil demand (e.g. for building purposes) may develop. But that time is not yet; and when it arrives the expected slackening of the "housing boom" may set free capacity for armament purposes. Meanwhile there is every reason to say that the current small increase in armaments expenditure—only "small" relative to the total output of industry—need not occasion a general rise of prices as the result of a "jam" in the iron and steel industry. Nor need it occasion more than a temporary shortage of skilled labour and a consequent rise in certain wages.

Yet it is only wise to issue a warning about certain aspects of the Government's current and future increased expenditure on their re-armament programme. It is notorious, for example, that during the war years unreasonable obduracy on the part of the Admiralty in insisting upon priority for naval requirements held up the supply of munitions for the land forces, who were in greater immediate need of them. We trust the Government have instructed the Minister for the Co-ordination of the National Defence Services to set to work at once to obviate any recurrence of such sectionalism. The Navy, at its bases, even in the worst possible foreseeable emergency, should be able to be fully equipped with munitions, without upsetting the allocation of contracts in the re-armament programme as a whole. Nor should the present concentration on Air Force requirements be permitted to oust all considerations of the other Services' needs, nor, *a fortiori*, of normal industrial requirements. Again, the "housing boom" has spread to all kinds of industrial activity all over the country; but the manufacture of arms, munitions, aircraft, engines, warships, etc., is highly specialised. Nazi Germany, starting her rapid

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re-armament "from scratch" in 1933, was fortunate enough to have a surplus capacity in all sections of her heavy industries. This surplus capacity had been created in part, ironically enough, by loans from overseas designed to improve her ability to pay reparations. In Great Britain, on the other hand, since the devaluation of sterling and the rapid raising of new protective duties on imports of iron and steel products, machinery, tools, etc., the national capacity to turn out production goods has been increasingly occupied by the recovery in domestic demand. A sudden concentration of Government orders (enjoying "priority" rights) on one or two key points—e.g. machine tools, munitions, aeroplane engines and certain machinery—is bound to cause some dislocation in these particular industrial, raw material, or labour markets, with a consequent tendency for certain prices to rise, and for civil deliveries to fall into arrears.

"Bottle-necks" in industry are already apparent in the metal trades—chiefly in machine tools and certain sections of engineering. Their existence is evidenced by the inability of commercial firms to secure deliveries from certain "key" producers in a reasonable time. Moreover, the Government have adopted the ill-starred system of "deferred price-fixing" in awarding contracts, under which contractors are required to proceed with work on the understanding that contract prices will be fixed when sufficient work has been completed to enable a "fair price" to be determined. Consequently, wherever a scarcity of labour or materials is encountered, Government contractors are enabled to bid up prices sufficiently to guarantee them their supplies. Complaints are already being heard from purely commercial firms in the engineering industry that their costs are rising, and their limited supply of skilled mechanics is being depleted. Certain branches of the commercial aircraft industry, notably the equipment section, aptly exemplify this tendency. Again, there is little doubt that the output of blast-furnace coke, pig iron and various semi-finished products is below demand at current prices. Export trade is being neglected; for armaments and home trade have first claims on the output of machine tools, engines, machinery, etc., though it is in our export trade that most unemployment still remains. Even firms which need these articles for "civil" purposes are beginning to complain of arrears in deliveries, and of difficulty in placing new orders for completion at current prices within a reasonable period.

As far as the prices of iron and steel are concerned, there is a cogent moral in all this. High duties on imported iron and steel, secured without the reorganisation in the industry demanded by the Chancellor and the Import Duties Advisory Committee, plus a low quota for imports, secured by the hard bargain imposed (with the Government's active support) last year on the Continental steel cartel, may go far to entrench the unco-ordinated iron and steel producers in a monopoly position. This may bear heavily for a time on "civil" industry.

One thing at least is clear. The Government have incurred responsibility for increasing the demands upon the capacity of certain sections associated with those heavy

trades which condition the costs of British industry. The corollary of that responsibility should be a readiness to take and exercise power to prevent monopolistic exploitation, and to ensure a minimum disturbance in these industries. The country will not allow sectional profiteering to ensue from the country's needs, without more than a murmur. Whether the Government will, ultimately, be driven to adopt further measures in the sphere of monetary policy to keep "civil" recovery going is another question, whose answer may well depend on the way the re-armament programme, in fact, impinges on industry. The authorities, in short, may find it anything but simple to maintain and control, in double harness, two "booms"—"civil" and "military"—which differ radically both in nature and origin.

THE DIESEL ENGINE

THE development of the diesel engine, like that of the majority of mechanical devices, has been the result of the omnipresent human desire for increasing convenience, at reduced cost. The first commercial diesel engine made its appearance in 1897, at a time when the majority of engines of the internal combustion type were driven by gas. The development of the gas engine relieved its users of the necessity to light fires and raise steam many hours before the beginning of each day's operations, and eliminated the banking of fires, the cleaning of furnaces, the removal of ashes, and the multitude of other duties involved in the generation of steam. The gas engine could be started at relatively short notice; it used its fuel while in service, and no longer; and, once started, it needed far less attention than any steam plant.

The early oil engines were developed to bring the conveniences and economies of the internal combustion engine to agriculturists and others outside the areas in which town gas was obtainable. The initial fuel was lamp oil, for which, even in early days, distributive facilities were well organised. The process of starting was more protracted with oil than gas. The modern petrol engine starts at the touch of a button, but the vaporiser of a paraffin engine required preliminary heating by a blow-lamp for about 15 minutes. The earliest types were not altogether economical—or, as engineers would say, they were not thermally efficient. They tended to "soot up" badly, and required frequent cleaning, or "decarbonisation." Nevertheless, increasing demand for these engines, at home and abroad, prompted extended experiment and research to secure improvement of their performance.

Coincidentally with the development of the internal combustion engine using liquid fuel, the whole of Great Britain became equipped with electrical generating stations. It was in this particular field that the diesel engine of to-day was largely developed. One of its attributes, which encouraged its adoption by electrical and other authorities, was its ability to use the products of the commercial distillation of petroleum, other than lamp oils or the lighter petrols. It could be fed with the heavier distillates, which,

at that time, were obtainable at a price less than half that of paraffin. When it was realised, moreover, that "compression-ignition," with a smaller space in front of the engine piston, produced an increase in "thermal efficiency" approaching 100 per cent., the application and development of this type of oil engine proceeded by leaps and bounds.

The diesel, or compression-ignition, engine requires no preliminary heating. It can be started and put on full load in less than a minute. Its cycle of operations is simple, whether on the four-stroke or the two-stroke principle. The four-stroke-cycle engine operates somewhat on the lines of the automobile engine, except that the out-going piston draws in atmospheric air only (not air and fuel), through an admission valve which is mechanically closed at or just after the end of the out-stroke. The inward movement of the piston, by the continued rotation of the flywheel, causes the air which has just been admitted to become highly compressed and heated, in the same way as the air in a bicycle or motor pump becomes heated when a tyre is being blown up. At, or just before, the completion of the compression stroke, a fuel valve is mechanically opened and the liquid fuel is injected into the heated air in the form of a fine mist or spray. Ignition and "internal combustion" ensue immediately and the consequent generation of heat creates the force which drives out the piston and rotates the engine crankshaft. Just before the end of this "combustion" stroke, the exhaust valve opens, and during the next instroke of the piston the hot residual gases are expelled, before the re-admission of air for the beginning of the next "cycle." In the two-stroke-cycle engine the same sequence occurs, but the combustion stroke and the compression stroke are each slightly shortened, in order that exhaust of residuals and admission of fresh air (under pressure) can be completed in the short interval between the end of one and the commencement of the other. Thus, in a two-stroke engine, each cylinder gives an impulse at every revolution of the crankshaft; whereas, in a four-stroke engine, each cylinder gives but one impulse in every two revolutions.

During recent years, the compression-ignition engine has been made simpler mechanically by the use of a highly efficient fuel feed pump for injection purposes. This eliminates the use of an integral compressed air unit, formerly considered necessary for pulverising the fuel and introducing it to the cylinder at a pressure considerably higher than the compression pressure attained by the movement of the engine piston. The need for high pressure air receivers and "intercoolers" has also been eliminated. Compressed air is still required for starting the engine from a standstill, but this air does not need to be highly compressed. The success of the compression-ignition engine with "airless," "mechanical," or "solid" injection, as it is variously called, has been mainly due to the work of British engineers. Such a method was in fact, patented by Stuart Akroyd, of Bletchley, before Diesel wrote his famous treatise on the principles of the engine now coupled with his name.

The rapid technical progress of the diesel engine has been accompanied by a steady extension of the fields of its employment. Unfortunately, statistical evidence on this point is somewhat meagre. The mercantile marine, however, has for years past favoured the motor-ship in preference to steam-propelled vessels, as is revealed in the annual reports of Lloyd's Register of Shipping:—

WORLD MERCANTILE TONNAGE CLASSED BY LLOYD'S REGISTER
(In thousands of gross tons)

Year	Total Steam and Motor Tonnage (including Auxiliaries)	Types of Engines		
		Steam Reciprocating	Steam Turbines (including Turbo-Elec.)	Internal Combustion Engines (including Diesel-Elec.)
1925-1926	1,325	576	146	602
1926-1927	1,367	405	169	393
1927-1928	1,750	854	209	812
1928-1929	2,038	784	167	786
1929-1930	2,504	856	100	847
1930-1931	2,734	421	101	1,213
1931-1932	2,765	159	158	598
1932-1933	2,477	119	140	188
1933-1934	2,448	93	11	244
1934-1935	2,522	158	42	552

ALL EXISTING VESSELS OF 100 TONS AND UPWARDS RECORDED IN LLOYD'S REGISTER BOOK
(In thousand tons)

Year	Total Steam and Motor Tonnage (including Auxiliaries)	Types of Engines		
		Steam Reciprocating	Steam Turbines (including Turbo-Elec.)	Internal Combustion Engines (including Diesel-Elec.)
1925-1926	62,380	50,566	9,100	2,714
1935-1936	63,727	43,360	9,062	11,305

Many vessels propelled by steam use oil fuel for various reasons, including ease of handling, avoidance of the clinking of coal fires in rough weather with its inevitable risk to stokers, lessened difficulties of bunkering, etc. In such ships diesel engines are used for generating electric current for lighting, pumping, ventilating, refrigerating and a multitude of auxiliary services. In submarines, the diesel engine has proved to be the most suitable means of propulsion. On land, the use of the diesel engine has also increased rapidly. For example, the compression-ignition engine imposes a useful check upon the price charged for electricity from the "Grid." It is being increasingly installed in steam-driven electric power stations for emergency use, to operate the multiplicity of subsidiary but vital apparatus, which must be made available before the complicated system of steam generators, feed pumps, condensers and turbo-driven alternators can be put into normal service. For water pumping, whether for drinking and industrial purposes, or for dealing with a sudden influx of storm water to prevent flooding, the diesel engine is desirably immune from failure at inopportune moments. For reasons of public health, sewage pumping is similarly free from outside interference if operated by diesel engines.

In road transport diesel engines are tending to displace the petrol engine from certain uses. Despite the increase in the taxation of heavy oil for traction purposes, the municipal and public transport services are adopting the diesel engine in ever-increasing numbers. A committee of the Municipal Tramways and Transport Association (Incorporated) give the following figures:—

CHANGES IN THE TYPES OF OMNIBUSES OPERATED BY THE ASSOCIATION BETWEEN 1933 AND 1935 (21 MONTHS)

Type of Vehicle	Sept., 1933		June, 1935		Change
	Number	Per cent.	Number	Per cent.	
Petrol Omnibuses	5,206	93	4,718	73.5	- 488
Diesel Omnibuses	389	7	1,707	26.5	+ 1,318
Total	5,595	100	6,425	100	...

The Germans have already solved the technical problem of producing a diesel aero engine which gives a longer range of action for a given weight of fuel.

It will be seen that the application of the diesel engine has already made great strides. Its possibilities, however, are far from being exhausted. In a number of fields, including mercantile shipping, the use of the compression-ignition engine has made more rapid headway abroad than in Great Britain, which has an abundance of domestic coal supplies. But its use may well increase with further reductions in the cost of producing oil from coal.

GERMANY RE-VISITED

(BY A CORRESPONDENT)

IN Germany to-day there are, broadly speaking, two parties and two issues. The dominant party is, of course, Herr Hitler's own, which mainly consists of low-brows not more than thirty or less than ten years younger than their Führer (who celebrated his forty-seventh birthday last week). The other party (which, it goes without saying, is overwhelmingly outnumbered) consists of high-brows who are either older than Hitler or less than ten years younger—using "high-brow" in the sense of a person who has a religious soul or a cultivated mind, or both. In the Dark

Ages the two qualities are apt to go together. While these are the two parties, the two issues are the education of the younger generation and foreign affairs.

The educational issue is the more acute; and this not only because it comes nearer home, here and now, to every man, woman and child in the Reich, but also because both sides are equally convinced—and, in the case of Germany, at any rate, the belief is justified—that the way in which the rising generation is brought up is going to determine the answer to every other question of the future. In this context, "education" must, of course, be understood in the broadest sense as meaning the whole upbringing of the child—bodily as well as spiritual, and moral as well as intellectual. It includes everything that contributes to a *Weltanschauung*—and the Nazis are determined that the present rising generation in the Third Reich, and all its successors after it, Reich without end, shall take the impress of the Nazi *Weltanschauung* and shall have none other gods but Blood and Soil. If they have their way—and they rightly regard this battle as more vital for their cause than any other on either the home or the foreign front—then, thirty years from now when the last surviving representatives of the high-brow species will have died off, there will be no high-brows in Germany ever again. Your German will be a Nazi from the age of fourteen, when he enters the youngest grade of the tribal organisation, until his dying day: a veritably Spartan *Lebenslaufbahn*.

In this systematically and intensively inculcated neo-barbarism there is much that is superficially attractive and something that is solidly good. If you visit, for example, one of those settlements of girls who have volunteered for six months' labour service on the land—to help the farmers to gather in their harvests and the farmers' wives to look after their children—you will see an idyllic picture (not wholly false) of health, faith and innocence. It is an innocence which would be proof against any revelation of the things which the Leader and his lieutenants have had to do in order to fight their way to power and that they still have to do in order to hold their dizzy position. If you told them the truth, the young people would reject nine-tenths of the facts as sheerly incredible, while they would defend the remaining tenth (which would, of course, be the least damaging) as a regrettable but necessary commission of a little evil for the sake of securing a tremendous good. Whatever enormities may be committed in the future by the neo-barbarian totalitarian state the great majority of the tribeswomen and tribesmen will assuredly be as healthy, loyal and innocent as these young girls. Even the young men who loyally respond to their tribal education by getting themselves burnt to death in dropping poison and explosives upon the tribal enemy (whoever he may be) may be admirable and even lovable creatures in their way!

But which *Weltanschauung* is actually going to capture the rising generation in Germany? The neo-barbarism of the Nazis? Or the old-fashioned ways of life represented by Christianity and by Liberalism (Communism in Germany has gone to earth)? To-day, undoubtedly, the Christians, as well as the Liberals, are despondent, while the Nazis are confident. "The Nazis," a Christian will tell you "are deliberately, and successfully, making martyrdom impossible for us. They always avoid frontal attacks which would justify an uncompromising resistance. And even if we did bear witness unto death, the Secret State Police and the Propaganda Ministry between them would take care that nobody ever heard about it." The prosaic truth is that martyrdom implies publicity; and, in a latter-day totalitarian state, all the means of production—or restriction—of publicity are monopolised by the tyrant and his henchmen.

And what about the question of peace or war? To this question, too, the opponents of Nazidom in Germany give a pessimistic, and the Nazis an optimistic, answer. The high-brows expect war within a year or two; the Nazis are looking forward to peace.

What kind of a peace, though, is it that Hitler expects and means to have? *Ex hypothesi*, it is not the Peace of Versailles, for one of Herr Hitler's twin rôles on his home stage is that of Germany's liberator from "the Versailles Diktat" (his second rôle is that of Germany's, and Europe's, rescuer from the jaws of Communism). Nor, again, is Herr Hitler's peace the peace of Moltke's collective security. In von Moltke's famous phrase, Herr Hitler

would assuredly say of this collective kind of peace—supposing that he were speaking frankly—that "it is a dream, and not even an agreeable one." For Hitler, the Covenant is primarily Chapter I of the Versailles Treaty—a device for enlisting the ex-neutrals in the defence of the ex-victors' war gains. Having now succeeded in tearing up all the other non-territorial chapters of the Treaty, Herr Hitler is willing to rejoin the League—with a request to us to show him the courtesy of publicly divorcing Chapter I from the remainder of the odious and obsolete Versailles instrument. He is willing, but he is not enthusiastic; and he will not be so hypocritical as to conceal his satisfaction if the present system of collective security is successfully broken up, and the principle itself discredited, by Mussolini.

What is the peace, then, that Hitler wants? Substantially, his notion of peace is the same as Mussolini's, which is recorded in the original Italian version of the subsequently watered-down Four-Power Pact. Like Mussolini, Hitler wants a joint armed hegemony of the four European Great Powers. The Big Four are to stand back to back; and to turn their arms outwards only. The two sated partners, England and France, will not be called upon to do any of the fighting or to make many of the sacrifices, but they will be expected loyally to do their duty by their two hungry comrades; and this loyalty, which is asked of us, means giving the two hungry and willing Powers a free hand to serve as Europe's champions against outsiders—with the corollary that the labourer is worthy of his hire. Nazi Germany, as well as Fascist Italy, has her social mission, for if it is Mussolini's mission to spread the European light of Fascism in darkest Ethiopia, it is Hitler's mission to defend the eastern marches of Europe against the Russian flood of Communism. Hitler is as genuinely shocked to see France betray his Europe by making a pact of mutual assistance with the Soviet Union as Mussolini is shocked to see England betraying Mussolini's Europe by taking the lead in applying the Covenant for the benefit of a black Abyssinia!

In striking this posture of Europe's warden of the Russian marches, Hitler is unquestionably sincere. He has proved his sincerity by at least one immensely difficult and unpopular act—his pact with Poland, which means renouncing the Corridor and Upper Silesia for the next eight years. This is Hitler's contribution (and it is a heavy one) to his self-assigned task of consolidating Europe's anti-Russian front. But does he really believe in this Russian menace, when to our eyes it is patent that Soviet Russia to-day is as pacific—and as apprehensive of herself being attacked—as *bourgeois* France? Well, Hitler is not a man of science, but a histrionic artist. He does not ask himself: "Is Russia aggressively-minded or not?" He simply says to himself: "I, Hitler, the little man commissioned by powers higher than myself, am intuitively conscious of my mission to be Germany's—and Europe's—saviour from the Communist menace; and, obviously, if Saint George is Saint George, the Dragon must be the Dragon."

Then does Hitler mean to attack Russia in the name of defending Europe, and so, as his reward for this European service, to win for his Third German Reich a Rosenbergian Empire extending from the Gulf of Finland to the Sea of Azov? It is extremely unlikely that Hitler's conscious ambitions to-day are on anything like so grandiose a scale. It is only the *Anschluss* of Austria that, in some form or other, he means, and expects, to secure—and that is really not an unreasonable ambition, however upsetting it might be for the present European balance of power.

On this showing, Hitler is not looking towards war, even on his eastern frontiers. But is he travelling towards it, so, the same? Unhappily, one cannot feel at all sure that he is either going where he is looking, or looking where he is going. For he cannot, with impunity, go on and on repeating these violent anti-Russian speeches and gestures which German rôle on the home stage requires of him. Hitler's pious, which is driving the Russians to make counter-attacks at most business gesticulations; and this is forcing all the little states to choose between Germany and Russia to take sides in a view of the a conflict which, if it comes, will, for that, in foreign trade virtually impossible to localise. This is the danger which Germany's domestic system, a propaganda evokes in Europe.

POLITICS AND LIBEL

Of late years our English Law Courts have been suffering from a libel-complex, for which many a plaintiff has had cause to be grateful. Juries seem to have grown more and more tender-hearted; and some of His Majesty's judges, taking an increasingly serious view both of the wickedness of criticism and the sordid motives of the Press, have employed on the Bench the art of advocacy which they learned at the Bar to stimulate the jurymen to award swingeing damages. Comments which less judicial minds would regard as harmless or justifiable have been treated by the judges as gross defamation; and plaintiffs, encouraged by the prevailing fashion, have brought actions that in earlier generations would have been laughed out of Court. A gentleman who is described as a company meeting agitator has the wound salved by the application of £2,500, and a singer who is criticised as making use of the intrusive H—of saying pi-hilot when he means pilot—receives a trifle of £2,000. Solicitors and counsel, noting the growing generosity of the Courts, advise their clients accordingly, and all negotiations between plaintiffs and defendants are tuned to the appropriate key.

Hitherto this habit of mind has been concerned mainly with matters of personal criticism, but there has been an obvious danger of its spreading, with grave results, into public life and political criticism. That danger is now developing. The fashion of bringing actions for unfavourable comment is invading the field of politics. Last year, the *Morning Post* printed as a headline the words "Italy Climbs Down." Lord Kilmaine, a member of the House of Lords, considering (as he had every right to do) that the words were ill-timed, asked the Government whether they were not an abuse of the freedom of the Press, and suggested a form of censorship. The *Morning Post*, considering (as it had every right to do) that the attack on it was unjustified, retorted with the following comment:—

Lord Kilmaine, an Irish representative Peer, whose part in our political life has hitherto escaped notice, emerged from obscurity to deliver quite irrelevantly an attack on the *Morning Post*. Though the questions agitating our politics of recent years have failed to stir Lord Kilmaine from a no doubt prudently imposed silence, a headline has at last broken down his reserve. . . . Possibly those who drew the brief were afraid of overloading their advocate who, it is evident, knew nothing of his subject. . . . Lord Kilmaine's impertinent intrusion would not deserve notice . . . but to take a charitable view we must assume him to be only the unwitting tool of others who needed a not too sophisticated agent for their ends.

The tone of this passage may not, perhaps, suit everybody's taste. So far, however, as the charges contained in it are concerned, a simple analysis shows them to be that (1) Lord Kilmaine is an Irish representative Peer; (2) his political life has been obscure; (3) he seldom speaks; (4) he was probably advised and stimulated to deliver his criticism; (5) his intrusion was impertinent; and (6) he is unsophisticated. On the strength of these six accusations the plaintiff pleaded that he was charged with abusing his position as a member of the House of Lords and of making statements on subjects on which he was incompetent to express any considered opinion. For this he was awarded £2,000 damages.

That is as fair a summary of the case as we can achieve. Taking it as our standard, let us try to estimate the damages-value in an English Court of the ordinary small change of political controversy. Let us first go back a century or so, and hear what *The Times* of our great-grandfather's day had to say of Lord Brougham:—

The speaker has hit himself off with singular truth. Perhaps the portrait may be a little strengthened in likeness, dictating substituting quackery for ignorance, though persons kneed into with the furniture of Lord Brougham's mind. Only that it is like the specimens of an upholsterer's show-piece, a lumber of fineries, odds and ends, at which, and less necessary to the fitting of any one into the understanding.

La Jacque, remarkably like Lord Kilmaine's. The

defendant by his statement meant that the plaintiff (1) was a quack; (2) was ignorant; (3) had a mind ill-balanced and ill-furnished; and (4) was unworthy of his membership of the House of Lords and incompetent to express a considered opinion on matters which he had in fact debated in their Lordships' House. But the science of litigation being at that period of our history only partially developed, neither the infamy of the criticism nor its possible cash value occurred to Lord Brougham's ill-upholstered mind.

Now we move on a hundred years and come to contemporary criticism. To be fair, we will not grub round in anthologies of abuse, but will take down from their place on the shelves two books of modern history—chosen at random as the first two that come to hand and skimmed at random over a few pages. First, "The World Crisis," by Mr Winston Churchill. Much of this remarkable history is devoted to the Dardanelles, and the Government's decision to evacuate is naturally criticised. That decision was arrived at on the advice of General Monro, who was sent to investigate conditions on the spot and report. This is what Mr Churchill has to say of the General:—

General Monro was an officer of swift decision. He came, he saw, he capitulated. He reached the Dardanelles on October 28th; and already on the 29th he and his staff were discussing nothing but evacuation. . . . Without going beyond the Beaches, he familiarised himself in the space of six hours with the conditions prevailing on the 15-mile front and spoke a few discouraging words to the principal officers. To the divisional commanders he put a question in the following sense: "On the supposition that you are going to get no more drafts can you maintain your position in spite of the arrival of strong reinforcements with heavy guns and limitless German ammunition?" . . . He returned to Imbros. He never again set foot on the Peninsula during his command.

On the Kilmaine analogy, what pleadings could we have drawn? The defendant's statement, we could have pleaded, meant that the plaintiff failed in his duty as a soldier (1) by being eager to capitulate; (2) by neglecting to look at the front he was sent to inspect; (3) by deliberately lowering the fighting spirit of his officers; (4) by purposely angling for an unfavourable reply; and (5) by leaving the fighting front and staying away from it. An ordinary man might consider Mr Churchill's argument as the stuff of everyday criticism, but if Lord Kilmaine's £2,000 is the norm, for what might not the General have hoped?

We turn to book number two: Mr D. C. Somervell's "Reign of King George the Fifth." Mr Somervell is no admirer of Mr Lloyd George, and does not pretend to be:—

Cavour once said something to the effect that in order to lead his country through the crisis of war to victory he had to play the part of a great rascal. Mr Asquith was not a great rascal, and nothing would make him one. Mr Lloyd George was in almost every respect the opposite of Mr Asquith. He eagerly took personal credit for every thing to which he could lay claim and shifted discredit on to other shoulders. He assiduously built up his own legend. We need not like his performance, but perhaps we ought to be grateful for it.

(1) A great rascal; (2) eagerly taking personal credit; (3) shifting discredit on to others; and (4) assiduously building up his own legend. If Mr Lloyd George was either thin-skinned or a gold-digger, imagine the pleadings and conceive of the damages. Indeed, if on every violent criticism launched against him during his career Mr Lloyd George had brought an action and been given damages on the Kilmaine scale, he would by now be the richest man in the country—even after he had set off, against credit entries, the damages which would have been recovered from him by those whom, in speech and in writing, he has on special occasions ventured to criticise.

The plain truth is that judges and juries with their fantastic attitude to libel are setting up a new censorship which, if developed, will kill that freedom of discussion which is vital to democracy. The law is intended to protect men from genuine defamation of character. It is being used to shelter them from criticism. It stifles comments that ought to be made. It breeds litigation. If not checked, it will in time breed, too, a race of thin-skinned politicians whose first thought, as they open their daily paper, will be to look for something actionable about themselves.

NOTES OF THE WEEK

The Budget Debate.—An unexpectedly interesting Budget was followed this week by an unusually lively Budget debate. In general, given the Government's past failures in foreign policy, members accepted the necessity for some increase in military expenditure. Mr Churchill, indeed, flourishing impressive estimates of Germany's re-armament bill, argued that our own expenditure should have been actually larger. More criticism, however, was concentrated on the methods by which Mr Chamberlain proposed to secure the money. The raising of the income tax and the proposal to tighten up methods of collection were on the whole approved, though one member was found to defend evasion; and the abolition of the Road Fund found defenders as well as critics. The sharpest attack on Mr Chamberlain was consequently reserved for the weakest point in his Budget—the increase of the duty on tea. And the apologies for this increase made by Mr Chamberlain and his supporters this week are most unconvincing. To argue that even the poorest section of the community should pay for re-armament is to assume that the burden of taxation was fairly distributed before the imposition of the new taxes. But, after the large increase in indirect taxation in the last five years, it cannot be maintained that this is so. Mr Chamberlain's supporters this week have repeated the old allegation that the poorer sections of the community contribute much less in indirect taxation than they receive in social services. This would not be a valid argument, even if true. But in fact it is untrue. Total expenditure on unemployment, health, pensions, education, housing and other services out of Parliamentary votes or grants in 1933-34 (the latest year for which complete figures are available) was £224,400,000. In that year the total revenue from Customs and Excise was £286,455,000. If we accept the usual estimate, therefore, that the working classes contribute from three-fourths to four-fifths of the total raised in indirect taxation, we must conclude that that total is almost certainly not less than the Budget contribution to the social services. There is a strong case, therefore, for believing that the increase in the tea duty makes an already inequitable tax system even more inequitable.

—And the "Leakage."—The news that extravagant premiums had been paid on the eve of the Budget for insurance against rises in the tea duty and income tax gave rise to anxious questionings during the week's debate. Mr Chamberlain stated that the Government were determined to have the matter probed, and added that the chairman of Lloyd's would investigate it thoroughly. He refused Mr Atlee's suggestion of a Select Committee, however, on the ground that a leakage had not yet been proved. There is unfortunately little doubt in the market that some exceptionally well-informed persons were engaged during the week-end before the Budget in insuring against rises in the income tax and tea duties. The income-tax orders began to come in before the week-end, soon after the Cabinet meeting at which the Budget was discussed; and the premium rose from ten or fifteen to forty guineas. The tea order was received after lunch on Budget day. Other circumstances suggested special information. This being so, it is not surprising that prominent names are being widely mentioned. Clearly, if the chairman of Lloyd's is unable to discover or publish the source of the alleged leakage, it will be the Government's duty to do so.

The Questions to Germany.—This week will probably see the despatch to Berlin of the questions which the British Government is to address to the German Government, with a view to the elucidation of a number of important points left obscure in the German memorandum on Herr Hitler's "peace plan." That the questions should be formulated and despatched to Herr Hitler by

Mr Eden, and not by the Quai d'Orsay, was arranged by agreement between the French, Belgian and British Governments. On the German side, during the last few days, there has been a regrettable disposition to take exception to the whole procedure, on the *a priori* ground that it is beneath the dignity of a Great Power like Germany to submit to being cross-examined, and that, in putting his questions, Mr Eden is serving up the old dish of "inequality" with a new sauce. The Germans should think better of this line before they commit themselves to it too deeply for them easily to draw back. As a matter of fact, the request for elucidation of a document is one of the regular customary procedures of international diplomatic intercourse. Even the Government of the Weimar Republic, in the days when Germany was labouring under "the Versailles Diktat," was sometimes known to put questions of the kind to England and France—for example, in the negotiations that led up to the conclusion of the Locarno Pact and to Germany's application for entry into the League—and this precedent proves, on Herr Hitler's own hypothesis, that to ask diplomatic questions cannot really be regarded as a hectoring assertion of a superiority of status over the party to whom the questions are put. We reasonably want more light on Herr Hitler's policy towards the eastern and southern neighbours of the Third Reich. Has the Führer really renounced "the Rosenberg Plan" of winning a huge empire for Germany over vast non-German populations and territories in Eastern Europe? Is it only with the German Uitlanders under non-German rule that he is now concerned? And, if his hopes and cares and demands are thus limited, what are the permanent solutions that he envisages as satisfactory, from his own point of view, for the welfare of German populations outside Germany's frontiers? He cannot reasonably refuse to discuss such questions.

Dr. Schacht and General Göring.—Dr. Schacht's mouthpiece, the *Deutscher Volkswirt*, published last week an attack on certain Nazi Party influences and tendencies in finance, and demanded the appointment of a supreme controller of expenditure. On April 27th the appointment was announced of the Prussian Prime Minister, General Göring, as a kind of foreign exchange and raw materials dictator, who—formally—was given supreme authority over everyone in these domains, including Dr. Schacht. General Göring is entrusted with "the examination and regulation of all necessary measures arising out of raw material and foreign exchange questions and he is empowered to give orders to all departments and Party bodies, to require the assistance of Reich Ministers and to employ them as his representatives. Our Berlin correspondent writes that the new measure is liable to various interpretations in view of Dr. Schacht's new attack on Nazi partisans, of their increasing hostility to him, and of their prominence in Herr Hitler's entourage. As far as is known, the anti-Schacht faction, which is practically the whole Party, with the exception of a few neutral Nazi Ministers, not only dislikes Dr. Schacht as "capitalist," but is resolved to push the old Party policy of inflation and devaluation, claiming incidentally that this would settle in a natural way problems of foreign trade which is at present kept going by burdensome levies. Also Dr. Schacht's abilities are an offence in the eyes of persons to whom intelligence of any kind is a vice. Formally, the new measure removes from the competence of Dr. Schacht practically everything that matters in the German economy. The foreign exchange and raw materials, which are Dr. Schacht's special domain, embrace most business problems: the control and rationing of industrial production, price regulation, foreign trade and (in view of the interests of the Nourishment Corporation in foreign trade also agriculture. In addition, Dr. Schacht's functions as President of the Reichsbank are involved.

A Disappointment for Nazis.—Of late, the Nazi Party has campaigned even more openly against Dr. Schacht than he against it. Shortly before he took the offensive in the matter of finance he had been viciously attacked in the Press organ of the extremist Herr Himmler. Uninitiated persons might therefore at first sight have concluded from the appointment of General Göring that the Party had overcome the Minister of Economy and had transformed an almost omnipotent Minister (under a law of two years ago the Minister of Economy can override laws and ordinances) into the underling of an inept Party magnate. It seems, however, that so far from Dr. Schacht going, he intends to remain, with reduced formal authority, but with increased power to put his policies through. In the struggle between the different departments for foreign exchange (Defence being one of the most clamorous) General Göring can ensure compromise. But as the expert still Dr. Schacht it is probable that he will frame the compromise. If so, the only new factor will be that a Minister with high Party prestige and with police authority, whom the wildest men would scruple to attack, will henceforth see that necessary measures shall not be wrecked. Indeed, the official communication expressly refers to the "numerous State and Party instances" which have to co-operate in raw material and foreign exchange matters. This passage is a mere commonplace unless the purpose of the new measure is to establish order between the warring interests. It is very likely that Dr. Schacht, who, through efficient means, has repeatedly shown his impatience with the present anarchy, himself devised the remedy. If so, no change in currency, foreign trade, raw material or industrial regulation can be expected; and the Party will have suffered a defeat.

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The First French Ballot.—The voting in France last Sunday was orderly and the polling heavy; but the results of the first ballot are inconclusive. Only 183 candidates succeeded at once in obtaining an absolute majority; in 433 constituencies there has to be a second ballot, which will be taken to-morrow; and it is virtually impossible to conjecture what the outcome will be, in these constituencies, of the electors' second thoughts. The most prominent feature is the striking progress of the Communists—mainly at the expense of the Socialists. How will this affect the solidarity of the *Front Populaire* on the second ballot? The principle of the *Front Populaire* is that, while every Communist, Socialist and Radical-Socialist elector votes in the first ballot for his own Party candidate, he is asked by his Party organisation—in virtue of an agreement between the three Party organisations concerned—to vote in the second ballot for whichever Left-Wing candidate has obtained the largest number of votes in the first ballot, in order to ensure that the final victory in the constituency shall be secured by the candidate of one of the Left-Wing Parties, whichever it may be. The question is: How many of the Socialist-Radical electors who have to vote again to-morrow will follow their leaders' instructions by voting for the Communist candidate—supposing this to be, in their case, the course which the electoral understanding requires them to take? The electoral agreement between all three Left parties is reported to be holding firm; so that a Leftward swing on Sunday, and a Government of the Left, seem probable. This may be a good omen. In terms of foreign policy, a Communist-Radical entente will mean that France will trust to the League and her alliances with Russia and the Little Entente; while an entente between the Radicals and the Right will mean that she will continue to stake everything on her understanding with Italy.

* * *

Ferment in Austria.—While it appears, for the moment, that the reports of heavy German concentration of troops on the Austrian and Czech frontiers were exaggerated, it seems none the less certain that there were serious reasons for the Austrian Government's despatch of troops to Salzburg and the Tirol. These reasons lie in the relations between two sections of the Government: the

Fascist wing, led by Prince Starhemberg and supported by the Heimwehr; and that small section of the Cabinet, headed by Dr. Dobretsberger, the young and able Minister for Social Welfare, which has recently been impressing on Chancellor Schuschnigg the need for an entente with the workers. The workers, especially those in Vienna, nurse bitter memories of the Heimwehr's savage onslaught upon them in the fateful February of 1934. Prince Starhemberg, though he secured the recent dismissal of Major Fey from the command of the Vienna Heimwehr, has lately had to bear "a brother near the throne"; for the Chancellor has, in contravention of the Treaty of St. Germain, introduced conscription for the regular army; and it is reported that the Government have even called up 50,000 men already. This challenge to his potential eminence as supreme leader of Fascist Austria's praetorian guard seems to have caused Prince Starhemberg some chagrin. Last week-end he delivered himself of a speech at Horn in which he warned "authoritative persons," who had openly hinted at the assimilation of the Heimwehr, and the Chancellor's own Catholic *Sturmscharen*, to Austria's new and increasing regular army, that they would only be permitted to accomplish their aims over his dead body. Thus, while Nazi propaganda in Austria is now battenning on the published list of payments to eminent associates of the Heimwehr and of the Government out of the ill-fated Austrian Phoenix Insurance concern, Dr. Schuschnigg's Government is a prey to serious internal dissensions. Prince Starhemberg's speeches usually give off more heat than light; but his latest utterance seems ominous. It may well bring to a head the inevitable conflict of wills between, on the one hand, a Chancellor and his supporters who want to see Mgr. Seipel's dream of a tolerant Austria realised, and, on the other, a young Prince who sees himself and his henchmen as the paladins of Austrian Fascism. The incompatibility is self-evident. But it may cost Austria, and Europe, dear if the Heimwehr remove their support from the Government and look indulgently towards the Nazis.

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Russia and Japan.—There will be no new Russo-Japanese war in the Far East if the Russian Government and the civilian element in the Japanese Government have their common way—the way of peace. At a dinner given in Moscow the other day in honour of a retiring Japanese military attaché, the Japanese Ambassador and the principal Russian guest—the Soviet Commissar for Defence, Marshal Voroshilov—exchanged some after-dinner observations. These were so closely concordant in matter and manner that it was obvious the speakers were aiming their shafts, not at one another, but at the Japanese officer who was on the point of returning home to report. Mr. Ohta, who spoke first, expressed the opinion that, in spite of misunderstandings, there were no disputes between the two countries that could not be settled by peaceful means. He added that the Japanese Government agreed with the Soviet Government in not wanting war. Marshal Voroshilov, in reply, declared himself in agreement with all that the Ambassador had said; but he went on to point out that the Soviet Government had repeatedly pressed the Japanese Government to conclude a non-aggression pact with it; but so far without obtaining any response. He then referred to the recent increase in the frequency of frontier conflicts. The Soviet Government, he said, expected that the Japanese Government, if they really wished for peace, should try to put an end to the activities of elements which were provoking bloody frontier affrays. These elements, of course, are the fanatically fascist-minded young Japanese officers who bully the senior officers—who pass the punishment on by brow-beating the civilian authorities. With ups and downs, the struggle in Japan between the berserkers and the civilians has been going on ever since the explosive military *émeute* of September, 1931. On the whole the civilians seem, unfortunately, to be fighting a losing battle. For example, while the *Putsch* in Tokyo, two months ago, was nominally disavowed and suppressed, a good deal of the mutineers' programme was achieved as a result of their outbreak. On April 24th it was announced that the "unification"

of Japanese foreign policy was now to be promoted by the institution of an informal weekly conference on foreign affairs between the Foreign Minister on the one side and the Ministers for the Army and the Navy on the other. By the Japanese constitution, the two latter Ministers have to be a senior military officer and a senior naval officer respectively. It is to be feared that "unification" means compelling the civilians to adopt the policy which the fighting-men want. Marshal Voroshilov's speech comes most aptly upon its hour.

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King Fuad.—King Fuad of Egypt has been almost unique among the hereditary sovereigns of Islamic countries in keeping his throne. While in Turkey the Ottoman Dynasty has given way to President Mustafa Kemal, and the Qajar Dynasty in Persia has been supplanted by another *novus homo*, Riza Shah Pehlevi, the dynasty of Mahomet Ali has survived in the person of King Fuad and will continue to reign in the person of his successor. In general, since the war, the only hereditary Islamic sovereigns who have shown survival-power have been those who have taken on the job of being their own dictators, and so have occupied the key position themselves before it could be seized by some upstart. That is one explanation of the success of King Abdul Aziz Ibn Saud. (The prescription does not always work—witness the fall of King Amanullah of Afghanistan, who lost his throne for overdoing the part of the young man in a hurry.) King Fuad, of course, has been in a peculiar position owing to the anomalous relation in which Egypt still stands—at the end, as at the beginning, of his reign—to Great Britain. But for the British connection, King Fuad would never have come to the throne at all; for he had no natural expectations of stepping into the shoes of his relative and predecessor, Abbas Hilmi, the last Khedive. It was the Khedive's Turcophil sentiments that cost him his office at the beginning of the War, when he openly took sides with Turkey and the Central Powers. In that emergency the British Government declared a protectorate over Egypt, and put Fuad into the Khedive's place with the title of Sultan—a higher title than Khedive (which is an antique Persian term for a viceroy), but nevertheless a title which still, in itself, implies a delegated power. It was not until the famous British recognition—with four reservations—of the independence of Egypt in February, 1922, that King Fuad took the royal style and title in token of the fact that, at any rate in theory, he had now become a completely independent sovereign. It might have been distinctly awkward for the King if he had ever found himself left face to face with the Wafd, with no British army of occupation to rule out the possibility of a revolutionary replacement, in Egypt, of the traditional autocracy by a single-party oligarchy of the post-war Turkish pattern. There were times when he had to bow the neck and submit to the ultra-democratic constitution of 1923; and there were other times when he was able to re-establish "palace government" over the Wafd, and even revise the constitution. In steering his own way through these troubled political waters, King Fuad showed an intellectual ability which also found another, and perhaps worthier, field in the patronage of Arabic literature and scholarship.

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Italy's Economic Plight.—Further information about the effect of economic sanctions on Italy has now been given in a letter set to the League Committee of Eighteen by the chairman Senhor de Vasconcellos. Imports from Italy and Italian colonies into thirty countries during the four months November to February are shown to have declined from 17,025,000 gold dollars to 5,860,000 gold dollars. Exports from these countries to Italy and her colonies for the same period declined from 18,511,200 gold dollars to 10,022,800 gold dollars. The chairman of the expert committee (M. Westman) has also stated that the full effect of the export embargo is becoming gradually more complete. By January Italian exports had fallen off by 46 per cent. (compared with January, 1935), and imports had fallen off

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by 39 per cent. The countries applying the full embargo against Italy's exports had reduced their purchases by January to 16 per cent. of the 1935 figure and by February to 6 per cent. Illuminating information is also given about the depletion of Italy's gold reserve. It had been stated in the Italian Press (compare our Turin correspondent's letter of last week) that the gold reserve of the Bank of Italy was reduced by 909 million lire between October 20th and the end of 1935. In January net exports of gold from Italy to countries supplying information to the League amounted to 517 million lire. Gold exports of 315 million lire in February have already been reported to Geneva. For March complete data is not available; but according to Press reports a single consignment of 260 million lire passed from Italy into Switzerland. This suggests that Italy has exported at least 1,092 million lire since the end of 1935. Since the Bank's holding of gold and foreign assets was 4,316 million lire on October 20th, it follows that Italy has lost practically one-half of her reserve in the six months since that date. Besides this loss the amount obtained by the internal collection of gold is quite negligible. Indeed, it becomes clear that Signor Mussolini's one chance of final success is to destroy the Abyssinian armies in the first six months' campaign at any cost and then persuade the League to lift sanctions at once on the ground that they no longer have any purpose. If the League stands firm, it is difficult to see how Signor Mussolini would be able to support his Abyssinian armies many months longer, even if Addis Ababa were captured.

* * *

Poland Gives up Deflation.—The announcement this week of the impending institution of exchange restrictions in Poland means that Poland at long last has given up the attempt to achieve recovery by deflation. For years Poland claimed to be the one country that had carried deflation to its logical conclusion, and had both refrained from devaluation and enabled recovery to begin unhampered by exchange restrictions. Indeed, it seemed at one time that Poland had performed what has elsewhere proved impossible on the scale required by post-war conditions, and had deflated her costs down to the lower level of prices without provoking a revolution. Wholesale prices actually fell in Poland (1929 = 100) from 103.8 in 1928 to under 55 in 1935, and the cost of living was reduced from 100 in 1929 to 63.0 in 1935. Industrial production fell from 100 in 1929 to 53.9 in 1932. After that it recovered to 70.0 by the end of 1935, and it consequently appeared for a time as though the deflationary remedy might have succeeded. The beginnings of recovery have shown, however, that even so drastic a deflation as that of Poland is not sufficient to offset the present over-valuation of the pre-1931 gold parities. For in recent months Polish imports have shown a tendency to increase in relation to exports, and the Bank of Poland has been losing gold. More important, however, the "savage" deflation of the last seven years has produced acute though semi-articulate economic distress in a country whose standard of living was already low; and discontent among the unemployed has finally led to widespread riots in the last few weeks. Whether Poland has been wise to choose the path of exchange restriction rather than devaluation plus free

exchanges, may well be doubted. But her experience has driven home the moral once again that deflation of costs cannot be carried beyond a certain point without provoking an intolerable social situation.

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The B.B.C. and Its Critics.—The debate on the Ullswater Committee's report on the future of the British Broadcasting Corporation on Wednesday was remarkable for two things: the almost complete unanimity in the House on the need to mitigate authoritarianism in the B.B.C.'s organisation, and the open confession by the Government that, even in so uncontroversial a domestic matter, they had evolved no policy of their own whatever. Thus the spectacle of a full-dress debate, as a "sounding-board," without the faintest hint of any Cabinet policy was offered to a surprised House. Lack of Government policy, however, was taken for granted; and the debate was informed and constructive. Mr Lees-Smith, with distinguished moderation, and Sir Stafford Cripps, with less moderation, for the Labour Party; Sir Francis Acland for Liberals; and Lt.-Col. Moore-Brabazon for Conservatives, all eloquently testified to the House's concern over the autocratic internal administration of the B.B.C. Lt.-Col. Moore-Brabazon rightly demanded at least one debate on the B.B.C. a year. Much of the debate was on the future of the "relay services." These private systems for relaying centrally selected and diffused programmes by wire to weekly subscribers were recommended by the Ullswater Committee for compulsory absorption within the B.B.C.-Post Office monopoly. The Committee's view was ably set forth in the House by one of its members, Major Astor. The B.B.C.'s monopoly must certainly be preserved if an efficient public service is to be achieved, rather than a congeries of efficient commercial "broadcasters." But Wednesday's debate showed that, while disposed to confirm the B.B.C. in its complete monopoly, the House will jealously regard any abuse of the authority conferred.

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Women as Diplomats.—The Government have decided not to admit women to the Consular or Diplomatic services. This decision follows the report of the Inter-Departmental Committee on the Admission of Women to the Diplomatic and Consular Services appointed in 1934. The majority report was against the admission of women to either service; but one minority report, signed by Sir David Schuster and Sir James Rae, advocated admission to the Diplomatic Service for a trial period of seven years. The other minority, which recommended admission to both services, consisted wholly of women. Chief among the actors influencing the majority of the Government against any change was the reluctance of public opinion in foreign countries to take the idea of women diplomats seriously, and this will seem to many people in this country a sufficient reason for at least deferring the change. The exclusion of women from the Diplomatic Service may involve some hard cases. But women are already admitted to the Home Civil Service; and the demand for extension seems to spring more from a desire for a demonstration of "sex quality" than from any genuine and immediate need felt either by women or diplomats.

* * *

The Road Traffic Act.—This Act came before the courts again last week with another problem for H.M. judges. By the terms of the Act no car may be driven unless (a) a policy of insurance is in force and (b) a certificate of insurance has been delivered to the person by whom the policy is effected. A Mr Starkey was convicted and fined £2 because the certificate of insurance had been delivered not to him but to his hire purchase company, which retained it. Mr Starkey was asked for the certificate by a policeman, and it was sent to the police within five days, but not by him. It was posted to the police by the hire purchase company. That was the offence. The insurance was apparently valid and the certificate was in existence; but because it was in the possession of a party

who was neither the insured nor his agent, Mr Starkey was punished. To the layman his offence would appear to be an unimportant technicality, but the police thought it worth while to prosecute and a Divisional Court upheld the conviction. One puzzling thing about the official attitude is this: the Act says that there must be in existence a policy or covering note and a certificate—two distinct documents. But motorists constantly drive on temporary certificates which are a combined certificate and covering note—one document only. That appears to be a technical breach of the Act, but for some reason the police wink at it while they take resolute action against a man guilty of Mr Starkey's equally technical offence. The need for certificates is a general nuisance. A simpler and more economical method of keeping a check on the insurance of cars could easily be devised, and it may be suspected that the reason for the police attitude has little or nothing to do with insurance. A statement of their reasons for the whole elaborate business would be welcome.

* * *

Finance and Reform in India.—It will be recalled that the inauguration of the Constitutional Reforms in India was made subject to a Report to Parliament on the finances of the Centre and of the Provinces respectively, and on the allocation to the latter of the resources needed to enable them to meet the financial obligations which will be imposed upon them. Sir Otto Niemeyer, who was entrusted with the task of making an independent inquiry on this problem, has now reported to the Secretary of State. In his opinion the recovery in the finances of India has been such that Provincial Autonomy can, from the financial point of view, come into effect in April, 1937. From India's point of view this is a very satisfactory conclusion. It means that one more Budget will be presented (in March of next year) under the existing regime, which will presumably make the necessary provisions for implementing Sir Otto Niemeyer's proposals; and it will enable the new Autonomous Governments to take office without immediately having to wrestle with the troublesome problem of making both ends meet. On the other hand, the plan will not delay preparations for reform. The new provincial elections will be carried through according to plan during the forthcoming winter; the new parliaments will be constituted; and all will be ready for the transfer of powers in the new financial year.

* * *

India's Provincial Budgets.—There are two problems specifically discussed in Sir Otto's Report. The first is the assistance required from the Centre by certain of the Provinces to enable them to balance their expenditure, and secondly the time-table for the transfer to the Provinces of part of the proceeds of the income tax as provided in the Constitution. The subventions required to enable the "deficit" Provinces to make a fair start amount to 4½ crores of rupees (nearly 3½ million pounds). Of this amount, one crore is to be in the form of remission of the debt charges now paid to the Centre by the chief deficit provinces. Half a crore will come from the proposal to raise to 62½ per cent. (from the present 50 per cent.) the share in the jute duty which is to go to the producing areas; and the rest will be in the form of direct subvention mainly to the new Provinces of Sind and Orissa and the North-West Frontier. Of the 4½ crores needed, 2½ have already been provided in the present Budget. This leaves a further 2 crores to be found, and to this 2½ crores must be added in respect of the loss of revenue to India which will be caused by the separation of Burma. Four and three-quarter crores is a substantial sum to find at one blow, but Sir Otto is satisfied that it can be done. He does not, however, think that anything further can immediately be allocated to the Provinces from the income tax receipts. He therefore makes the following proposal: first, that the percentage of income tax ultimately to be transferred should be fixed under the Act at 50 per cent. This will mean in the end a loss of some 6 crores to the Centre. The Act, however, permits a period of grace during which the Centre may retain the whole or part of the share which is ultimately to go to the Provinces. Sir Otto proposes that for the first five years the Centre should retain the whole of the provincial

share or such share as is needed to bring into the Central Exchequer, from the income tax and from the railways combined, a total of 13 crores. This is a simple device to give to all concerned an inducement to expand the yield of the income tax and to bring about an economical administration of the railways. Finally, Sir Otto, in the absence of any simple test of the basis on which this income tax should be distributed, submits a scheme of distribution, largely based on population, which he thinks will broadly do justice to the financial claims of the different provinces. Sir Otto's Report is satisfactory within the limited sphere which it covers. It leaves unsolved the long range problem how, and by whom, the much larger provincial revenue is to be raised which is needed for the betterment of the health, social and economic conditions of the Indian people.

* * *

"Safeguarding of Industries."—A Committee appointed by the President of the Board of Trade has just reported, conveniently close to Budget day, on the advisability, "in the interests of Imperial Defence, and having regard to the provisions of the Import Duties Act," of continuing, varying or extending in scope the duties imposed under Part I of the Safeguarding of Industries Act, 1921. These duties, amended by the Finance Act, 1926, were due to expire on August 19th of this year. They were originally imposed to ensure adequate national supply of certain articles which the 1916-18 Committee on Commercial and Industrial Policy After the War deemed "key" or "pivotal," owing to their decisive importance as "bottle-necks," for the "quick adaptation or expansion of the staple industries of the country to defence purposes." The War-time Committee concluded that these "key" industries "should be maintained in this country at all hazards and at any expense," even by Government manufacture; and that they should be under Government supervision. Accordingly they were protected by an original "key industry" duty of 33½ per cent., renewed for 10 years in 1926, when some of the duties were increased, and the schedule of "key" products enlarged. It now covers such articles as all synthetic organic chemicals; optical and scientific instruments; electrical and wireless components; tungsten, molybdenum and vanadium; hosiery latch needles; and, finally, arc-lamp carbons. The duty on the latter product was altered from an *ad valorem* to a specific duty of 1s. per lb. in the Finance Act of 1926, and increased to 5s. per lb. in the Finance Act of 1934. The Board of Trade's Special Committee now state (Cmd. 5157) that after receiving considerable evidence from producers and consumers of these articles, the Service Departments, and the Department of Scientific and Industrial Research, they are satisfied, "with some minor exceptions," that research is being continuously undertaken, and that this has been encouraged by the duties. "The Service Departments . . . were unanimous in desiring the continuance of the present procedure." The Committee therefore recommend the prolongation of the duties for a further 10 years at not less than existing rates; but they also recommend an alteration of procedure to enable manufacturers of articles liable to safeguarding duties to apply to the Import Duties Advisory Committee for an increase of duty, who, in turn, should be empowered to advise and report on the matter. The powers of the Board of Trade over amendment of the lists of goods subject to these duties should also, in the Committee's view, be enlarged. Finally, they recommend that carbon compounds and articles, manganese metal and chromium, and several wireless components should be added to the list of dutiable goods. It is clear that the industrial exigencies of "national defence" become ever more comprehensive; and, after the Government's broad acceptance of protectionism, many will wonder that it has been found necessary still to retain the "key industries" excuse for duties which are as protective as our entire tariff.

* * *

Retail Trade in March.—The progress of economic recovery continues to be reflected in the official returns of retail trade turnover. The seasonal downward trend of retail trade between December and February gave way to a marked improvement in March, when the total monthly value of sales, given in this week's *Board of Trade*

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

OVER 400 BRANCHES IN
THE UNION OF SOUTH AFRICA
KENYA - TANGANYIKA - UGANDA - NYASALAND
NORTHERN & SOUTHERN RHODESIA - EGYPT
SUDAN - PALESTINE - PORTUGUESE EAST AFRICA
SOUTH-WEST AFRICA - BRITISH WEST AFRICA
BRITISH WEST INDIES - BRITISH GUIANA
MALTA - GIBRALTAR - MAURITIUS
LONDON - LIVERPOOL - MANCHESTER - HAMBURG
AGENCY: NEW YORK

HEAD OFFICE:
54 LOMBARD STREET, LONDON, E.C.3

BARCLAYS BANK (CANADA)
MONTREAL & TORONTO

Journal, was 7.9 per cent. greater than during the corresponding month a year ago:—

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

Period	Food	Other Merchandise	Total
1932	102	99	101
1933	100	100	100
1934	103	103	103
1935	111	108	109
1935—February.....	106	83	95
March	107	92	100
April	110	112	111
May	110	112	110
June	110	108	109
July	105	113	109
August	107	81	94
September.....	110	99	104
October	112	114	113
November	116	115	115
December.....	133	160	146
1936—January.....	115	118	116
February.....	116	88	102
March	117	97	108

As compared with the corresponding month in 1935, sales of food and perishable articles last March showed an increase of 9.3 per cent. and sales of other merchandise one of 6.2 per cent. With the exception of piece-goods, sales of all the items of general merchandise registered an improvement. Thus, sales of hardware and of sports and travel goods rose by 9.9 per cent., and those of women's and men's and boys' wear by 7.0 per cent. and 6.8 per cent. respectively. The increase in sales was well spread geographically, amounting to 9.6 in South England, 7.7 per cent. in Suburban London, 7.6 per cent. in Scotland, 7.4 per cent. in North England and 6.0 per cent. in Central and West End London. As far as the efficiency of retail distribution is concerned, it is significant that the value (at cost) of stocks rose only by 0.3 per cent. during the past twelve months, compared with an increase of 7.9 per cent. in the value of sales. Since business activity is still on the upgrade, the improvement of retail trade may be expected to continue.

* * *

Foreign Ships and Coastwise Trade.—Complaint is being voiced, in some quarters, over the growth of foreign shipping in British coastwise trade. The trade and navigation returns for the past quarter show a pronounced increase in the arrivals of foreign ships with cargoes, the quarter's total being 143,708 net tons, against 71,429 for the same quarter of last year and 82,280 net tons in the first quarter of 1934. Departures of foreign tonnage with cargoes aggregated 144,177 net tons, compared with 71,963 and 75,972 respectively. In the trade between Great Britain and Northern Ireland, the increase in foreign tonnage this year is proportionately greater, foreign arrivals being 4,264 net tons against 856 net tons last year and 974 net tons in 1934, and departures 4,254 net tons, against 984 and 974 net tons. The total foreign figures, however, are small compared with the very considerable British annual tonnage in our

coasting trade, for they amounted to only 148,000 net tons in comparison with 6,900,000 net tons for the quarter. A demand for measures to "protect" British coastwise shipping against the redoubtable foreigner would therefore appear to be a little premature at this stage.

Sterling and International Prices.—While the past fortnight has witnessed a slight fall in world wholesale prices, there has been very little change, especially in England, during the past two months. It would be wrong to assume that a genuine equilibrium has been established, especially as the franc remains over-valued, so that French wholesale prices are high in relation to those of other countries. Still there has been a temporary *de facto* equilibrium during recent weeks. During the latter half of April, the *Economist's* complete British index number fell by 0.3 per cent., while the primary products index fell by 0.4 per cent. The principal constituent in these movements was this week's drop in the price of rubber consequent upon the increase in the quota. In the United States, primary products fell by 1.3 per cent., while the complete Irving Fisher index number fell by 0.2 per cent. French wholesale prices have declined fractionally for the second fortnight in succession. Apparently the inflationary advance which began last summer has for the moment been arrested. The German index number is unchanged, and there is no indication even of the very moderate recession which has occurred elsewhere.

SEPTEMBER 25, 1931=100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milli Chamber Commercio	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products Index (sterling)	Price of Gold (sterling)				
1932							
Jan. 27th	108.3	115.7	93.8	140.9	93.5	95.8	91.6
Apr. 20th	103.8	105.4	83.8	129.5	89.6	95.3	90.3
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.1
Oct. 19th	103.1	112.3	84.0	143.8	88.6	92.7	86.8
1933							
Jan. 25th	101.3	107.7	78.0	142.6	88.1	90.2	83.8
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	83.4
July 28th	108.1	120.6	124.7	145.7	100.9	89.7	86.2
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	88.1
1934							
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	84.4
Apr. 25th	108.2	119.8	125.3	159.5	108.0	85.4	87.7
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	84.4
1935							
Jan. 30th	110.8	124.6	152.4	167.2	118.9	78.1	85.6
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	81.7
July 31st	112.7	128.7	146.2	165.6	120.2	75.9	88.2
Oct. 23rd	118.4	133.6	144.9	166.4	123.7	79.1	107.3
Dec. 18th	118.1	131.2	141.7	166.2	122.4	80.9	94.9
1936							
Jan. 1st	118.1	131.2	143.9	166.2	121.8	80.7	94.9
Jan. 15th	118.5	130.3	142.4	165.8	121.5	81.4	95.2
Jan. 29th	118.1	131.7	145.7	165.6	121.8	82.3	95.1
Feb. 12th	118.0	131.9	145.9	165.8	120.9	83.8	95.1
Feb. 26th	117.4	132.8	145.0	166.0	120.7	85.2	95.2
Mar. 11th	117.3	134.5	144.4	166.0	119.5	85.6	95.2
Mar. 25th	117.4	133.9	144.3	165.8	119.6	85.2	95.3
Apr. 15th	117.7	133.3	145.1	165.8	119.8	85.0	95.4
Apr. 29th	117.3	132.8	143.2	165.8	119.6*	84.7*	95.4*

* These figures relate to April 22nd.

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

	"ECONOMIST" INDEX (1927=100)			
	Sept. 18, 1931	Mar. 25, 1936	Apr. 15, 1936	Apr. 29th, 1936
Cereals and meat	64.5	72.0	73.1	73.3
Other foods	62.2	60.0	59.5	59.0
Textiles	43.7	60.3	59.9	59.6
Metals	67.4	83.2	83.1	83.1
Miscellaneous	65.8	78.1	78.6	78.1
Complete index ..	60.4	70.9	71.1	70.9
1913 = 100	83.1	97.5	97.8	97.5
1924 = 100	52.2	61.3	61.4	61.2

In the cereals and meat group, maize, rice and English wheat were all higher, but oats and barley have fallen. Potatoes were dearer, while meat was inclined to be cheaper. Among other foods, there were declines in tea and butter. In the textiles group, most items fell slightly, but there was a small advance in jute. Non-ferrous metals were a little lower, but there was a rise in the price of house coal. In the miscellaneous group, hides and Swedish timber advanced in price, but there were decreases in rubber, tallow and creosolite.

Increased Rubber Quota.—The International Rubber Regulation Committee may be commended for its decision, last Tuesday, to raise the proportion of the estimated capacity of the restricting countries which may be exported during the second half of 1936 from 60 per cent. to 65 per cent. The decision is an earnest of the Committee's intentions to balance supply and demand at a reasonable price rather than to squeeze the market at a time of increased demand. Although the price of rubber and the quotations of rubber securities declined immediately after the announcement, the setback was short-lived. Immediately before the decision the quotation for spot rubber was 7½d. per lb. It subsequently fell to 7¼d. per lb., but on Wednesday the quotation recovered again to 7½d. per lb. In any case, the slight increase in exports under the higher quota is unlikely to arrest the improvement in the rubber situation. According to an estimate made by Messrs Symington and Wilson, world shipments during the current year will be about 850,000 tons. But as consumption last year was about 948,000 tons and may be expected to show a further increase this year, world stocks will probably decline by more than 100,000 tons during 1936. Stocks of crude rubber at the principal centres outside the regulated areas declined from 553,000 tons at the end of 1934 to 493,000 tons at the end of the past year, and will probably be well below 400,000 tons at the end of 1936. Thus, there seems no reason to expect a further fall in prices.

Industrial Production in 1934.—The results of the limited census of production taken in respect of 1934 are gradually becoming available. Volumes V and VI, issued with recent numbers of the *Board of Trade Journal*, cover the food and leather and clothing trades. The following table shows the gross value of production in these industries, as well as the net output (gross value of output less cost of materials and payments for work given out) and the net output per employee, together with comparable figures for 1933:—

FOOD, LEATHER AND CLOTHING TRADES				
Trade	Gross Output (selling value of goods made and value of work done)	Net Output	Average Number of Persons Employed	Net Output per person Employed
(a) FOOD TRADES				
Grain Milling	1933 56,206 1934 57,010	1933 11,043 1934 11,116	28,297 28,379	390 392
Biscuit	1933 14,654 1934 15,115	1933 8,233 1934 8,261	37,975 39,897	217 207
Preserved Foods	1933 35,389 1934 35,173	1933 15,483 1934 15,397	48,305 48,903	321 315
Butter, Cheese, Con- densed Milk and Mar- garine	1933 20,577 1934 21,902	1933 5,650 1934 6,335	11,616 12,986	486 488
Cattle, Dog and Poultry Foods	1933 7,602 1934 9,021	1933 2,677 1934 3,288	7,542 8,051	355 408
Total	1933 134,428 1934 138,221	1933 43,086 1934 44,397	133,735 134,216	322 321
(b) LEATHER AND CLOTHING TRADES				
Leather (Tanning and Dressing)	1933 23,325 1934 23,336	1933 6,940 1934 6,863	28,842 29,432	241 233
Leather Goods	1933 4,629 1934 4,951	1933 2,115 1934 2,255	14,861 15,733	142 143
Boot and Shoe	1933 38,073 1934 37,012	1933 17,342 1934 17,066	113,926 112,637	152 152
Hat and Cap	1933 10,295 1934 10,558	1933 4,614 1934 4,693	30,097 30,016	153 156
Glove	1933 2,694 1934 2,991	1933 1,214 1934 1,314	8,135 9,191	147 143
Umbrella and Walking Stick	1933 324 1934 301	1933 352 1934 328	2,903 2,570	121 128
Total	1933 79,941 1934 79,749	1933 32,577 1934 32,519	198,764 199,579	164 163

The gross output of the food trades was rather smaller in 1933 than in the preceding year, but net output is practically unchanged. Both gross and net output of the leather and clothing trades was well maintained, but there was no expansion in production. All these industries make consumption goods, so the absence of any progress in the early stages of our domestic recovery is not surprising.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

BORAH, KNOX AND LANDON

SENATOR BORAH, capitalising a life-time of insurgency within the Republican Party, set out this year to liberate the Party from Eastern control. Despite his seventy years, and the lack of any organisational support, he announced his candidacy for the presidential nomination. It was not his objective to be nominated, but to win enough delegates at the Republican convention to be able to threaten a destructive split if the right man was not chosen and the right platform written. By the right platform he meant one that demonstrated that the Party was no longer serving primarily the financial and industrial interests of the East. In Senator Borah's favour with influential Republicans was his reputation as a constitutional authority and his defence of the Supreme Court. Greatly to his disparagement in the East was his reputation as an inflationist. The East at first did not appreciate that he had much power, and laughed away his campaign as of no importance. Then it became frightened by his increasing popularity in the Middle West and awoke to the possibility that this man, while not strong enough to assure a Republican victory in November, might of himself be strong enough to assure a Republican defeat.

The Illinois primaries, held in the middle of April, were the test of Senator Borah's strength. There he was pitted against Colonel Frank Knox, publisher of the *Chicago Daily News*, who, though a comparative newcomer in the State, was running as "favourite son," and had the Republican machine behind him. Senator Borah, an Illinois native, had been assured by his friends that he would sweep the State, carrying enough votes outside Cook County to overcome the Party machine in Chicago. He had no workers, he made only a few speeches, and spent in all about \$100. The primaries also were a test for Colonel Knox's aggressive and well-financed campaign for the nomination. Before the vote it seemed certain that one of the two must be eliminated. But the outcome turned out to be curiously fatal to both of them. Colonel Knox won in Chicago and Cook County by a large vote, also in two down-State districts. Senator Borah won in thirteen out of twenty-five districts and was able to boast that though Knox had carried Chicago he had carried Illinois. Colonel Knox will have thirty-one delegates at Cleveland and Senator Borah twenty-six, figures which, however, mean little, as under the Illinois law delegates are "advised," not pledged, and after the first ballot can vote as they please.

No doubt the result is the end of Colonel Knox's chances, unless in Cleveland he might win as a compromise candidate after a prolonged deadlock. If Colonel Knox could not carry his entire State with the backing of the machine, he could not be ranked high as a vote-getter. But the result also defeats the larger part of Senator Borah's aspirations. He retains his right to speak for Republican farmers, but Illinois put an end to his hope of becoming the champion of rank and file Republicans everywhere. The Cleveland convention no longer need fear him if it makes sure of nominating someone equally popular with farmers. And it has been truly remarked that the real victor in Illinois was Governor Landon of Kansas, who did not enter the contest. For his task is now defined: he has only to continue to represent farming interests and to strengthen somewhat his reputation as a mild liberal to achieve the rank-and-file leadership which Senator Borah has missed.

Governor Landon has remained in the background, and let the movement for him rise of its own momentum—which it has done to a remarkable degree. He has made few speeches, all of them irritatingly vague. So far the strategy has been successful, though not without danger. For he is a "discovery" of Mr William Randolph Hearst, and on this account such liberalism as he professes is

under acute suspicion. Added to this handicap are insinuations that though an independent oil operator, he represents the great oil combines with which he has competed in his business career. Certainly the attempt will be made to link him with the oil interests if he is nominated. Yet if Governor Landon repudiates Mr Hearst he loses his support in California where it is crucial, as well as the friendly publicity in Mr Hearst's newspapers and magazines, of great benefit to a man whose name was nationally unknown a year ago. And he is helpless in combating the odour of oil; for it is of no use simply to deny that he has any connection with the "interests."

So Governor Landon has chosen to remain quiet in the belief that his best line is to refrain from internecine warfare. If the Republicans have any chance of victory, it is as a united Party. And he is avoiding making unnecessary enemies. Mr John Hamilton, the Kansas member of the Republican National Committee, now in charge of his campaign, is certainly no outstanding liberal; but he also is no urbane politician of the pattern of Mr Charles Hilles, so long the prototype of Eastern domination. Mr Hamilton no doubt sees the problem more in terms of power than philosophy. If Governor Landon is nominated, he becomes National Chairman, and ruler of the Party in 1940 when victory is more probable than this year. So he is ready to play up the Governor as a liberal if that is the better game.

Governor Landon certainly is more liberal than the aid of Mr Hearst and the aspersions about oil would indicate, and before the Convention he will make this more clear. Whether or not, as his workers promise, he is sure of nomination on an early ballot remains to be seen. Nominating conventions are difficult to predict, and all that can be safely said is that Governor Landon is well ahead at the moment, with no one in sight to head him off. With the same reservations the Republican Party can be expected to write a mildly progressive platform not differing greatly in social philosophy from Mr Roosevelt's, though the emphasis will be on sound money, economy and the balanced Budget.

WASHINGTON, April 21.

A "CONSUMERS' CREDIT BONUS"

In considering the recovery in American business activity, observers give too little attention to the influence of the reinstatement of consumer credit. Indeed, it is often said that the revival has occurred without the use of credit other than that supplied to the Treasury to finance the deficit; and such a statement is then supported by reference to the loan figures of the Reporting Member Banks. In these banks, collateral loans are actually \$1,000 millions less than at the end of 1932; and the items formerly classed as "other loans, chiefly commercial" are about \$900 millions lower. But the data of the Reporting Member Banks, although the sole current credit statistics, have perhaps ceased to be indicative of the state of credit in this country.

Accurate current data on consumer credit does not exist, but it is estimated that it may run as high as \$7,000 millions, and only a portion of this seems to be included in the bank statements; although banks are making energetic efforts to enter a field where the return generally exceeds 10 per cent. The financing of consumer credit is, however, a specialised type of business, and the field is well occupied by established and experienced concerns.

The significance of the sum of consumer credit, whether it is the figure given above or another, lies in its relation to some time in the past. Instalment sales dropped severely between 1929 and 1932-3; but it is now estimated that in the past three years the volume of consumer credit outstanding in 1929 has been reconstituted. If more precise data were available, it would throw a great deal of light upon the character of the recovery, for it is obvious that it is those industries whose product is marketed against consumer credit which are now booming; and while the

Government spending programme probably contributes basically to the conditions which encouraged the restoration of consumer credit, the present activity can with justice be described as a consumer goods boom based upon consumer credit.

While it is the consumer industries which are booming, activity in the heavier lines is considerably above last year. Steel operations at 70 per cent. of rated capacity represent a very fair production; for since 1928-29 steel capacity has been largely increased. While the mainstay of the industry is the motor-car, steel production has this spring been able to move independently; there have been railroad purchases much above recent years, a good demand from implement makers and from miscellaneous users. At current rate of output the steel industry is operating at a rate which if maintained over a period would compare favourably with any except the best years of the past.

The machinery of the bonus payments is turning as rapidly as the multiplicity of details would permit. Some 5,500,000 veterans are entitled to payment; of these almost all have borrowed against their certificates. The \$300 millions of farm cheques under the old Agricultural Adjustment Act are now ready for distribution, and it is expected that a good part of the initial \$440 millions of Soil Erosion cheques will be paid out within the next few months. Altogether it appears that the individual incomes of several million persons will be materially augmented during the summer by these distributions, compressed within a few weeks and superimposed upon an economy which, so far as goods for individual use are concerned, is already highly prosperous.

A REVIVAL OF N.R.A.

The possible revival of N.R.A. has long been discussed. In his presentation of his special message on relief, the President referred briefly to the theme of distributing the unemployed in industry; and this was more explicitly mentioned in his latest speech at Baltimore, in which he definitely proposed that the young should not be permitted to enter industry (presumably through child labour legislation) and the old should be pensioned off, while jobs would be provided for those in between through a shortening of hours—one of the basic concepts of N.R.A. Several measures looking in the direction of a revival of N.R.A. in diverse forms are before Congress, while the Guffey Act (sometimes called the Little N.R.A. for coal) is now before the Supreme Court. Of the bills before Congress, none can be regarded as assured; but the Ellenbogen Bill seems to have a chance of adoption. This Bill provides for a Commission with authority to fix hours and wages in the textile industry.

NEW YORK, April 22.

FRANCE

A MOVE TO THE LEFT

THE results of the first General Election ballot on Sunday conform in general to expectation. The voting was unusually heavy. The very large number of candidates—4,800 for 618 seats—means that nearly 440 seats will not be filled until after the second ballot of Sunday next. The election went well for the Communists, as was foreseen, and for the Conservatives, which was more of a surprise. This preference of the electors for extremists suggests that the move to the Left was dictated less by the attraction of the programmes of the Left Parties than by the growing public dissatisfaction with the economic situation, and with the failure or slowness of former Governments to deal with the crisis. The Socialists, the Unified Socialists and the Radicals are the principal victims of this move to the Left. The first ballot results, however, do not justify any assumption about the final results, which will be influenced by hard bargaining—all the more so as the Radicals and Socialists have been successful in their allies and public opinion is disorganised. The results of the first election in the Stock Exchange were mixed.

Notwithstanding these results, therefore, the speech which M. Sarraut, the Prime Minister, delivered on the eve of the polls has not lost any interest. For M. Sarraut peace in Europe and political concord in France are the first conditions of the now indispensable economic reforms. The French economy, M. Sarraut pointed out, is under the influence of international markets and "in a near future" an international economic conference will have to find adequate measures to stop the stupidities of economic nationalism. But, until then, France must reform its own economy and organise a closer co-operation with its colonial Empire, and a closer co-operation between internal producers by means of a "Conseil National Economique," or sort of corporative parliament. Moreover, the present favourable trend of business should allow Parliament to achieve real measures of tax reform, which would accentuate the business revival. All these measures, however, would necessitate a "Reform of the State."

The revival of business was also emphasised in the annual reports of the big banks. These banks have just held their annual meeting for approving the year's results, the chief of which were as follows:—

	(francs)		Dividend per share	
	1934	1935	1934	1935
Crédit Lyonnais	82,884,674	82,960,593	100.00	100.00
Société Générale	60,217,237	60,575,620	57.50	57.50
Comptoir National d'Escompte	39,054,359	44,213,300	50.00	50.00
Crédit Industriel et Commercial	5,607,737	5,596,012	35.36	29.02
Banque Nationale pour le Commerce et l'Industrie	5,457,691	6,144,980	20.00	20.00
Banque de Paris and des Pays-Bas	787,938	1,005,115	nil	nil

The banks, however, are deploring the instability of politics and the fluctuations in the rediscount rate of the Bank of France, the consequence of which is a diminution of their deposits and an increase in the difficulty of maintaining liquidity. Moreover, they allege, the public savings banks, with their excessive rates of interest, the social assurance institutes, and the repeated State loans, are absorbing funds and provoking high interest rates, against which the Government protests almost daily. Total Government loans subscribed during 1935 (middle-term Treasury bonds excluded) amounted to 18,000 million francs, or 30 per cent. less than in 1934. The State and railway loans absorbed 80 per cent. of the total, against 25 per cent. in 1933.

This situation renders more urgent a reform of the French money market, designed to delimit more clearly the respective functions of the Bank of France, the big banks and the public institutions. Both politicians and employees of private banks are unanimous in demanding a revision of the Statute of the Bank. The "200 families" who, according to the election posters, "govern the country," are identified with the 200 main shareholders of the Bank, who elect the "Regents." But reform of the Bank would entail—if it meant a real improvement—bidding the Bank to discount commercial paper directly, while conceding to it a better control over the money market. Such a reform would also have to revise the position of the public institutions, such as the Caisse des Dépôts. It would necessitate legislation, and consequently a delicate discussion in Parliament; so that its realisation would seem to be difficult unless it were part and parcel of a more comprehensive reorganisation, such as might be provoked by new, yet unpredictable, financial or monetary events.

PARIS, April 30.

GERMANY

INTRIGUES IN THE PRESS

THE "Press war" (discussed in a Note on Dr. Schacht on page 237) in reality a campaign of intriguing by officially protected private writers, has in considerable measure revolved around Defence, from the viewpoints of both finance and currency. Dr. Schacht's Press organ discusses the "Defence Economy" (*Wehrwirtschaft*) at great length,

and his protests against the prevailing financial extravagance are made palatable to good Nationalists by references to the financial needs of re-armament. Naturally, his intervention in finance is regarded by the Party as an intrusion. But as he is, by his credit and capital control measures, the real supplier of cash for armaments, the intervention seems to be justified. Dr. Schacht certainly makes out a good case for complaint. The inspired article of April 24th in his organ opens by paying a certain lip service to the principles underlying recent Reich finance; the "advance financing" (*Vorfinanzierung*) by credit is endorsed as a means for reviving trade in the expectation that the credits will be repaid out of a resulting increase in revenue; the needs of defence are duly mentioned; and there is a characteristic gibe at "the intellectual" in finance.

But the article proceeds to expose the dangers of "pyramiding" the "advance financing" in the delusion that its alleged success justifies its indefinite expansion. Not only are the Reich departments, States, municipalities and churches criticised for grasping cash, but also—this being the gravamen—the "organisations and associations" are reproached for the same thing. The "organisations" are the Nazi Party's innumerable corporate bodies, whose wastefulness is visible to all and whose accounts are visible to nobody. As reformer an "Expenditure Commissary" with adequate power is suggested. That one new dictator would simplify the confusion of the present numberless dictators, however, is not obvious. A better remedy would be to publish the Reich Budget, and the Budgets (if they exist) of the Party organisations; to resume full publicity about control and auditing; and to remove the terrorism which at present makes it impossible for citizens to criticise, expose and complain.

The question of foreign exchange has lost most of its importance since the Reichsmark became a mere internal currency. For this is its present status. The Reichsbank has no motive for replenishing its reserve. Replenishment plans indeed played a rôle in the discussions accompanying the first default on the long-term loans; but it is now seen that any substantial increase in the reserve would remove the excuses given for default. The real question is whether current exports will pay for raw materials and for the much reduced necessary imports of foodstuffs. It is believed that Dr. Schacht favours an increase in imports of raw materials in the interests of export manufacture, and that he favours a reduction of food imports, or imports of cheaper and inferior foods.

CAUSES OF RAW MATERIAL TROUBLES

Disadvantages inevitably arise out of Dr. Schacht's own system of selective raw material imports, the aim of which is to balance trade accounts with individual countries. This involves the import of inferior raw materials (cotton, etc.) and also the payment of inordinately high import prices, of which some striking instances appear in the Press. In this way the balance of payments is harmed, too much is paid for imports, while the ability to export is weakened. The increased subsidising of export is a consequence; but by ignoring the important consideration of national economic profit or loss, it seems possible at present to attain whatever trade is desired.

Since September, 1933, no official figures have appeared of the movement of the foreign debt. In a book on foreign trade Herr Rudolf Eiche, director of the Reichsbank, estimates the total in the early part of this year at Rm. 13,000 millions. The pace of decrease has of late slackened owing to the relative stability of non-gold foreign currencies, but it amounted in the last two years to a round 1,000 million marks. The highest point of the debt was reached in 1930, a year before the bank crisis, when it was Rm. 26,800 millions. This also was an estimate, since the first official debt census was taken later. Changes in the foreign debt in recent years have been as follows:—

	(Thousand million marks)			
	Long-term	Short-term	Total	Total Debt
		of which		
		"Standstill"		
July, 1931	10.7	13.1	6.3	23.8
September, 1932	10.2	9.3	4.3	19.5
September, 1933	7.4	7.4	3.0	14.8
February, 1934	7.1	6.8	2.6	13.9
January, 1936	6.5	6.5	1.5	13.0

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The total debt has therefore fallen by more than half. Not included in the table are a small unstated sum for blocked accounts (*Sperrguthaben*) proper and the Rm. 4,000 millions of foreign investments in real estate and securities. Dr. Eiche puts the interest transferred in 1935, mostly by way of clearing, at Rm. 250 millions, as against Rm. 1,100 millions in 1932.

BERLIN, April 28.

BELGIUM

M. VAN ZEELAND'S FUTURE

THE General Election for the House of Representatives and the Senate will take place on May 24th. Meanwhile the van Zeeland Government, which was expected to resign before the elections, will remain in power in order to assure the continuity of Belgian foreign policy. What will happen after the elections? M. van Zeeland will probably remain as long as the present international negotiations continue. Afterwards he will resume his place at the National Bank of Belgium.

At the beginning of April the Government issued a report on the development of economic affairs during the previous twelve months. The Government was instituted at the time of the devaluation a year ago, on the tacit understanding that it remained in power for a year, which was the period of the special powers granted by Parliament at the end of March, 1935. The report describes what has been done by the Government since the devaluation of March 30, 1935, and traces the different stages of recovery. The main symptom is, of course, the 40 per cent. reduction in unemployment.

Secondly, after twelve months the unweighted retail price index has only risen 9 per cent. and the weighted index of the cost of living has increased about 12 per cent. Even this movement has been partially due to the rise in the world prices of certain foodstuffs. In Parliament the Government was received enthusiastically when the report was discussed. A vote of confidence was passed almost unanimously by the members of Parliament present after a very short discussion. Numerous representatives, who voted against the Government at the time of its constitution and of the devaluation, now voted in its favour.

The public finances in recent months have conformed to the Budget estimates for the fiscal year 1936. The Budget is in equilibrium. Receipts from the tax on transactions in real estate have not yet reached the anticipated figures; but the sales tax, which is influenced by the business trend, has yielded a surplus over the estimates.

The re-occupation of the Rhineland by the German Army was injurious to the business trend in Belgium. In the eastern part of the country the population believed at certain moments that a new German invasion was at hand. A diminution in orders for consumers' goods resulted, and

local unemployment rose a little. But this movement is not traceable in the general statistics, which show a seasonal fall due to the recovery of the building industry.

Meanwhile company results bear witness to the general and striking improvement in the financial situation of the Belgian industry. Both in the coal and steel industries, the trend has markedly changed, and dividend distributions are likely to be more abundant in the coming months.

At the end of March the Government confirmed the 28 per cent. devaluation of the currency as a definite one. It had been allowed to fix the rate at between 25 and 30 per cent. The present stabilisation, which conforms to the wishes of the National Bank of Belgium, is not approved by those observers, daily more and more numerous, who would like to see the Belgian franc linked to the pound sterling.

The definitive stabilisation on a devalued gold basis of 28 per cent. means a further windfall for the Treasury. The gold reserve of the National Bank had only been revalued on a basis of 25 per cent. The revaluation "profit" is thus increased by about 600 million francs. In all it has yielded to the State 4,300 million francs. It was also officially announced on March 31st that the revaluation profit was still completely available; it had not been employed either for the ordinary Budget or for the extraordinary Budget. It constitutes a fund which will very likely be used in the course of 1936 for the financing of public works.

LOUVAIN, April 20.

AUSTRIA

ARMAMENTS AND SANCTIONS

It is often said that Austria's economic recovery is due principally to the international armament trade—a view which seems to have become current since Austria stood aloof from sanctions against Italy. In the first two months of this year exports to Italy amounted to 20 million schillings, against 13 millions in the same period of last year. This made a great difference to certain branches of Austria's economy, such as the iron and steel industry and timber trades; but it was not sufficient to bring about a general revival. Of greater interest is a survey of the transit trade to Italy, in which a sharp decline has clearly taken place. Wagon loads in transit from Austria to foreign countries have changed as follows:—

	Italy	Germany	Jugoslavia
January, 1934	1,481	3,546	1,223
February, 1934	1,358	2,464	1,617
January, 1935	1,174	3,345	1,391
February, 1935	1,408	4,073	1,427
January, 1936	877	3,922	1,616
February, 1936	950	3,612	1,862

It is true that direct trade with Italy has not shrunk very seriously. Nevertheless, the export boom which Austrian industry continues to enjoy is in general "peaceable," a fact which can be ascertained by a glance at the list of articles in which the greatest increases have been achieved this year. In the first two months of the year as compared with the corresponding period of last year gains were shown in Austrian exports of hemp and jute yarn of 30 per cent.; in spun silk of 15 per cent.; in iron goods of 30 per cent.; and in automobiles of 43 per cent.

The seasonal fall in unemployment has been very large this year. In the second half of March the total of persons receiving benefit fell by 15,600 to 298,700. This level was reached only at the middle of April last year. Retail trade turnover in Vienna has been very satisfactory during the last few weeks, and many enterprises report that their turnovers up to the middle of April were 20 per cent. above last year. Purchasing power has increased noticeably as a result of the improvement on the labour market, of the gradual appearance of business profits consequent on the export boom, and investment boom (also reflected in the many increases of dividends) and of money made on the Stock Exchange. On the other hand, among retarding factors are the steady tendency to curtail the incomes of regular employees, the law for the abolition of pensions, the serious

cuts in the salaries of insurance company employees and the threatened dismissal of the greater part of the clerks at the Phoenix Insurance Company.

In the immediate future two other factors will be likely to help towards recovery. The one is the recently concluded trade treaty with Czechoslovakia, which will grant a number of export facilities to Austria, the value of which is estimated at 20 per cent. of present exports, or about 17 to 18 million schillings. The treaty will come into force on July 1st, and in the interval the consent of the most-favoured-nations to the preference agreements arrived at will be obtained.

The other factor which promises a stimulating effect is the introduction of general compulsory military service. The carrying out of this law will not only relieve the labour market and reduce the cost of supporting the unemployed but also bring public contracts for the provision of barracks, uniforms, etc. The yield of revenues is also developing surprisingly well. Revenue from taxes amounted in January to 102 million schillings, against 92 millions last year; and revenue for February is estimated at about 10 per cent. higher than that of February last year.

THE PHOENIX COLLAPSE

The discovery of the fact that the premium reserves in the Austrian business of the Vienna insurance company Phoenix were insufficient to the extent of 250 million schillings led the Government to introduce a consolidation measure designed, on the one hand, to protect the claims of persons insured with the Phoenix, and, on the other hand, to execute an important reform of the Austrian insurance system. This is thoroughly comprehensible and necessary; for life insurance in Austria, partly on account of the large scale and, as it now appears, rather wild propaganda carried on by the Phoenix, has grown to a volume far in excess of insurance in most other Central European countries. An insurance fund is accordingly being formed to issue a bonded loan of 250 million schillings, and hand it to the Phoenix to build up the premium reserve again. The yearly debt service of about 15 million schillings will be covered and paid into the fund out of managerial savings effected by all the insurance companies and also by an increase on premiums, not yet laid down but probably in the neighbourhood of 4 per cent., or by a corresponding curtailment of claims on the insurance companies. This appears to meet the requirements of people in Austria insured with the Phoenix.

The general reform of insurance is still more important. The Austrian insurance companies have 5,400 employees, of whom 1,400 are with the Phoenix. The salary list is estimated at 50 million schillings, which is very high in comparison with the level of all other categories of regular employees. In the first place, the cost of acquiring new business and particularly the agents' commissions, will be cut down greatly. These measures will be supplemented by regulations about minimum premiums, for the infringement of which serious penalties will be imposed.

VIENNA, April 20.

[This week's events in Austria are discussed in a Note on page 238.]

JUGOSLAVIA

CONSOLIDATING THE OPPOSITION

A SERIOUS attempt is now being made by the non-Parliamentary Serbian opposition to formulate a joint policy and to create a definite bloc with Dr. Macek, the leader of the Croats. The negotiations have also been joined by that section of the Radicals who do not support the Government. Hitherto the weakness of the non-Parliamentary opposition has been its vaguely defined policy and the lack of a definite organisation capable of taking over responsible government. The present greater willingness of Dr. Macek is by some attributed to his becoming conscious that continued passivity may also cause many of his supporters to drift towards extremism.

In spite of this, it is too early to say whether the present attempt will succeed. First, because some of the Serbian Radicals are connected in the public mind with corruption. Second, because Dr. Macek has stated that he cannot consider himself definitely bound until after free elections have made it clear who is the real representative of the Serbian part of the nation. If successful, however, the formation of such a bloc would be the most important step towards democracy since the establishment of the dictatorship.

Foreign trade figures for the first two months of the year are as follows:—

	1935		1936	
	Exports	Imports	Exports	Imports
January	Tons 210,600 Mill. din. 267.8	Tons 56,886 Mill. din. 256.7	Tons 151,700 Mill. din. 288.8	Tons 97,848 Mill. din. 342.4
February	Tons 189,000 Mill. din. 237.4	Tons 50,100 Mill. din. 228.9	Tons 117,800 Mill. din. 215.0	Tons 57,700 Mill. din. 293.7

Although there are no remarkable differences as compared with last year, these figures are not so favourable as they appear. Firstly, while imports increased, exports fell slightly in value and markedly in volume. This was largely due to the imposition of sanctions against Italy, which was an important buyer of Yugoslav exports. The concessions granted by Great Britain, and to a lesser extent by France, have by no means compensated for the loss of markets. Exports to Italy fell from 50 million dinars in January, 1935, to 4 millions in January this year, and imports thence from 36 millions to 0.1 millions. In the second place, exports to Germany do not represent cash receipts, but merely credits on the clearing account. A third indication of the real position is the index, which shows that the prices of agricultural products are steadily dropping.

Dissatisfaction is general among the peasants, and in Croatia they have made a definite attempt of their own to raise the price of their livestock by an organisation which refuses to sell below an agreed level. So far they have achieved a certain success, and the movement is spreading to other parts of the country.

INCREASE IN GOVERNMENT REVENUES

Government receipts show a general increase over last year. They were in December 878 millions, compared with 851 millions in 1934; in January 766 millions, compared with 707 millions in 1935; and in February 814 millions, compared with 727 millions in 1935. The rise was spread fairly evenly over all branches of revenue: direct and indirect taxation and monopolies. The new Budget strongly emphasises the Government's policy of encouraging economic activity and subsidising public works. Currency regulations have been modified in order to give some relief to exporters and to promote trade, and the quota of foreign bills derived from export trade which must be handed to the National Bank has been reduced successively from 80 per cent. to 50 per cent., and now to 33 per cent.

The employment figures for January showed 548,300 persons in work, compared with 506,500 in January, 1935, but the larger total was offset by a slight drop in the average daily wage since November.

Interesting figures have just been published showing the number of civil servants and State pensioners. These now number 422,000 and cost the State 7,086 million dinars a year, a rise of 300 millions in the last three years. In fact, it is calculated that of the Yugoslav population of 14 millions, 2 millions are living on State allowances, either as civil servants or pensioners.

BELGRADE, April 18.

IRISH FREE STATE

FURTHER ECONOMIC RECOVERY

CONDITIONS in the Irish Free State have generally improved since last year, in spite of the continuance of the "economic war" with Great Britain. The great endur-

ance and resilience of the economic structure of the Free State are remarkable in view of the extreme dislocation which it has experienced. The statistics of external trade exhibit a marked recovery:—

12 months ending	Imports	Exports	Import Surplus
Feb., 1935	38,569,208	17,461,683	21,107,525
Feb., 1936	37,941,247	20,060,877	17,880,370

The increase in exports resulted largely from the so-called "coal-cattle pact" with Great Britain early in 1935, and there is every reason to believe that a further improvement will be experienced this year as a result of the new agreement reached in February.

The reduction in the import surplus is reflected in the statistics showing the movements in the sterling assets of the Free State banks:—

EXCESS OF STERLING ASSETS OVER STERLING LIABILITIES OF IRISH FREE STATE BANKS
(£'000)

Last quarter 1932	88,275
" " 1933	82,983
" " 1934	75,455
" " 1935	74,470

The diminution in the rate of decline in the banks' sterling assets is a satisfactory indication that the tendency of the Free State to dissipate its external assets is slowing down. The country is in a strong creditor position on invisible account; but many of its invisible exports—for example, emigrants' remittances, British pensions and the takings of the sweepstakes—are precarious.

The general improvement is reflected in the public accounts:—

Year ending	Revenue	Expenditure	Deficit
March 31			
1934	30,229,182	31,550,298	1,321,116
1935	28,770,688	31,203,499	2,432,811
1936	30,601,620	31,106,840	505,220

The increase in revenue is general in all branches of taxation, direct and indirect, and the realised revenue is £1,215,620 in excess of the estimated revenue for the year. The deficit is apparent rather than real, as substantial capital expenditure was met out of current revenue. The amount of public expenditure shows no sign of reduction in spite of the Government's emphasis on the need for retrenchment. Indeed, when to the current national expenditure is added the expenditure of borrowed money and the outlay by local authorities, the total expenditure by public authorities has risen markedly in the last few years. Net public disbursements by State and local authorities have been as follows in recent years:—

	£ million
1933	32.00
1934	38.75
1935	44.00

The Government remains true to its declared policy of self-sufficiency in agriculture and industry, and every effort is being made to replace imports by home products. In a country with such a narrow range of natural resources as the Free State the practical limits of such a policy are soon reached, and imports cannot be much further reduced except at the expense of the standard of living. The encouragement of domestic production involves the raising of prices to the consumer, and the spread between the cost of living in Great Britain and the Free State is becoming gradually wider.

While it is true that attention is still paid to fostering agricultural exports, it is no less true that the primary emphasis is laid on the development of the home market. No doubt this orientation of policy is partially dictated by the pressure of external forces, but it is also, to some extent, the result of deliberate choice. It is impossible to avoid the reflection that a golden opportunity of strengthening the Irish farmer in the British market has not been utilised to the best advantage. The development of new ideas about the importance of the provision of nourishment as an essential social service, and the growing desire in Great Britain to become less dependent on overseas supplies of food, are factors which, in the ordinary way, would augment the demand for Irish farm products.

DUBLIN, April 20.

EGYPT

THE ANGLO-EGYPTIAN CONVERSATIONS

THE Anglo-Egyptian conversations are proceeding in an atmosphere of close privacy which tends to maintain a good deal of uncertainty about their outcome. This feeling has partly spread to the field of home politics, following the disagreement of the various parties over the distribution of seats in the new Parliament. Meanwhile, as often happens in Egypt, Maher Pasha's Ministry, which was set up as a stopgap, is taking initiatives which are usually associated with a fully established government.

The network of transport and communication is now expanding at a rate unknown in Egypt since the war. Several railway lines have lately been laid out or improved. But it is in roadmaking that the greatest measure of progress has been achieved. More work has been accomplished during the last ten months than in the preceding decade. The Egyptian Administration had always shown great reluctance to develop new means of communication capable of competing with the State-owned railways. Motor traffic, in particular, has had to contend with heavy odds. When, after lengthy negotiations with the Capitulatory Powers, Egypt succeeded in 1934 in imposing a new tax on all motor vehicles, it had been understood that part of the proceedings would be assigned to roadbuilding. However, no serious activity was evident down to the time of the Ethiopian crisis, and the present sharp change has been brought about almost solely by strategical considerations. While 12 months ago macadamised roads outside the perimeter of the main towns totalled barely 370 kilometres and desert roads 6,500 kilometres, the figures have now risen to 1,000 and 8,400 kilometres respectively.

AFTERMATH OF THE IMPORT BOOM

Importers are now experiencing the aftermath of the war scare of September last, when goods on the spot changed hands at rapidly rising prices and vast orders were passed abroad. Liquidations have now reached their peak and during the past few weeks a series of unusually important failures were recorded which have affected the entire import market.

The Stock Exchange has not suffered from these developments. On the contrary, the decision of the Mixed Court of Appeal upholding directly or indirectly the gold clause

in bank and State bonds has eliminated a long outstanding uncertainty and heartened the Bourse. Freed from the threat of a sudden increase in its commitments, the principal mortgage bank has been able to reimburse a part of its bonds which bear the highest interest.

These concessions have been rapidly followed by a new move on the part of the Minister of Finance designed to reduce the maximum legal rate of interest, which has stood for a very long time at 9 per cent. Conversations are proceeding with the Governor of the National Bank and other high officials. A new era of still cheaper money is therefore probable in Egypt. The Minister of Finance is credited also with the more ambitious project of founding a State Bank to take over the issuing business of the present National Bank, and Sir Otto Niemeyer, who has been in Cairo, has been consulted on the matter.

ALEXANDRIA, April 20.

[The situation created by the death of King Fuad is discussed in a Note on page 239.]

LETTER TO THE EDITOR

WICKSELL'S MONETARY THEORIES

TO THE EDITOR OF THE ECONOMIST

SIR,—No doubt your reviewer is right in saying that Wicksell's doctrine of "money" and "natural" rates of interest has exercised a profound influence on the development of monetary theories; and no doubt the work of Mr Keynes, Professor Hayek and others in this field has been directly or indirectly influenced by Wicksell. But when it comes to the question of the distinction between saving and investment and the withholding of purchasing power, it is by no means clear what position Wicksell has in this matter; and the suggestion made in this connection that he is "the progenitor of the two rival approaches to monetary problems most prominent to-day," seems to be distinctly far-fetched.

Yours faithfully,

A. H. ABBATI.

22, Austin Friars,
London, E.C.2.

(Our review was not intended to suggest that Wicksell's theories were in all respects the progenitors of those of Mr Keynes and Prof. Hayek.—Ed. Econ.)

BOOKS AND PUBLICATIONS

PRIVATE OR PUBLIC MONOPOLY?*

In the preface to this book Professor Levy states that he is neither an individualist nor a planner, and thus prepares the reader for an impartial survey of those aspects of the industrial system which are only too often described from the political rather than from the scientific point of view. The spread of industrial concentration is for him mainly the outcome of technical factors and not of political or psychological forces. Transportation technique, the international supply of raw materials and the location of the factors necessary for the various stages of productive processes are shown to be the underlying and primary causes of horizontal and vertical combinations, and their development is illustrated by a variety of examples. To the reader unacquainted with the details of post-war industrial developments in Germany the numerous references to particular problems in a book on the industrial system of that country may appear superfluous and even confusing. In my opinion the fundamental approach is undoubtedly sound. Development depends primarily on changes in and commercial technique, and commonly other than follows legal and political changes such as tariffs and the like. It may be granted that technical efficiency may be granted, there remains another equally important problem. Can a productive system based on private ownership operate as efficiently with monopolistic or imperfect competition as with reasonably free competition? Professor Levy would like to answer "Yes," and is at pains to show that concentration need not entail monopoly, and that in any case monopolies do not always extract excessive profits. But this surely misses the real point. It is perfectly true that under conditions of quasi-monopoly there may be no monopoly profits in the strict sense; but this may be merely because all the remaining firms in the industry are carrying surplus capacity; so that monopoly prices may exist even where there is some degree of competition. This is a real dilemma, which all efforts to encourage concentration by way of cartellisation must face. Another difficulty is that a satisfactory technical plant and a satisfactory balance-sheet position by no means always go hand in hand—witness the British cotton industry. These problems are implicitly recognised in the section on the supply of capital. Promoters' profits may encourage mergers and amalgamations far beyond the requirements of actual industrial technique. But this in itself is hardly a sufficient reason. A thorough understanding of its causes would require an investigation into British company practice similar to that carried out in the United States by Berle and Means, tracing the full implications of the "divorce of ownership from control" in the modern economic system. Professor Levy more than once tilts at the "orthodox" economist. In basing his explanation of industrial concen-

tration on the requirements of industrial technique, he fully makes his case, and in emphasising the importance of weighing actual economic circumstances before approving or condemning particular schemes of amalgamation, lays the foundations of a correct approach to the problem. But once he leaves the purely technical aspect his case is far less strong, and this may be caused by his reluctance to envisage the State as a regulator of monopoly. The aims of individualism and of political democracy cannot be to reduce State action in the economic sphere, but rather to ensure that the powers of the State are used for universal and not for sectional interests. Only if this is done can the waste of monopoly be avoided.

It is unfortunate that such a stimulating book should be marred by faults in style and vocabulary. Many of the technical terms used are simply non-existent in English; and it is to be hoped that Professor Levy will arrange for his next book to be presented in a form more attractive to English readers.

SHORTER NOTICES

"The Economic Development of the British Overseas Empire." Vol. III. "The Union of South Africa." By L. C. A. Knowles and C. M. Knowles. Routledge. 341 pages. 10s. 6d. net.

After Sweden, South Africa has perhaps overcome the depression—by devaluing her currency—more successfully than any other country. The publication of a book on South Africa's economic development at this moment is consequently timely.

The authors, however, have hardly taken full advantage of their opportunities. The present unique situation of South Africa is partly due to the importance of her gold-mining industry, though it must be remembered that devaluation helped South Africa's other export industries just as surely as the gold mines. This book devotes 130 pages to farming and only 50 to mining, including diamonds and coal as well as gold.

The authors state that "South Africa has since 1919 been a country enjoying a 'gold premium.'" But this is scarcely correct, since from 1925 to 1932 there was no "gold premium" in South Africa. The authors go on to say, however, that "the departure of the Union from the gold standard . . . brought a new era of prosperity to the gold mines in 1934."

Instead of basing their survey on the influence of the gold mines alone, they have thus preferred to sketch South Africa's economy within the same framework as that used for other countries. This method has some advantages. Without it the authors could scarcely have presented so exhaustive a survey of South African agriculture. The latter is particularly interesting, if only as a record of perseverance against the difficulties encountered in the production of one new product after another. Indeed, after perusing the chapter on "drought, plagues and pests," the reader will doubtless subscribe to General Smuts' recently expressed view that for many years to come South Africa must depend for her livelihood on her mineral industry, and, in consequence, must develop her base metals.

The authors are obviously more in their element in their most interesting discussion of the relationships of the black and white races in the sub-continent; and in their survey of the development of its railways, in which they seem to admit, almost against their will, the importance of Johannesburg as the "lodestar." There are signs, however, that the book is not quite up to date.

"Modern Government as a Busybody in Other Men's Matters." Allen and Unwin. 245 pages. 6s.

Sir Ernest Benn, who writes many books, has but a single thought. Almost all evils, he believes, are due to Government interference with the natural and beautiful harmony of unregulated competition. In this book he even disapproves of the State attempting to provide decent housing for the working classes. "Leaving aside the higher ethical considerations," he says, "and the moral degradation of something for nothing"—does Sir Ernest know how much the working man pays in indirect and municipal taxation?—"the theory of free housing will not stand the practical test." The problem of the slums "settles itself if it is left alone." The inhabitant of the slums will, we suspect, be content if the Government gets on with the work of slum-clearance and leaves Sir Ernest Benn alone in the contemplation of the higher ethical considerations.

"Denmark in 1935": An Examination of her Economic Position, with Special Relation to Agriculture and Anglo-Danish Trade. Economic League, London, S.W.1. 63 pages. Price 6d.

This book gives an interesting survey of Denmark's daily economic life, based on first-hand impressions. To those who are not familiar with Denmark the book will supply much valuable information, though an exhaustive account naturally cannot be offered in 63 pages.

The chapter on agriculture provides a vivid picture of the chief features of Danish farming: the scientific methods employed, and the predominant influence of the co-operative societies, which are now buying feeding-stuffs, etc., as well as marketing standardised products in the most economical way. A whole chapter is devoted to "Carlsberg—A National Institution," and it is shown how the capital and profits of a large industrial undertaking are devoted to the furtherance of science and art.

One misses, however, an analysis of the Danish foreign exchange problem and the functions of that ingenious device, the Exchange Control Office, by means of which it has been found possible to economise the scanty foreign exchange resources of the country without lowering the people's standard of living. On the whole, however, Mr White's book is pleasantly objective and well-informed.

BOOKS RECEIVED

Towards Social Security. By Eveline M. Burns. (London) McGraw Hill Publishing Co., Ltd. 269 pages. 10s. net.

Italy and the Abyssinian War. By A. H. Abbati. (London) London General Press. 18 pages. 6d. net.

How Britain Rules Africa. By G. Padmore. (London) Wishart Books, Ltd. 402 pages. 12s. 6d. net.

The Directory of Insurance Brokers and Claims Assessors, 1936. (London) Cawley's Publicity Service, 11 Queen Victoria Street, E.C.4. 132 pages. 4s. net.

Ferien-Kurse in Deutschland, 1936. (Berlin) Deutsche Akademischer Austauschdienst Kronprinzen-Ufer 13. 90 pages. No price given.

Deflation als Mittel der Konjunkturpolitik in Polen. By E. Lipinski. (Jena) Verlag von Gustav Fischer. 17 pages. No price stated.

Die Industriepolitik der Niederländischen Regierung. By G. M. Verrijn Stuart. (Jena) Verlag von Gustav Fischer. 27 pages. No price stated.

OFFICIAL PUBLICATIONS

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

Imperial Economic Committee: World Consumption of Wool, 1928-1935. 4s. net.

Report of the Commissioners of Prisons and the Directors of Convict Prisons for the year 1934. Cmd. 5153. 2s. net.

Statement showing the Number of Persons in Receipt of Poor Relief in England and Wales in the quarter ending December, 1935. 6d. net.

Mui-Tsai in Hong-Kong. Report of Committee appointed by His Excellency the Governor. Cmd. 5121. 1s. 3d. net.

Sixth Annual Report of the National Radium Trust and Radium Commission, 1934-1935. Cmd. 5112. 9d. net.

METHUEN

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MONEY AND BANKING

BRAZIL'S EXCHANGE PROBLEMS

BRITISH commercial creditors of Brazil now have before them the definite offer of settlement of their debts based upon the arrangements embodied in the Anglo-Brazilian Payments Agreement of March 27, 1935. This is the second occasion within a few years upon which the Republic has been obliged to submit a funding arrangement for the liquidation of commercial credits on foreign account, which have become "frozen" through the lack of adequate foreign exchange resources.

The latest arrangement, like the previous scheme which came into effect in May, 1933, runs parallel with that concluded with United States creditors of Brazil. The 1933 and 1936 arrangements are similar, inasmuch as while cash payments are provided for the liquidation of small debts, the bulk of the commitments are to be met in instalments—either in notes or bonds—spread over a period of years. By unilateral action through the Aranha scheme of February, 1934, the Brazilian Government has already reduced the cost of the service on its external bonded debt to an amount equivalent to some £8,000,000 sterling per annum, which was officially stated at the time to represent the maximum annual remittance payable across the exchanges. The existing international political situation is held to be mainly responsible for the present poor demand from Europe for Brazilian coffee. It is therefore opportune to examine the general exchange position.

Brazil has a paper milreis which lacks both metallic guarantee and the basic support of a modern central banking system. Exchange control has been operative since May, 1931, and the foreign exchange markets have been subject to continual disturbances through sudden changes in the control regulations. Ultimately, in May, 1934, the Government "recognised" the "free" exchange market. The immediate outcome was a substantial depreciation in the effective exchange value of the milreis, which provided a natural check to imports. The "free" exchange market, at first, dealt only in exchange other than that derived from export bills, but successive modifications in the regulations brought about the establishment of the present position, which has remained materially unchanged since February 11, 1935. Foreign currency bills covering all exports (except certain "minor" exports, which secure 100 per cent. of "free" exchange) must be sold in the "free" exchange market to the authorised banks. The latter deliver 35 per cent. of the resultant exchange to the Banco do Brasil at a stipulated official rate to meet the Government's requirements, including its expenses abroad and the service of its external debt. The balance of 65 per cent. represents the resources of the "free" market. Exchange to pay for goods cleared through the Customs after February 11, 1935, is obtained in the "free" market. Goods cleared, however, through the Customs between September 11, 1934, and February 11, 1935, inclusive, have been entitled to 60 per cent. of the relative foreign exchange at the "official" rate; and all goods cleared before September 11, 1934, have been entitled to the full 100 per cent. of official exchange.

It was in regard to the payment of goods cleared up to and including February 11, 1935, that special arrangements were embodied in the Anglo-Brazilian Payments Agreement of March, 1935. The arrangements finally made under the terms of that agreement, however, go further. They provide means, in fact, for the settlement of all approved commercial debts due to British nationals to date. Under an offer made on March 13th last, all such debts, due up to and including June 15, 1935, are to be satisfied in cash if more than £100, and as to 15 per cent. (or more if the greater) in cash and the balance in Brazilian Government sterling stock, if the debt is £100 or more. Debts due after June 15, 1935, are to be with 4 per cent. stock. Arrangements of a similar character have been concluded in New York for the liquidation of the blocked American funds.

On June 28, 1935, restrictions were again imposed in Brazil on the supply of exchange to cover remittances abroad. Export exchange quotas of 35 per cent. and 65 per cent. are still maintained. Under the previous arrangement, however, remittances abroad, between February 11, 1935, and June 28, 1935, could be met out of the 65 per cent. quota of "free" exchange without the necessity of prior authorisation. The position has now reverted to that obtaining before May, 1934, and the authority of the Exchange Control is once more necessary before remittances abroad can be made. It follows that the disposal of the 65 per cent. of so-called "free" exchange is in fact no longer free, but is controlled by the Fiscalisation Department. Normal exchange transactions covering imports are effected without difficulty, but the procedure in respect of other exchange requirements may be complicated.

It has been calculated that the cost of effecting the annual remittances called for under the original 1933 Payments Agreement with Great Britain and the United States is in the neighbourhood of £2,000,000 sterling per annum. The new Sterling Stock issue is limited in amount to £5,000,000. It is redeemable at par within five years, and will require for interest and amortisation an annuity of £1,200,000 sterling. This annuity, however, will be increased to £2,053,000 sterling as soon as all payments under the June, 1933, arrangement have been finally liquidated, and so long as any of the 4 per cent. Stock remains outstanding.

It is clear that the capacity of the Brazilian Government to meet its commitments turns on two factors, namely, the yield of the Government's 35 per cent. quota of export exchange, and the extent of imports, both visible and invisible, in relation to the value of exports. The total value of Brazilian exports in the year 1935 was £33.0 millions (gold), in respect of which the Government's exchange requisition of 35 per cent. would have yielded £11.6 millions (gold), equivalent to some £19.2 millions sterling. On the face of it this would appear adequate to meet Government requirements under all heads, including Government expenses abroad. The total value of imports into Brazil last year, however, was £27.4 millions (gold), or some £6 millions more than the 65 per cent. of export exchange, amounting to £21.4 millions, available for that year to the "free" market. The export figure for January, 1936, was £3.0 millions (gold), but this was reduced in February to £2.6 millions (gold). No recovery is expected in March, for the export demand for coffee is still inactive, and prices obtainable are no better. If the January-February average were maintained, the aggregate value of exports for 1936 would be £33.8 millions (gold), while the Government's exchange quota would be £11.8 millions (gold), and the total left available for imports £21.9 millions (gold). Imports on the January-February basis would cost for the year £25.8 millions (gold). In view of probable requirements for cover for "private" remittances, such as dividends, railway earnings, etc., it would seem that—failing an upswing in export values and trade—there are two possibilities. The flow of imports must be restricted in the near future, either by trade regulations or through the depreciation of the free rate, or the question may arise of modifying the 35 per cent. quota of export exchange sequestered by the Government.

Finally, an important new factor has arisen in the Brazilian import markets during the past few months due to the competition from Germany through the "compensation" mark system. This enables the "Aski" mark to be quoted at a heavy discount in South America, although it is accounted at its full parity with the Reichsmark in the supply of the goods to the Brazilian importer. Parallel with the heavy decline in British trade with Brazil, both on import and export account, there has been a big expansion in German trade. This adds a new complication to an exchange system which already afforded sufficient difficulty both to British traders and British creditors of Brazil.

FINANCIAL NOTES

Gold Bloc Vicissitudes.—While the dollar has remained steady at \$4.93½, the gold bloc currencies have given the London foreign exchange market a series of minor shocks. The result of the first ballot in the French elections was received fairly calmly, and three months' francs have remained at just under Frs. 3 discount. Early in the week, however, came the news that Poland was about to impose exchange restrictions. So far, London banks have received no details, but it is understood that they are free to dispose of both their own and their customers' balances up to the end of this week. Then on Wednesday, the spot rate for Swiss francs suddenly weakened from Frs. 15.15 to Frs. 15.25, returning on Thursday to Frs. 15.21. This created some nervousness, and it was suggested either that Switzerland was proving susceptible to this week's Austrian news, or that Continental speculators found it cheaper to bear gold bloc currencies through the medium of the Swiss franc than through the French franc. As the discount on three months' Swiss francs was only 3 per cent., against 15½ per cent. per annum for French francs, this view appeared tenable, but it was disproved by the fact that there had been no real widening in the discount on three months' Swiss francs or any serious offering of spot or forward guilders, which were equally open to attack in this way. A more likely suggestion is that the Italian authorities have been selling Swiss francs against sterling through Paris. The Swiss francs would be derived from the mobilisation and sale of Swiss securities owned by Italian nationals, while any resultant weakening of French francs against the pound would be taken up by the British Control. Incidentally, it has recently become far less easy to detect the Control's intervention, especially as it now frequently operates abroad. A further report is that the fall in the Swiss franc was due to a single large commercial transaction on a bare and narrow market. Generally speaking there has been no real justification for the strength of the Swiss franc in Paris, ever since the completion of certain loan repayments from France to Switzerland as long ago as March 15th, and some London operators have been surprised that the Swiss franc should have since remained nearly at the import gold point. If so, this week has witnessed a natural reaction. Nevertheless, the Swiss franc is still above the theoretical export gold point. There has been no recent change in the general Swiss economic position, and this week's movement is probably just one more symptom of the nervousness which afflicts the gold bloc currencies.

Argentine Central Bank.—The first report of this institution describes the execution of the banking reforms authorised by the legislation of March, 1935, and also the central bank's own operations from May to December last year. The revaluation of the nation's gold and subsidiary coinage yielded a profit of \$663 millions, which was used in such a way as to avoid inflation, while reinforcing the cash reserves of the commercial banks. These last increased in consequence during 1935 from \$485 millions to \$827 millions, while the ratio of cash to deposits rose from 14.0 to 24.7 per cent. The exact details of this work of reconstruction are fully described. During the Central Bank's inaugural year there were naturally wide changes in its assets and liabilities. Broadly speaking, progress has been made in the liquidation of foreign balances previously blocked in the commercial banks, while the Exchange Control's funds, now held in public deposits at the Central Bank, have increased as the result of the year's profitable operations. Certain Government bonds have been transferred from the Central Bank to the commercial banks, while the Instituto Mobolizador, formed in March, 1935, to take over the frozen assets of certain commercial banks, has now drawn upon its resources at the Central Bank in order to perform its functions. The net result of these operations is an increase in public deposits, a decrease in bankers' deposits and in the Central Bank's securities, and the disappearance of the Instituto's reserve balance. The

Central Bank itself earned a profit of \$3.7 millions. After paying the maximum dividend of 5 per cent., \$1.6 millions was appropriated for various reserves and \$1.7 millions was paid to the Government. Altogether the new Central Bank has made an auspicious start, and has already done much to place Argentine banking and finance upon a sounder and more liquid basis.

Italian Banking and Sanctions.—The accounts of the Banca Commerciale Italiana for December 31st, 1935, throw an indirect but illuminating light on the effect of sanctions. At the end of 1933 commercial acceptances, which mainly relate to the financing of foreign trade, stood at Lit. 174.8 millions; and a year later they were up to Lit. 191.9 millions. By December 31st last, economic sanctions were in operation, with the result that the commercial acceptances of this bank had fallen to Lit. 24.3 millions, or to exactly one-eighth of their total value of the preceding year. This is a very rough measure of the effect of sanctions upon Italy's external trade. Meanwhile the total resources of the bank have also fallen during the past year, for deposits are reduced from Lit. 7,840 to Lit. 6,960 millions; cash from Lit. 461 to Lit. 365 millions; bills receivable, Italian Government securities and money at call from Lit. 5,164 to Lit. 4,657 millions; and current debtor accounts (i.e. advances) from Lit. 2,601 to Lit. 2,298 millions. These movements may indicate a shrinkage in general business activity, but they certainly do not suggest any inflation of the commercial banking system. A further indication of the status of the lira is now being afforded by the inception of the tourist lire system. The initial quotation, which has now been in force for about ten days, is Lit. 82.10 to the pound. This compares with the official exchange rate of Lit. 62½ to the pound, so that tourist lire are quoted at a discount of nearly 24 per cent.

The Bank Return.—The end of the month has brought with it the usual small increase in the note circulation, but this is partly offset by a further addition to the Bank's gold stocks, so that the Reserve has only fallen by £0.8 million.

BANK OF ENGLAND

	May 1, 1935	Apr. 8, 1936	Apr. 15, 1936	Apr. 22, 1936	Apr. 29, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.6	201.1	201.6	202.1	202.7
Note circulation	392.6	421.4	421.9	415.4	416.9
Banking Department:—					
Reserve	60.5	40.5	40.5	47.4	46.6
Public deposits	8.0	9.6	9.6	13.2	7.4
Bankers' deposits	115.5	93.4	104.9	93.1	104.7
Other deposits	40.0	37.1	36.6	38.1	39.0
Government securities ...	104.9	93.9	106.7	93.2	101.3
Discounts and advances	6.0	9.8	8.8	7.5	8.3
Other securities	9.9	13.7	13.2	13.9	12.6
Proportion	37.0%	28.9%	26.7%	32.8%	30.8%

The postponement until Friday of the bulk of the week's payments for new Treasury bills left the Government rather short of funds with which to cover maturities in the earlier part of the week. Public Deposits have therefore fallen by £5.8 millions, while the increase of £8.1 millions in Government securities may indicate borrowing on Ways and Means. Conversely Treasury bill maturities left the banks and the market well supplied with funds in the middle of the week. This explains the increase of £11.6 millions in bankers' deposits.

The Money Market.—This week the money market has been disturbed by the inequalities of the calendar. Treasury bills issued and paid for on Friday, May 1st, provided the Government with an extra day's funds, and so the bulk of this week's new Treasury bills were allotted on that day. Meanwhile old Treasury bills have been maturing every day this week, so that as the Bank return shows, up to Friday the Government was steadily paying out money to the banks and the market was getting very little in. This made money very easy on Wednesday and

Thursday, but on the first two days of the week some calling was noticeable.

	Apr. 8, 1936	Apr. 16, 1936	Apr. 23, 1936	Apr. 30, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short loan rate :—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	1	1	1	1
Discount rates :—				
Treasury bills	1	1	1	1
Three months' bank bills	1½-1½	1½-1½	1½-1½	1½-1½

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

As bill brokers only needed funds on Friday, most business in bills this week was of a forward character, namely for delivery and payment on that day. The banks bought early July Treasury bills at 1 per cent. on that basis. The rate for three months' bank bills is unchanged.

The Union Bank of Scotland.—The accounts of this bank for the year ended April 2, 1936, provide further confirmation of the progress of Scottish banking. Net profits for the latest year were £316,600, against £313,500 in 1934-35, while the disclosed appropriation to contingencies has been reduced from £50,000 to £25,000. On the other hand, there is this year an allocation of £25,000 to the widows' fund, which will help to solve any problems which may have arisen from the fall a few years ago in the long-term rate of interest. The dividend is unchanged at 18 per cent. The bank's resources are larger than a year ago, for deposits have risen from £29.9 to £32.0 millions. Advances are unchanged, and the extra funds have been lodged in bills and investments. Thus the bank is experiencing the common difficulty of all British banks in finding a sufficiency of willing and credit-worthy borrowers. In these circumstances the bank has done well to improve its net earnings, and it has obviously added to its strength and liquidity.

INSURANCE NOTES

Motor Union.—This company transacts a large motor insurance business, the figures in relation to which are included in its accident branch accounts. Premium income increased from £182,000 to £188,000, and £1,537,000 to £1,606,000 in the fire and accident branches, respectively. The results of the last two years are given below :—

	1934	1935
	Percentage of Amount of Profit	Percentage of Amount of Profit
Fire	14,159 7.8	26,480 14.1
General	61,821 4.0	94,898 5.9
	75,980	121,378
Less items debited to profit and loss account	35,204	52,464
	40,776	68,914
To general reserve	104,000	69,000

Total assets amount to £2,637,000. The market value of the investments are more than £150,000 in excess of the book values, without taking into account the investment reserve of £233,000. There is also a general reserve of £493,000. The dividend has been increased from 26 per cent. to 32 per cent. and costs £50,000, compared with available interest earnings of £73,000. The shares are held by the Royal Exchange.

London Assurance.—The year 1935 marked the close of another quinquennial period in the life department. The result of the valuation of the assets and liabilities is given below, together with that of 1930. On this occasion the new mortality table A 1924-29 was used for assurances, and the rate of interest assumed was reduced from 2½ per cent. to

2½ per cent. In no case, however, was the net premium used greater than 87½ per cent. of the office premium for non-profit business or 75 per cent. for with-profit business. For annuities the assumptions as to mortality and interest (2½ per cent.) were the same as before :—

	1926-30	1931-35
Trading surplus earned during quinquennium	870,840	940,943
Brought forward	192,823	106,911
	1,063,663	1,047,854
Allocations :—		
To Bonuses to policyholders	578,402	771,457
„ Shareholders	96,350	107,242
„ Strengthening of actuarial reserves.....	282,000	...
„ Carried forward	106,911	169,155
	1,063,663	1,047,854

In respect of policies issued before 1911, a cash bonus has been given at the rate of 55 per cent. of the premiums paid in the quinquennium. For policies issued subsequently, compound reversionary bonuses at the very satisfactory rates of 45s. per cent. per annum for whole-life and 40s. per cent. for endowment assurances have been declared; at the last valuation the rate was 45s. per cent. under both plans. As will be seen, the cost of the bonus, including the shareholders' proportion of profits, is amply covered by the trading surplus, which, it should be noted, is arrived at after providing for the increased stringency in the reserves. The valuation is on a very strong basis, and places the office in a particularly favourable competitive position as regards future profits. During the year new assurances for £2,764,000 were issued against £2,376,000 in 1934, while annuity consideration moneys increased from £129,000 to £212,000. The net rate of interest in the life fund fell by 10d. per cent. to £3 17s. 9d. per cent. The premium income of the company, including the associated companies, increased in the fire branch from £2,075,000 to £2,094,000, and in the accident branch from £1,163,000 to £1,253,000; marine premiums fell from £690,000 to £646,000. The underwriting profit has expanded considerably, as will be seen from the following table :—

	1934		1935	
	Amount of Profit £	Percentage of Premiums	Amount of Profit £	Percentage of Premiums
Fire	146,678	7.1	186,164	8.9
General accident	60,837	5.2	120,043	9.6
Marine	73,017		72,011	
Life	20,000		20,000	
	300,532		398,218	
Less items debited to profit and loss account	236,378		141,739	
Net trading surplus ...	64,154		256,479	

Available net interest earnings, which fell in 1934 by £24,000, increased last year from £184,000 to £216,000. These fluctuations can no doubt be accounted for by the varying effect of foreign remittances. The dividend is again 45 per cent., and absorbs £231,000. Total assets, including those of the associated companies, increased from £16,622,000 to £18,610,000, and aggregate market values of Stock Exchange securities are stated to exceed book values.

World Auxiliary Insurance.—This Corporation transacts various classes of insurance other than life, and the total premium income last year was £273,000, against £287,000 in 1934; the underwriting results of the last two years are given below :—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	£6,169	7.0	£5,350	6.0
Accident and general	6,321	7.6	4,442	5.6
Marine	19,887	17.3	15,048	14.5
	32,377		24,840	
Less items debited to profit and loss account	23,561		10,461	
	8,816		14,379	

Out of the above surpluses some £15,000 was transferred to the reserve fund in 1934, and £10,000 in 1935. The

assets amount to £1,176,000 and Stock Exchange market values are about £84,000 in excess of book values. Reserve funds aggregate £250,000, while the profit and loss account is £125,000 after payment of the 1935 dividend, which is again at the rate of 7½ per cent. free of tax and costs £22,500, against interest earnings of £29,600.

London and Lancashire.—Apart from the life department, which is administered by the Law Union and Rock, the premium income of this company last year was £6,042,000, compared with £5,894,000 in 1934. The underwriting profits were again very satisfactory.

	1934	1935		
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	387,950	13.7	443,789	15.8
Accident and general ...	77,816	3.8	72,716	3.3
Marine	133,936	13.1	185,508	17.8
Life	17,078		17,078	
Capital redemption	1,010		1,467	
	617,790		720,558	
Less items debited to profit and loss	141,836		183,106	
	475,954		537,452	

In 1934, £100,000 and £200,000 were transferred from profit and loss to strengthen the additional reserves held in the marine and accident departments respectively, and last year £500,000 was transferred to general reserve. These entries are not included in the above profit and loss items. The departmental reserves are very strong; in addition to the usual 40 per cent. of premium income for unexpired risk, further reserves are held which, at £2,400,000 and £1,000,000, amount to 85 per cent. and 46 per cent. of the fire and accident premiums respectively. The marine fund amounts to 136 per cent. of the 1935 premium income. Due to the £500,000 credit mentioned above the reserve fund is increased from one and a half to two millions, while profit and loss balance, after providing for the 1935 dividend, is £2,134,000. Total assets, excluding the life assets ("Law Union and Rock"—see page 254), amount to £16,888,000, and the aggregate market value of the securities as at December 31, 1935, is in excess of the amount appearing in the balance sheet. The dividend is once more 50 per cent. and costs £582,000, compared with available net interest earnings of £474,000.

London and Provincial Marine and General.—This company is a subsidiary of the Yorkshire. Premium income in the Fire and Accident Branch is now slightly greater than in the Marine Branch, which was formerly the only class of business transacted. As usual, marine results were very satisfactory; and, though not so good in 1935 as in the previous two years, they enabled a transfer to be made to profit and loss of £20,000—equal to 20.3 per cent. of the premiums received in the year. The total assets exceed £1,500,000, and the market values of the Stock Exchange securities are in excess of book values. The reserve funds amount to £690,000 and there is a profit and loss balance of £106,000. The dividend is again 10 per cent., free of tax, and costs £30,000, compared with the interest earnings of £44,000.

Marine Insurance Company.—Premium income fell further last year from £530,000 to £521,000, but the claims experience was very favourable. Expenses and the first-year claims amounted to 29 per cent. of the premium income, compared with 29 per cent. and 30 per cent. in 1934 and 1933 respectively. The 1933 account is closed by the transfer to profit and loss of £132,000, equal to 23.2 per cent. of the premiums of that year; the corresponding figures in the previous year were £144,000 and 22.5 per cent. Total assets amount to £2,665,000, against £2,730,000, and the financial position is very strong. The reserve fund is £700,000 and the profit and loss balance is £466,000. The dividend is again at the rate of 40 per cent. and costs £186,000, compared with interest earnings of £92,000.

General Accident, Fire and Life.—A quinquennial valuation of the liabilities of the life assurance contracts was made as at December 31st last, and resulted in the same rate of simple reversionary bonus as in 1930—namely, 52s. per cent. per annum for policies originally effected with the Corporation. All assurances taken out in the last decade have been effected with the General Life; the rate of bonus of that office has been reduced from 35s. per cent. per annum, calculated on the sum assured, to the very modest rate of 30s. per cent. per annum in respect of policies issued since January 1, 1926, and from 30s. per cent. per annum to 25s. per cent. per annum for policies previously issued. No details of the basis of valuation or the distribution of surplus are given; the report states that full particulars on these points "will be furnished in due course in the returns to the Board of Trade." Evidently, but there seems no good reason why the report now issued should not accord with the general practice of offices. As a result of the 1930 valuation £56,000 was transferred to profit and loss from life and capital redemption accounts, but the corresponding figure on this occasion is less than £10,000. New life assurances were £2,884,000 against £2,840,000, and the net rate of interest was 2s. 7d. per cent. less at £4 3s. 1d. per cent. On the other hand, fire premium income increased from £593,000 to £642,000 and accident premiums from £6,852,000 to £7,946,000, while marine premium income was £25,000 greater at £164,000. The results of the last two years are shown below :—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	£136,456	23.0	£139,396	21.7
Accident and general ...	260,248	3.8	184,514	2.4
Marine	—3,694	2.6	—1,911	—1.2
Life	...		8,229	
Capital redemption.....	...		1,350	
Profit on sale of invest- ments	11,771		...	
	404,781		331,578	
Less items debited to profit and loss	225,422		286,910	
	179,359		44,668	
To reserve	150,000		125,000	
Net trading surplus ...	29,359		—80,332	

During the year the capital was increased by the issue of 50,000 £5 shares with £1 5s. paid up. The issue price was £18 15s., so that the total issue premium was £875,000, which, together with £125,000 from profit and loss, has been transferred to general reserve. From that reserve £200,000 has been transferred to create an additional reserve in the accident and general department, and as a result the general reserve has been increased by £800,000 to £1,700,000, while the profit and loss balance after payment of the year's dividend is £539,000. Total assets in the General Accident and its subsidiaries amount to £16,780,000. During the year the chief changes among the investments were increases of £417,000 to £1,240,000 in British Government securities and of £545,000 to £1,668,000 in foreign Government securities. The rate of dividend is 64 per cent. compared with a dividend of 60 per cent. and a bonus of 4 per cent. in 1934, and costs £250,000 on the increased capital, compared with available net interest earnings of £265,000.

Royal Exchange Assurance.—The quinquennial valuation of the assets and liabilities was made as at December 31, 1935, but the information given in the report is insufficient to enable us to compile our usual formal statement; even the rate of bonus recommended finds no mention. It is difficult to understand this departure from common practice and from the course followed by the office itself five years ago. New life assurances, which increased by £742,000 in 1934, rose by a further £601,000 to £4,350,000. Annuity consideration money was also greater, being £312,000, compared with £281,000, and the net rate of interest earned on the combined insurance and annuity funds at £4 6s. 8d. per cent. was 1s. 3d. per cent. less. Death claims and surrenders at £288,000 and £101,000

respectively, were practically the same as in the previous year. In the other branches premium income was well maintained and underwriting profits were distinctly satisfactory. The results of the last two years are given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire Department.....	142,408	9.9	189,292	12.8
General Department	— 3,785	—0.3	32,490	2.8
Marine Department	738	0.1	2,957	0.5
Life Department	26,151		30,445	
Annuity Department	10,450		11,174	
Capital redemption Department	2,293		1,288	
Trustee and Executor Department	12,353		19,463	
	190,608		287,109	
Less Items debited to Profit and Loss Account	127,841		138,694	
Net Trading Surplus.....	62,767		148,415	

Strong departmental reserves are held; thus in the fire account, in addition to the usual reserve of 40 per cent. of the premium income for unexpired risks, there is an additional reserve of £600,000; while the marine fund amounts to 138 per cent. of the premium income. Total assets, excluding those of affiliated companies, increased from £21,073,000 to £21,984,000. Mortgages on property and loans increased further by £445,000 to £2,855,000. British Government securities fell by £324,000, but increases took place in debenture, preference and ordinary shares. The dividend is at the same rate as in 1934, namely 30 per cent., and its cost is covered by the available interest earnings.

* * *

The State (including the British Equitable) Assurance.—The premium income of this company, which is owned by the Royal Exchange, showed some increase, and improved underwriting profits were obtained.

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	23,988	4.4	36,167	6.6
Accident	8,339	4.1	20,326	9.5
Marine	10,601	15.6	9,175	11.0
Life	1,814		1,814	
	44,742		67,482	
Less Items debited to profit and loss account	36,653		40,891	
	8,089		26,591	

The company does not yet transact life business, but the accounts include the figures of its subsidiary, the British Equitable, which operates in life assurance as well as the miscellaneous classes of assurance. New life assurances increased from £787,000 to £866,000. The net rate of interest increased by the substantial amount of 2s. 3d. per cent. to £4 7s. per cent. The total assets of the State and its affiliated companies increased by £53,000 to £3,066,000. The rate of dividend was again 25 per cent. and costs £19,375, compared with available interest earnings of £32,456.

* * *

Wesleyan and General.—In the ordinary branch new business amounted to the record total of £1,799,000, against £1,589,000 in 1934, while the net rate of interest was 2s. 9d. per cent. less at £4 5s. 4d. per cent. In the industrial branch new assurances fell by £240,000 to £3,845,000 and the net rate of interest was 3s. 6d. per cent. smaller at £4 15s. 7d. per cent.; the expense ratio showed a further reduction from 38.7 per cent. to 38.2 per cent. of the premium income. The customary annual valuation of liabilities and assets was made as at December 31st last, and the results are given below. In the ordinary branch the valuation basis was strengthened by the use of interest at 3 per cent. instead of 3½ per cent. for without-profit policies. In the industrial branch the same basis of valuation

was used as in 1934, but greater strength has been attained by allocating £30,000 to a special reserve.

	1934	1935
Ordinary Branch :—		
Surplus earned during the year	136,596	140,031
Investment profits realised	7,472	6,586
Transferred from Industrial Branch	19,873	14,077
Brought forward from previous year	100,952	89,406
	264,893	250,100
Allocations :—		
To Bonuses to policyholders	134,687	135,936
„ General reserve fund	27,000	...
„ Staff pension fund	13,800	15,100
„ Strengthening of reserves	...	44,000
„ Carried forward to next year.....	89,406	55,064
	264,893	250,100
Industrial Branch :—		
Surplus earned during the year	173,798	175,811
Investment profits realised	8,799	8,075
Brought forward from previous year	98,400	99,311
	280,997	283,197
Allocations :—		
To Bonuses to policyholders	81,800	54,492
„ Staff pension fund	56,200	59,900
„ Bonuses to outdoor staff	18,043	18,164
„ Ordinary branch (gross of tax)	25,643	18,164
„ Strengthening of reserves	...	30,000
„ Carried forward to next year.....	99,311	102,477
	280,997	283,197

The rate of bonus in the ordinary branch was 44s. per cent. for whole life assurances and 38s. per cent. for endowment assurances, calculated on the sum assured. In each case 4s. per cent. of the bonus was provided from the surplus arising in the industrial branch. The corresponding rates in 1934 were 46s. per cent., 40s. per cent., and 6s. per cent. respectively. Profit-sharing in the industrial branch was instituted in 1927, under which policy-holders receive 60 per cent. of the divisible profits, and under this scheme approximately £500,000 has been allocated to make the premiums under whole life policies cease at age 65. For 1935 a new method of distribution has been adopted, under which an addition is made to the sum payable on claims by death or maturity in the year commencing April 7, 1936; the amount of the addition varies with the duration of the policy, commencing at 2½ per cent. of the sum assured where the policy has been in force for ten years, and increasing to a maximum of 10 per cent. where the duration is 40 years or over. Total assets increased from £13,200,000 to £13,869,000. An increase of £260,000 to £3,417,000 on mortgages on property reflects the popularity of the house purchase schemes of the Society.

* * *

Law Union and Rock.—When allowance is made for the disappointing nature of the quinquennial bonus distribution at the close of 1934, the new business was very well maintained at £2,455,000, compared with £2,681,000 in 1934 and £2,365,000 in 1933. The net rate of interest, however, fell from £3 17s. 4d. per cent. to £3 14s. 4d. per cent. Death claims at £373,000 were £46,000 smaller. The Law Union and Rock is concerned mainly with life assurance, but transacts fire and accident business also, from which the premium income last year was slightly higher at £691,000. Underwriting profits were very satisfactory. The results of the last two years are given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Life	17,078		17,078	
Fire	87,046	18.8	94,245	21.0
Accident and general	21,791	9.9	31,343	13.0
	125,915		142,666	
Less Items debited to Profit and Loss.....	32,352		30,775	
	93,563		111,891	

The dividend is again 16s. per share, and costs £141,000. The available net interest earnings were £48,000.

Legal and General.—New life assurances other than decreasing term and group assurances fell from £7,092,000 to £6,381,000. Decreasing term assurances, issued chiefly in connection with building society loans, and group assurances, increased from £7,549,000 to £9,383,000. In addition, new sums assured under sinking fund policies were issued for £1,176,000 against £1,422,000. The amount of business transacted in connection with group pensions showed a large expansion, but annuity consideration moneys fell from £1,737,000 to £1,188,000. In connection with the reinsurance treaty with the Phoenix of Vienna, new sums assured of £520,000 against £560,000 in 1934 were accepted. It is understood that the recent crisis in the affairs of this company will not involve the Legal and General in any additional liability; however, the book values of the treaty, which in the 1934 balance sheet stood at £39,000, and the book value of the society's shares in the company, amounting to £11,000, have been entirely written off. The net rate of interest earned on the life fund, excluding from that fund the whole of the amount invested in reversions, was £4 3s. 11d. per cent., compared with £4 6s. per cent. in the previous year. Annuities paid increased further by £82,000 to £369,000. The combined fire and accident premium income was £558,000 against £530,000, and the underwriting profits were more satisfactory. Transfers to profit and loss from the life, sinking fund and permanent sickness accounts are made only on the occasion of the quinquennial valuations.

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	23,675	7.6	33,265	10.3
Accident.....	— 32,882	—15.2	—13,220	—5.7
	— 9,207		19,945	
Less items debited to profit and loss	— 6,000		10,000	
	—15,207		9,945	

Of realised investment profits of £381,000 some £181,000 was applied to write down investments, and £200,000 was transferred to the investment reserve fund, which now stands at £850,000. The general reserve fund is unchanged at £350,000. The total assets increased from £33,467,000 to £36,690,000. The book value of the Stock Exchange securities is £15,647,000, which is stated to be £1,254,000 less than the market values on December 31st last, after allowing for accrued interest in the prices. Loans of all kinds increased from £12,872,000 to £13,082,000. British Government securities at £5,862,000 showed an increase of £666,000 and British municipal securities increased from £307,000 to £1,085,000. Increases also took place in debenture, preference and ordinary stocks. The dividend, including bonus, is again 52½ per cent., free of tax, and costs £105,000 against net interest earnings on the funds, other than the life fund, of £75,000.

* * *

Eagle Star and British Dominions.—In the Life department new policies were issued for £2,755,000, against £2,404,000 in 1934, while the net rate of interest remained unchanged at £4 3s. 5d. per cent. The valuation of the assets and liabilities of the closed funds of the "Eagle" and "English and Scottish" was made as at December 31st last, and as a result £72,275 has been carried to Profit and Loss. In 1934 the corresponding credit from the Life fund was £18,158 arising out of the valuation of the "Sceptre." In the Motor branch premium income increased from £1,143,000 to £1,465,000, while the accident premium income in the other miscellaneous accounts showed some increase. The underwriting results are shown below. Among the items debited to Profit and Loss is the sum of £100,000 set aside as provision for staff pensions and a further £100,000 written off the cost of "life businesses acquired." The acquired businesses referred to are the "Eagle," "Sceptre," "Star" and "English and Scottish" Companies. The original cost was £606,000, but this sum has now been written down to £145,000, an amount

which bears but little relation to the profit earning capacity:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	45,825	5.6	70,139	8.7
Accident	5,954	7.5	8,809	10.2
Employers liability	3,950	2.5	3,671	2.2
General	84,676	21.2	108,474	25.6
Motor	18,055	1.6	17,662	1.2
Marine	25,000		25,000	
Life	18,158		72,275	
	201,618		301,030	
To reserve	100,000		100,000	
	101,618		201,030	
Less items debited to profit & loss account	32,507		160,453	
Net trading surplus...	69,111		40,577	

The interest income, after providing for Preference and Preferred Ordinary dividends, increased from £137,000 to £159,000. The dividend has been increased from 22½ per cent. to 25 per cent. and costs £156,000 compared with £140,000 in 1934. Total assets of the Company, its closed funds and subsidiaries, amount to £23,691,000, of which £15,881,000 relates to the Life department. There was some decrease in mortgages and British Government securities, while moderate increases took place in Debentures, Preference and Ordinary Stock. The General Reserve Fund remains unaltered at £1,350,000.

Atlas Assurance.—New life assurances increased last year by £319,000 to £3,564,000, and annuity consideration money by £18,000 to £596,000. The net rate of interest was a few pence higher at £4 10s. 4d. per cent., while death claims fell by the substantial sum of £38,000 to £245,000. Although the surplus is distributed to policyholders only at triennial intervals, an annual valuation of the liabilities and assets is made. The valuation on December 31st last, made on the same basis as in the previous year, has brought out very satisfactory results, and £90,000 has been applied to strengthen reserves. Fire premiums fell by £17,000 to £1,759,000, but in the accident and general branches an increase took place from £496,000 to £546,000; in the marine branch there was a small decrease of £3,000 to £112,000. The marine fund now amounts to over 3½ times the premium income. Underwriting profits are shown below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	165,962	9.3	181,564	10.3
Accident.....	46,999	9.5	39,375	7.2
Life	26,858		27,154	
	239,819		248,093	
Less Items debited to profit and loss	172,881		88,207	
	66,938		159,886	

The total assets of the Atlas and its subsidiary companies increased from £17,039,000 to £18,315,000; the assets of the life department alone increased from £11,277,000 to £12,392,000. Of the life assurance assets the chief changes were an increase from £2,376,000 to £3,161,000 in mortgages on property and loans and a decrease of £312,000 in British Government securities; Stock Exchange securities have been taken at cost or under and are stated to be in total below market values on December 31, 1935. The dividend is again 32 per cent., free of tax, and costs £176,000, compared with available net interest earnings of £118,000.

THE STOCK EXCHANGE

BRITISH POWER AND LIGHT CORPORATION

The British Power and Light Corporation is one of the youngest of the large electricity supply companies of Great Britain. It is, however, by no means the least interesting to the investor. Formed in 1929, it has, unlike many companies in other industries, established in that era of optimism, succeeded in establishing itself on a firm and relatively prosperous basis.

The Corporation was formed with the commendable object of acquiring a number of electricity companies which were apparently being hampered by lack of capital and efficient management, and of turning them into profitable undertakings. The task has taken much longer than was anticipated, but the Corporation appears amply to have justified its existence. There is little doubt that in its absence the individual undertakings would have been much less profitable and would have provided a less satisfactory service to their consumers.

The following table shows the growth in the sales of current by the Corporation's subsidiaries and the number of new consumers obtained each year. It is indicative of the successful development of the undertakings, from the consumers' point of view:—

UNITS SOLD (Millions)							
	1929	1930	1931	1932	1933	1934	1935
North Wales Power Co.:							
To general consumers ...	46.0	50.2	52.5	60.3	68.5	80.8	92.0
Electricity Distribution of North Wales and District English distribution companies*	1.9	3.0	4.0	5.9	7.5	9.3	11.8
	0.6	1.5	2.6	4.3	6.6	7.8	10.3
* Excluding supplies in bulk.							
TOTAL CONSUMERS							
Electricity Distribution of North Wales and District English distribution companies	7,005	10,002	12,363	15,047	18,310	23,791	28,618
	2,284	3,714	6,053	8,259	10,666	13,144	15,999

The main interests acquired by the Corporation in 1929 were (1) the *North Wales Power Company, Limited*, which owns the exclusive rights of supply for power and bulk purposes over an area of approximately 4,000 square miles, with a population of 800,000, covering the counties of Anglesey, Carnarvon, Denbigh, Flint, Merioneth and Montgomery; and (2) the *Electrical Distribution of North Wales and District, Limited*, which supplies in retail in certain parts of the Power Company's area totalling some 1,500 square miles, with a population of about 300,000. The Distribution Company was a relatively new undertaking, whose capital construction work started only in 1926. The Corporation now holds over 98 per cent. of the share capital of the Power Company, and the entire capital of the Distribution Company.

In addition, the Corporation acquired the entire share capital of the following five small and scattered electric supply companies in England, with a combined area of supply of some 400 square miles and a population of 100,000. As a result of subsequent extensions, these figures have since been approximately doubled.

East Suffolk Electricity Distribution Company, Limited.
South Somerset and District Electricity Company, Limited.
Trent Valley and High Peak Electricity Company, Limited.
West Hampshire Electricity Co., Limited.
Ringwood Electric Supply Company, Limited.

3,845,000 the English companies were relatively new undertakings at £4 1/2 began to supply consumers in 1928, except the other reduction company, which gave supplies in 1925. premium income anticipated that all these undertakings would be assets fully by the provision of adequate capital results are given by an efficient centralised management basis was stre. The most important subsidiary, the cent. instead of 3 1/2 company, had increased its sales of in the industrial branch in 1921 to over 42 millions

in 1928. Its trading results, however, had remained unsatisfactory, owing to shortage of working capital and lack of adequate generating plant, which necessitated reliance on purchased current. In 1928, however, the company had, with the assistance of a £2,000,000 Treasury Guaranteed Loan, completed the construction of the Maentwrog Hydro-Electric generating station. In the following year it acquired from the Aluminium Corporation its hydro-electric station at Dolgarrog. The effect was to increase the installed generating capacity from 5,500 kilowatts to 38,700 kilowatts, with a total potential capacity of 44,000 kilowatts. The distribution companies, both in North Wales and in England, were, in 1929, still largely in the developmental stage, and had not achieved any serious earning capacity.

The event did not fully bear out all the expectations of the promoters of the Corporation. In the first two years of the Corporation's existence, earnings on the ordinary capital did not exceed 2 1/4 per cent. Subsequently, as the following table shows, earnings were maintained at the meagre level of around 4 per cent. for another three years, whereas the prospectus estimated that by 1932 the earnings on the ordinary capital would exceed 9 per cent.:—

CONSOLIDATED EARNINGS					
	1931*	1932*	1933*	1934	1935
Total revenue from sale of energy	362,966	416,153	476,305	633,606	738,126
Cost of energy	52,292	76,604	115,022	208,291	225,162
Operating and management expenses	107,151	118,634	131,135	159,696	198,595
Depreciation	59,151	68,469	75,049	84,683	93,906
Net revenue	144,372	152,446	155,099	180,936	220,463
Add expenses and interest charged to capital	37,631	35,699	30,883	28,275	25,757
Non-operating income	10,454	13,525	16,280	24,819	24,388
Available for capital	192,457	201,670	202,262	234,030	270,608
Interest charges	122,136	113,088	99,337	96,062	69,949
Income tax	10,000	19,000	19,425	30,125	38,531
Preference dividend	21,341	27,900	27,900	32,550	46,500
Minority interest	2,374	2,054	10,852	4,536	593
Available for corporation ordinary stock (net)	57,947	46,177	44,748	70,757	115,035
Ordinary dividends (net)	36,056	36,056	37,258	49,133	78,614
Paid % (gross)	3	3	3	3 1/4	6
Earned % (gross)	4.8	3.8	3.7	5.4	8.8

* Years ended March 31st in following year.

† For nine months actual, equivalent to 5 per cent. per annum.

The disappointing results, up to 1933, were attributable to two sets of causes. In the first place, the original estimates proved optimistic as to the rapidity with which the load could be developed, even under the most favourable circumstances, and failed, it would seem, to allow for the amount of new capital expenditure which would be involved. It would appear, also, that insufficient allowance was made for the inevitable difficulties of establishing a system of centralised management for undertakings of widely varying types. The Corporation, moreover, encountered a number of adverse factors which could hardly have been foreseen at the time of its formation, and, in the aggregate, were almost equally responsible for its indifferent results. The first of these factors was the depression which began in 1930 and became increasingly acute up to 1933. During part of the same period the North Wales Power Company was subject to unfavourable weather conditions. A deficiency of rain in 1929 left the company short of water reserves and the consequent necessity of purchasing current from outside sources cost it over £17,000. In 1932 and 1933 there was a repetition of this state of affairs, the rainfall in the latter year actually being the lowest recorded for the area. At the end of 1933, when the water in store should have been at almost its peak—i.e. an equivalent of 22 million units—the actual storage amounted to only two million units. The additional cost of buying current in 1933 amounted to approximately £25,000.

A further adverse factor was a sharp rise, over the period from 1931 to 1933, in the rates payable by the Corporation's subsidiaries, as a result, largely, of the somewhat illogical method of assessing hydro-electric plants for rating purposes on the same basis as steam-generating plants—i.e. without making any allowance for the much greater capital expenditure required per kilowatt of generating capacity. Finally, the North Wales Power Company's contract with the Central Electricity Board, which was expected to become effective at the beginning of 1931 and to produce a minimum revenue to the company of £70,000 a year, did not, for various reasons, actually come into operation until three years later. Taking all these factors, outside the control of the Corporation, into account, failure to realise the prospectus estimates was not altogether surprising.

In the past two years, however, there has been a relatively rapid improvement in the company's fortunes. Earnings on the ordinary capital, in 1935, amounted to 8.8 per cent., against only 3.7 per cent. in 1933. This rapid improvement, however, is, in a sense, as deceptive as the poor results in the preceding years, and it would be dangerous to assume that earnings in the future will necessarily increase with the same rapidity. Earnings, in fact, have been favourably affected by a combination of circumstances. In the first place, the drought conditions which prevailed in 1932 and 1933 have not persisted, and earnings of the North Wales Power Company have, consequently, been relieved of the substantial burden incurred in the purchase of current from outside sources.

At the beginning of 1934 the contract with the Central Electricity Board finally came into operation. The North Wales Power Company immediately obtained an important increase in revenue from this source. Further growth, however, is likely to be much slower. A new 6,000 kilowatt generating set and pipe line were installed at Maentwrog and came into operation in November, 1934. The contract with the Central Electricity Board enabled the Power Company to derive the maximum advantage from this increase in generating facilities. A new generating set is being installed at Dolgarrog, and when completed may be expected to provide another rapid increase in earnings on a small scale. This, however, will practically exhaust the potential generating capacity of the North Wales Power Company on the basis of its existing dams and storage capacity.

Finally, the Corporation, within the past two years, has obtained the benefit of the refunding of its subsidiary companies' obligations, and has secured a consequent saving in interest charges amounting, in a full year, to over £24,000.

The increase in earnings, resulting from these various factors, should certainly be maintained. Its stimuli, however, are non-recurring, and further improvement must depend largely on the normal growth of load. From the nature of the areas of the various subsidiary undertakings, this can hardly be other than relatively slow and expensive. The greater part of the areas are rural, and, in North Wales, sparsely populated. During the past seven years of intensive development, the Corporation has probably succeeded in obtaining the lion's share of increased business which is readily available, and further increments of load may be more difficult to obtain.

The company's ordinary stock, at 32s. per £1 unit, yields only 3 1/4 per cent. Last March, the company made an issue of ordinary shares on bonus terms, stockholders being entitled to subscribe for one new ordinary share at 25s. for every £5 of stock held. A further issue on bonus terms is scarcely likely within the near future. In view of the increased ordinary capital, earnings this year may not show any appreciable increase over the 8.8 per cent. achieved last year.

On the other hand, the company is pursuing what is, for this industry, a relatively conservative dividend policy, since less than three-quarters of the earnings available for the ordinary capital are being distributed. Since its inception, the company has provided annual depreciation on what appears to be an adequate basis. It appears, in fact, to be using the same method of charging depreciation as has been employed in previous articles on other companies in the *Economist*, as a test of the adequacy of their depreciation. It may be taken, therefore, that the apparent margin of earnings is, in fact, a real margin, and could be distributed to shareholders. Even without any further substantial in-

AN INVESTMENT, FREE FROM LIABILITY, IN 52
BRITISH BANKING AND INSURANCE COMPANIES

TRUST of BANK & INSURANCE SHARES

TRUSTEES: MIDLAND BANK EXECUTOR & TRUSTEE
CO. LTD.
MANAGERS: TRUST OF INSURANCE SHARES LIMITED
29 CORNHILL · LONDON · E.C.3. MANSION HOUSE 5467

McN 796/1

crease in earnings there would appear to be no reason why the dividend should not be increased to at least 7 per cent. in the near future.

Two reservations may, however, require to be made on this score. The Corporation has consistently charged, to capital account, varying amounts of expenses and interest charges, on the ground that they have been incurred in respect of new capital expenditure. This is, of course, perfectly legitimate accounting procedure. It exposes the Corporation to the risk, however, that, as the amount of new capital expenditure diminishes, it will be unable to decrease its expenses correspondingly. Consequently, the proportion of expenses charged to revenue may require to be increased, with a consequent reduction in earnings. Whether this is likely, in fact, to prove an important factor in the near future, it is impossible to say. The second reservation flows from the character of the Corporation's main subsidiary, the North Wales Power Company. A hydro-electric undertaking is, as recent experience has shown, susceptible to drought; and earnings are consequently more liable to fluctuation than in the case of the normal undertaking based on steam generation. The company, indeed, has recognised this danger by the establishment of a special drought reserve fund, which now amounts to £50,000.

On balance, the Corporation's ordinary stock would appear not unfairly priced at its present level. It still remains one of the more interesting equities in the electric supply group. In conclusion, we take the opportunity to compliment the Corporation on the excellent manner in which its published accounts are presented. A consolidated earnings statement, with a consolidated balance sheet and a clear statement of depreciation, is *rara avis* in the electric supply industry.

INVESTMENT NOTES

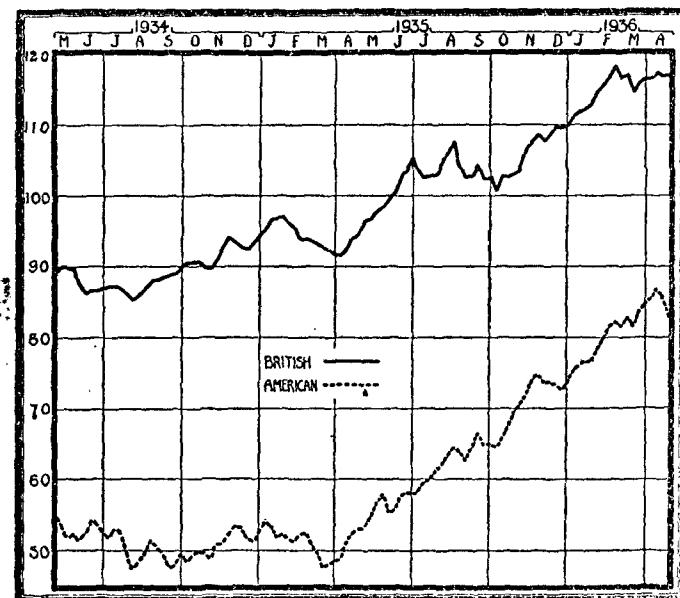
Course of Share Values.—New York and Wall Street which have so long been moving in unison, adopted "counterpoint" last month. London, having had its shake-out in February and March, made a better showing in April. Although prices, as the annexed chart shows, made only a small net gain, the tone of the market, on the whole, was firmer until the end of the month, when sentiment became less assured. Even the announcement of increased taxation in Mr Chamberlain's Budget speech failed to exercise any considerable initial effect on quotations. In New York, on the other hand, the market suffered the most noteworthy reaction since the upward movement began, almost exactly a year ago. Professionally, the reaction was attributed mainly to external causes, such as the possibility of a withdrawal of European money in the event of the devaluation of the franc. London, however, which is probably providing at least as much cloak-room accommodation for nervous overseas capitalists as New York, has been affected only to a minor degree. It may be presumed, therefore, that the downward movement in America is mainly of domestic and "technical" origin. The chart, drawn up early this week, gives an inadequate indication of the extent of the reaction, which in some instances has reduced quotations below this year's opening levels. So long, however, as the twin pillars of recovery—cheap

money and industrial activity—stand firm in America and Britain, it is unlikely that any recessionary movement will persist, in the near future, in either market. Meanwhile, the Actuaries' Index shows that, in Great Britain, last month's net changes were, in most cases, scarcely large enough to be measurable. The yield on 2½ per cent.

BRITISH AND AMERICAN INDUSTRIAL SHARE VALUES OVER THE PAST TWO YEARS

(1928 = 100)

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



Consols was 2.94 per cent. at the end, against 2.95 per cent. at the beginning, of the month. The price of the Actuaries' mixed bag of 178 industrials (December 31, 1928 = 100) rose slightly from 82.8 to 83.9, to yield 3.64 per cent. against 3.66 per cent. Changes in component groups, with a few exceptions, were very small:—

Group (No. of Securities)	Prices (Dec. 31, 1928=100)			Yields (%)		
	Beginning of 1936 (Jan. 7*)	Month Ago (Mar. 31)	This Week (Apr. 28)	Beginning of 1936 (Jan. 7*)	Month Ago (Mar. 31)	This Week (Apr. 28)
Fixed-Interest						
2½% Consols	154.5	151.0	151.7	2.89	2.95	2.94
Misc. Industrial Deb. (17)	124.8	125.5	125.8	3.92	3.93	3.92
Misc. Industrial Pref. (44)	120.6	120.4	120.7	4.26	4.29	4.27
Ordinary						
Investment Trusts (13)...	59.9	60.6	60.7	3.70	3.69	3.69
Coal (7)	93.0	98.8	98.7	4.30	4.11	4.13
Iron and Steel (12)	69.3	71.4	70.7	2.81	3.14	3.14
Motors (5)	54.7	57.5	59.1	4.36	4.06	3.99
Electric Supplies (10)	127.8	131.9	137.9	3.63	3.79	3.59
Home Rails (4)	63.2	70.4	72.9	1.58	1.58	1.57
Miscellaneous (56)	76.1	75.5	75.8	3.86	3.99	4.00

* December 31, 1935, for fixed-interest groups.

The most noteworthy rise occurred, it will be seen, in the "electric supplies" (i.e. electrical equipment manufacturing) group, where share values showed an average appreciation of nearly 5 per cent.

Wall Street Reacts.—The sharp reaction in Wall Street during the past few weeks is paradoxical. Almost without exception, business reports and anticipations seem to justify a continuation of the upward movement which started in March last year. The extent of the setback can be seen from the Standard Statistics Company's indices on page 266 of this issue. The complete index for 421 stocks (1926 = 100) rose from 63.1 on March 20, 1935, to 110.6 on April 8th of this year. This week, on April 29th, it had fallen to 97.7. It is the more remarkable that this movement should continue after the steps taken, on Friday of last week, by the Stock Exchange authorities to liberalise minimum margin requirements. Recently, the Federal Reserve Board increased the minimum margin requirements for extensions of new credit by bankers or brokers to 33 per cent. But brokers have been able to maintain credits with a margin of 23 per cent. for debit over \$5,000 and 33 per cent. under \$5,000. The introduction last Friday permits a minimum margin

of 23 per cent. for all accounts, although brokers themselves cannot borrow more than 40 per cent. of the value of securities pledged with the banks. The effect of this change should be to improve the technical position of the market in times of falling prices, since speculators are not forced to put up new margins or sell their securities until the downward movement has progressed further than before. But, in spite of the change, prices continue to fall. For this, several reasons are advanced, none of which seems completely adequate. Foreign news is generally depressing; political uncertainties in Europe, combined with fear of imminent devaluation of the franc, naturally have some effect on Wall Street—but not enough, it may be surmised, to explain the whole of the present setback. Domestic factors contributing to uncertainty are the new taxation bill, which has now passed through the House of Representatives substantially in the form proposed by the President, and the return of the President to active political campaigning against the captains of industry and finance. Political ill-feeling is running high and the success of the President in some of the early primaries may even have induced many of his opponents (among whom Wall Street interests are not least) to hope that a setback in the markets might provoke a certain amount of distrust of Rooseveltian policies. But a deliberately engineered panic is a double-edged weapon. The condition of the market at present may, indeed, be the effect of the combined operation of all these general factors. In that case it is difficult to gauge the extent to which the reaction may be expected to continue. The encouraging feature is that in the background is an almost unbroken series of good business reports, and money is still cheap and plentiful. A reversal of the downward movement may, therefore, be probable, once general fears have been exorcised.

Price of Corporation Borrowing.—It was learned with some surprise, last week, that a month's "holiday" in the new Home Corporation issue market was to be followed by an offer by the City of Birmingham of £5 millions of new 3 per cent. stock at a full point under par. It is only three months since a borrower like Smethwick, whose status and popularity with the investor would not normally be compared with those of Birmingham, offered a similar stock at 101. Possibly, the fact that the Birmingham total was relatively large may have induced the authorities which "regulate" the market to err on the safe side. The table below throws a significant light on conditions in the market since new borrowing was resumed, on the completion of the 5 per cent. War Loan conversion:—

Borrower	Date of Issue	Amount	No. of Years' "Life"	Rate of Interest	Issue Price	Price, April 23, 1936
Essex County	Jan., 1933	1,000,000	19-39	3½	98½	108
Sheffield	Sept., 1933	2,000,000	20	3½	101	106
Manchester	Oct., 1933	3,000,000	25	3	95	101
Liverpool	Mar., 1934	4,000,000	20-30	3	96½	100
Nottingham	Oct., 1934	2,000,000	23	3	98½	101
L.C.C.	Jan., 1935	10,000,000	25-35	2½	Par	95
Bristol	Jan., 1935	2,835,000	20-30	2½	99	96
Hull	Jan., 1935	1,200,000	25-35	2½	98½	93½
Manchester	June, 1935	4,000,000	17-20	3	99	101½
Leeds	June, 1935	4,000,000	20-23	3	99½	96
Liverpool	June, 1935	3,000,000	20-23	3	99½	101½
Dundee	July, 1935	1,000,000	21-23	3	Par	100½
Brighton	Nov., 1935	500,000	20-23	3	101	102
Essex County	Dec., 1935	1,250,000	20-30	3	101	101
Smethwick	Jan., 1936	500,000	20-22	3	101	100
Luton	Jan., 1936	1,000,000	22	3	100½	100½
Coventry	Feb., 1936	1,000,000	20-22	3	Par	101
Lanarkshire	Feb., 1936	2,000,000	19-24	3	Par	99½
Middlesex	Feb., 1936	2,500,000	25-30	3	Par	Par
Blackpool	Feb., 1936	1,500,000	21	3	Par	101
Surrey County	Mar., 1936	1,500,000	25-30	3	Par	101
Southgate	Mar., 1936	550,000	25-30	3	Par	99½
Birmingham	Apr., 1936	4,882,700	20-22	3	99	½ pm

The list is representative and not exhaustive, but its figures are revealing. The average period for which Home Corporations have borrowed has been 20 to 25 years. The new epoch opened with an Essex County 3½ per cent. loan at 98½ in January, 1933, but, before the end of that year, Manchester was floating a 3 per cent. 25-year stock at 95. In succeeding months, the issue price of new 3 per cent. loans, by borrowers of the first rank, crept up steadily towards par. In January, 1935, however, the screw was tightened much too quickly. The London County Council endeavoured to obtain par terms for an issue of as much as

NEW ZEALAND GOVERNMENT £3% INSCRIBED STOCK, 1952-1955.

Interest payable Half-yearly at the Bank of England on the 1st January and the 1st July

ISSUE OF £4,000,000

Authorised to be raised under the New Zealand Loans Act, 1932.

A first payment of Interest, at the rate of £1:5s. per £100 Stock, will be made on the 1st January, 1937.

PRICE OF ISSUE £98:10s. PER CENT.

PAYABLE AS FOLLOWS:

On Application	£5:—	per Cent.
On Friday, 31st July, 1936	£93:10s.	”
	£98:10s.	per Cent.

The Government of New Zealand have observed the conditions prescribed under the Colonial Stock Act, 1900, as notified in the "London Gazette" of the 14th December, 1900, and Trustees may invest in this Stock under the powers of the Trustee Act, 1925, unless expressly forbidden in the instrument creating the Trust.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND give notice that, on behalf of the Agents appointed for raising and managing Loans under the above Act, they are authorised to receive applications for £4,000,000 NEW ZEALAND GOVERNMENT £3 per Cent. INSCRIBED STOCK, 1952-1955.

If not previously redeemed, the Stock will be repaid at par at the Bank of England on the 1st July, 1955; but the New Zealand Government reserve to themselves the right to redeem the Stock, in whole or in part, by drawings or otherwise, at par on, or at any time after, the 1st July, 1952, on three calendar months' notice having been given in *The Times* of such intended redemption. In the latter event the Stock will cease to bear interest on the date fixed for such redemption.

New Zealand Government Stock issued and payable in London and the interest thereon so payable, the property of persons not domiciled in New Zealand, are not, and will not be, subject to any taxes, duties, or levies by the Dominion.

By Act 40 and 41 Vict. Ch. 59, the revenues of the Dominion of New Zealand alone are liable in respect of this Stock and the dividends thereon and the Consolidated Fund of the United Kingdom and the Commissioners of His Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the Stock or of the dividends thereon, or for any matter relating thereto.

The proceeds of the Issue will be applied to the repayment on the 1st August, 1936, of New Zealand Government £6 per Cent. Inscribed Stock, 1936-1951, of which due notice is being given in the *London Gazette* and *The Times*. The total amount of this Stock now outstanding is £5,869,988 9s. 9d. and the balance of the moneys required for repayment is being provided by the New Zealand Government so that the present operation involves an actual reduction in the Public Debt.

The transactions of the New Zealand Ordinary Revenue Account for the year ended 31st March, 1936, including £1,440,000 provided from revenue for the redemption of debt and without recourse to reserves, resulted in a surplus of £270,000.

The Exports from New Zealand during the financial year ended the 31st March, 1936, amounted to £49,676,000 and the Imports to £37,439,000, resulting in a favourable visible balance of trade of £12,237,000. Returns at present to hand in respect of the current financial year indicate that a favourable balance is being maintained.

The gross Public Debt of the Dominion on the 31st March, 1936, was £282,561,000, involving a gross increase for the year of £3,837,000 long-term Debt of which £2,400,000 was raised for Public Works (Railways, Electric Power, Telephone and Telegraph Extensions and other productive works), the balance representing increases due to conversions, etc. This gross increase was offset by redemptions totalling £1,857,000, leaving a net increase in the long-term Debt of £1,980,000. The redemptions include a portion of the War Debt, which has been reduced from £81,840,000 in 1921 to £65,035,000 on 31st March, 1936. This shows a total reduction in the War Debt of £16,805,000 since 1921.

Against the Public Debt of New Zealand must be set assets valued at approximately £309,000,000. Of these assets £268,000,000 are directly interest bearing and productive, e.g., Railways, Telephones and Telegraphs, Hydro-electric Development, Advances to Settlers and Workers, Crown Lands, Sinking Funds, etc., and the remaining £41,000,000 are indirectly productive, such as Roads, Public Buildings, etc.

The Repayment of the Public Debt Act passed by the New Zealand Parliament in 1925 substituted for the long-term Sinking Fund system a method whereby the Dominion's Debt reduction resources are now made available to purchase New Zealand Government securities on the open market for cancellation or to pay them off at maturity, thereby ensuring an actual reduction in the Public Debt annually. For this purpose, there is issued annually out of the Consolidated Fund of the Dominion a sum equal to ½ per Cent. of the Debt affected, and to this is added a sum equal to interest at 3½ per Cent. per annum on the Debt paid off under this scheme. By this means a portion of the savings in interest on the Debt paid off is applied to further repayments of Debt, so that the Debt reduction resources are increasing year by year. It is estimated that the Debt outstanding at the inception of the scheme will be liquidated over a period of approximately 60 years, while all subsequent Loans will be liquidated within a similar period from the

£10 millions, carrying only 2½ per cent. interest and having a maximum life of as much as 35 years. Other borrowers, like Bristol and Hull, were a little less exigent with their 2½ per cent. stocks, but the market's digestion had been badly impaired, and for nearly half a year there was a complete cessation of corporation borrowing. January, 1935, in fact, registered high-water mark. All subsequent issues have held to the "safe" interest figure of 3 per cent. The authorities have fed the market gingerly, with frequent intervals for digestion. Nevertheless, Birmingham now finds itself in no better position than Manchester was in June last year, when new borrowing was resumed. The last column of our table suggests that, in the meantime, the process of absorption has gone on steadily. Better terms, indeed, might have been obtained for Birmingham had the authorities been prepared to allow time for mastication and assimilation. Their insistence on the technique of the snackbar, however, argues a stronger determination to keep the

dates of issue; the total Debt so far redeemed under this system is £13,272,000. The Sinking Funds which accrued under previous legislation have been capitalised and will be held intact.

On the 31st March, 1936, approximately 44 per Cent. of the total New Zealand Public Debt was domiciled in the Dominion, as against only 17 per Cent. in 1914. A reduction of £2,257,000 in the London domiciled Debt took place during the year ended the 31st March, 1936.

The Books of the Stock are kept at the Bank of England, where all assignments and transfers are made. Transfers are free of Stamp Duty.

Interest is payable half-yearly at the Bank of England on the 1st January and the 1st July. Interest Warrants are transmitted by post.

Applications, which must be accompanied by a deposit of £5 per Cent., will be received at the Bank of England Loans Office, 3, Bank Buildings, Princes Street, London, E.C.2. In case of partial allotment the balance of the amount paid as deposit will be refunded by cheque. Default in payment by the 31st July, 1936, of the balance due that day will render the deposit liable to forfeiture and the allotment to cancellation.

Applications may be for the whole or any part of the Issue in multiples of £100. No allotment will be made of a less amount than £100 of Stock.

Scrip Certificates to Bearer will be issued on, or after, the 21st May, 1936, in exchange for the Allotment Letters. These Certificates, when fully paid, may be lodged for inscription forthwith.

NEW ZEALAND GOVERNMENT £6 per Cent. INSCRIBED STOCK, 1936-1951.

Holders of the above Stock, which will be repaid on the 1st August, 1936, may surrender their holdings in whole or in part and receive therefor New Zealand Government £3 per Cent. Inscribed Stock, 1952-1955, at the rate of £100 £3 per Cent. Stock for each £100 nominal £6 per Cent. Stock surrendered, together with a Cash Payment at the rate of £1:10s. per Cent. on the nominal amount of Stock converted. Holders who accept this offer will receive six months' interest payable on the 1st August, 1936, in respect of the £6 per Cent. Stock surrendered. A first interest payment of £1:5s. per Cent. on the new Stock will be made on the 1st January, 1937.

Applications for conversion must be made on the special printed forms. Application Forms have already been sent by post to all holders (in the case of a joint account to the first-named holder).

Applications for the conversion of Stock Certificates to Bearer must be accompanied by the relative Stock Certificates with all unattached Coupons attached.

Preferential allotment will be given to holdings which are tendered for conversion as above. The List of Conversion Applications will be closed as soon as the required amount of Stock has been surrendered and in any case not later than the 11th May, 1936.

Until the 2nd December, 1936, New Zealand Government £3 per Cent. Inscribed Stock, 1952-1955, issued in accordance with the terms of this Prospectus will be designated "A" Stock; but on that date it will be amalgamated with the £3 per Cent. Stock, 1952-1955, already existing.

A commission of 5s. per £100 Stock will be paid to Bankers or Stockbrokers on Allotments made in respect of cash or conversion applications bearing their stamp.

Prospectuses and Application Forms may be obtained at the Bank of England Loans Office, 3, Bank Buildings, Princes Street, London, E.C.2, or at any of the Branches of the Bank of England; of Messrs. Mullens & Co., 13, George Street, London, E.C.4; at the Bank of New Zealand (the Bankers to the Government of New Zealand in London), 1, Queen Victoria Street, E.C.4; of Messrs J. & A. Scrimgeour, 3, Lothbury, London, E.C.2; at any Stock Exchange in the United Kingdom; or at the Office of the High Commissioner for New Zealand, 415, Strand, London, W.C.2.

The List of Cash Applications will be opened and closed on Monday, the 4th May, 1936. The List of Conversion Applications will be opened forthwith and will be closed on or before Monday, the 11th May, 1936.

BANK OF ENGLAND, LONDON,
30th April, 1936.

queue of new borrowers moving than to maintain any arbitrary level of interest rates. This impression is confirmed by the fact that Birmingham's successful offer has been followed by conversion issues, on similar terms, on behalf of Croydon, Bradford and Cardiff.

COMPANY NOTES

Private Car Manufacturers.—The outstanding feature of the motor industry in the last four years has been the bounding expansion of its market. From a pre-depression peak of 182,347 vehicles in 1928-29, production of private cars fell to 158,997 vehicles in 1930-31. Between 1931 and 1935 output nearly doubled (being 311,544 vehicles for 1934-35); and it is not impossible that 1935-36 should come

near to doubling the pre-depression best. Improvements in production methods have allowed this expansion in output to be achieved with an increase of only about 14 per cent. in the labour force between 1931 and 1935. The accompanying table of profits shows that this transformation of the industrial and marketing factors in the industry has, on the whole, allowed of a rising trend in recent profits, and has improved the general profitability of the industry since 1929 by making net losses a much rarer feature than they were before the depression. Yet the profits record gives little positive suggestion of booming sales and reduced costs, for the expansion of markets has largely been stimulated by reductions in selling price, combined with an improved equipment which has resulted in reduced running expenses. In brief, competition has been vigorous, and no manufacturer has been able to risk falling behind his rivals in "value for money," since turnover is the prime requisite of low production cost and

(Profits in £000's)

	1929	1930	1931	1932	1933	1934	1935
Alvis (Dec. 31) :—							
Earned for Ord.	3.9	Nil	Nil	15.8	24.1	19.8	...
Earned %	5.1	Nil	Nil	22.3*	32.3*	17.5	...
Div. %	5.0	Nil	Nil	Nil	7½	15.0	...
Austin (July 31) :—							
Earned for Ord.	373.3*	469.05	303.2	205.0	321.2	471.7	434.1
Earned %	318.0	403.53	269.5	182.2	285.5	405.8	90.0**
Div. %	20	60	100	50	100	100	50**
Ford (Dec. 31) :—							
Earned for Div.	714.0	790.4	Dr. 134.5	Dr. 725.9	742.2	489.7	597.2
Earned %	12.8	14.6	Nil	Nil	11.4	6.9	8.6
Div. %	10	10	Nil	Nil	Nil	5	5
Humber (July 31) :—							
Earned for Div.	Dr. 73.35	42.3	Dr. 96.1	Dr. 245.0	72.3	224.6	186.9
Changed capitalisation makes "% earned," etc., irrelevant							
Morris (Dec. 31) :—							
Earned for Div.	814.1	730.4	343.9	464.0	135.0	327.9	942.7
Earned %	40.7	36.5	17.2	23.2	6.8	16.4	41.5
Div. %	10	10	5	10	5	10	15
Riley (Aug. 1) :—							
Earned for Ord.	63.7	73.2	78.8	66.9	67.9	36.8	...
Earned %	55.6	65.9	69.8	58.3	58.0	23.1	...
Div. %	10	10	20	20	20	20	...
Rover (July 31) :—							
Earned for Div.	120.2	37.25	Dr. 77.5	Dr. 340.6	12.5	94.4	154.0
Earned %	35.7	Nil	Nil	Nil	4.0	29.0	38.2
Div. %	Nil	12.45	Nil	Nil	Nil	Nil	Nil
Standard (Aug. 31) :—							
Earned for Div.	Dr. 17.8	40.2	70.3	160.7	92.0	86.8	120.5
Earned %	Nil	17.3	31.2	71.4	40.9	37.3	51.8
Div. %	Nil	Nil	Nil	15	15	15	20
Vauxhall (Dec. 31) :—							
Earned for Pref.	Dr. 283.8	Dr. 88.5	56.0	123.3	461.4	652.0	676.6
Earned % on Ord.	Nil	Nil	12.6*	32.5*	132.7*	183.0*	117.9
Ord. div. %	Nil	Nil	Nil	Nil	Nil	75	100

* After normal pref. divs.

** On capital after 300% capital bonus of 1934.

§ Broken period equated to 12 months.

reasonable profit. It is this factor which gives the industry its well-known characteristic of widely fluctuating profits. For a relatively "high-gear" manufacturer, such as the Austin Company, net profits on the ordinary capital may amount to no more than an average of £3 to £4 per car sold—a narrow margin to cover fluctuations in raw materials and the risk of a competitor "stealing a march" in prices or in sales appeal. The relative movements in the Morris and Austin profits for last year demonstrate that the largest concerns cannot shake off the liability to fluctuation. They can, however, avoid the extremes. Their dealer organisation, advertising and goodwill allow them to view one year's success by a smaller competitor with equanimity. The successful feature can be incorporated in their own next model before any serious inroad on sales has occurred. Nevertheless, the shares of even the largest or most progressive concern should be valued on a much higher earnings yield (and somewhat higher dividend yield) than the ordinary industrial. The present generally favourable conditions cannot continue indefinitely and there is ample evidence that competition will become fierce once demand ceases to expand.

Union-Castle Developments.—For ordinary shareholders of the R.M. Realisation Company there is welcome significance in the announcement that the parties to the litigation on the voting rights of preference shareholders in the Union-Castle Mail Steamship Company have reached provisional terms of settlement, as a result of which it is hoped that it will be unnecessary to proceed with the case. On April 23, Mr Justice Luxmoore, in the Chancery Division, assented to an application that the action, brought by Viscount St. Davids against the steamship company and others, should be adjourned indefinitely. The control of the company came into the hands of interests representing preference shareholders, under the Articles of Association, when the preference dividends fell into arrear. On November 27, 1934, special resolutions were passed conferring, *inter alia*, the right to attend and vote at all general meetings on preference shareholders in perpetuity—in other words, confirming their control even after the repayment of their preference arrears. The validity of this provision was challenged by the ordinary stockholders, and its operation was suspended *pendente lite*. Some £1,370,000 out of a total of £2,740,000 Union-Castle ordinary stock is held by the R.M. Realisation Company, whose £1 ordinary shares are now quoted at 45s. As we showed in a recent analysis (February 8, 1936, page 309), the price to be put on this Union-Castle stock is a material factor. We then estimated that each £1 ordinary share of the Realisation Company represented 27s. 5d. (nominal) of Union-Castle ordinary plus 20s. 10d. in Royal Mail Lines ordinary, minus 25s. 10d. of cash, and each E.D. Realisation share represented 10s. 2d. cash plus 27s. 4d. Union-Castle stock. It is obvious that Union-Castle ordinary would be worth far more in terms of cash from a potential buyer if the latter were thereby obtaining control, on reasonable terms, of one of the soundest of present-day shipping lines, than if he merely acquired a deferred stake in whatever future distributions the preference shareholders, holding control in perpetuity, were prepared to allow. It may be presumed that the preference shareholders will be given some satisfactory form of guarantee against the danger of any possible recurrence of "group finance" on the lines which threatened danger to their own position during the "Kylsant" regime. It is understood that, even under existing conditions, a well-known shipping line was recently prepared to offer something like 27s. 6d. per £1 unit of Union-Castle ordinary. Even in 1934, disclosed ordinary earnings, on the basis of normal preference dividends, ran at over 10½ per cent. The preference dividend was brought up to June 30, 1934, a few months ago, and the forthcoming report for 1935 should reveal further improvement. The company, which trades with South Africa, one of the most prosperous parts of the British Empire, is believed to have had a very satisfactory year. It has recently secured a ten-year renewal of its mail contract, without any subsidy reduction. A year ago, the chairman announced a considerable ship-building programme, involving "inevitably onerous" obligations, but added that there was no reason to doubt the company's ability to meet them. The new steamers should produce increased efficiency and improved operating profits, particularly when, a couple of years hence, the company's mail service is expedited by three days. If the litigation question were finally disposed of, the Union-Castle ordinary stock might well be marketed under considerably more favourable conditions than could have been foreseen some time ago.

Dunlop Accounts.—There is only one way to begin any article on the Dunlop Rubber Company—by complimenting the company on the format of its accounts, which are unrivalled for clarity, lucidity and comprehensive detail. A directors' report, which groups, classifies and comments upon the relevant figures in the accounts, item by item, is followed by a statement which shows exactly how the parent company's profit figure has been arrived at. Next comes a holding company balance sheet and profit-and-loss account, and a consolidated statement of the assets and liabilities of the parent company and its subsidiaries. The content, rather than the form, of the 1935 report has disappointed

the market, for net earnings show a setback for the first time for some years. Actually, recent profits (on the base 1932 = 100) have been: 1933, 176; 1934, 196; 1935, 150. The board, however, warned the stockholders, a few months ago, that increased raw material prices, the lag in the adjustment of selling prices, and unstable conditions abroad had adversely affected profits. The 8 per cent. dividend, however, paid for the third year in succession, is still covered by earnings of 9½ per cent. :—

	Years to December 31st		
	1933	1934	1935
Profits from all sources.....	2,215,890	2,207,300	1,848,775
Subsidiary companies guaranteed preference dividends paid (net)	53,916	Cr. 23,561	Cr. 5,047
Net profit	2,161,974	2,230,861	1,853,822
Depreciation and obsolescence ...	355,932	396,322	386,459
Taxation	403,957	550,060	419,761
Directors' fees.....	8,000	8,000	8,000
Debenture and other interest ...	285,176	138,852	171,119
Earned for dividends.....	1,108,909	1,137,627	868,483
Preference dividends	285,937	290,625	288,281
Ordinary shares :—			
Earned.....	822,972	847,002	580,202
Paid	486,765	486,765	478,914
Earned (%)	13.5	13.9	9.7
Paid (%).....	8	8	8

Reserve allocations	200,000†	350,000‡	100,000§
Carried forward	578,415	588,652	589,940
† General reserve.	‡ £250 to dividend equalisation; § Reserve for contingencies.		
£100,000 to contingencies.			

The financial position remains strong and liquid. Current assets, at £6,230,399, show an increase of £644,113, reflecting the proceeds of the balance of debenture stock issued during the year. Substantial profits have been made in Germany, but owing to the continuance of exchange restrictions they cannot be brought into the parent company's accounts. The £1 ordinary stock units, which touched 42s. 9d. this year, and were quoted at 39s. before the divi-

dend, now stand at 36s. 6d. They fall into the category of long-term holdings, with an active market interest coupled with the liability, as the experience of many years has shown, to considerable annual fluctuations in earnings. At their present price they do not appear unduly attractive to the short-term investor.

* * *

I.C.I. Meeting.—It is given to the ordinary stockholders in Imperial Chemical Industries to take a more disinterested view of their company's rôle in industry than the proprietors of almost any other company. They have it on the highest authority that the directors intend to share the fruits of expanding trade and increasing efficiency with consumers, and to increase dividends, if at all, slowly. Thus, the largest concern registered under the Companies Act comes nearest to the conception of an "industrial utility." Its ordinary stock is a gilt-edged industrial in the narrowest sense of the word, and its dividends are designed to typify the inevitability of gradualness. At last Monday's meeting Sir Harry McGowan, the chairman and managing director, defined this position in detail. The company, he declared, endeavoured to keep its prices as low as possible, consistently with the preservation of shareholders' capital, the provision of the finest products, and the recruitment of the most skilled labour under the best working conditions. It is no derogation of Sir Harry's speech to say that it reads a little like Samuel Smiles in a twentieth-century setting. The chairman, on Monday, repeated his refutation, made before the Royal Commission on Arms, of the allegation that a significant percentage of the company's profits was derived from munitions production. This, however, as he was able to point out to shareholders, does not mean that such branches as the Billingham nitrogen fixation plant, petrol production by coal hydrogenation, sulphuric acid production and the development of chlorine derivatives, will not be of supreme importance in time of war—or that, under such a condition,

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they will not be profitable. They will remain essential assets, however, in time of peace. For the rest, Sir Harry regards 1936, like 1935, as likely to be a reasonably successful year for the I.C.I., without providing either an abnormal setback or any outstanding extension of the company's activities. How far re-armament will give a stimulus may depend, in Sir Harry's opinion, on the extent to which the monetary resources to be used for the purpose would otherwise have remained unemployed, or might have found alternative uses in the way of peace. The chairman of the I.C.I. is thus among those who view the "blessings" of re-armament guardedly. His attitude towards overseas possibilities is even more cautious, pending clear evidence that the world's statesmen have adjusted their vision "to the broad issues of the future, rather than to painful events of the past." Altogether, the speech gives the impression that while an ordinary dividend of, say, 10 per cent. may not be beyond the bounds of intention, or possibility, in the course of the next few years, the main factor governing the price of the ordinary stock—which at 40s. yields 4 per cent. on an 8 per cent. dividend—may be the course of general interest rates.

Spillers' Results.—Though the market was satisfied with the results of Spillers, Ltd., the big milling combine, the shares still find little speculative demand. The ordinary and deferred dividends have been maintained at 15 per cent., but trading profit—struck after the deduction of depreciation, income tax and staff bonus—has fallen from £458,070 to £437,629. The dividends have consequently been earned, but only £100,000 has been allowed for extra obsolescence and investment reserve, compared with £150,000 in 1934. The market was not expecting an increase in profits. Price movements in 1935 probably worked to the company's disadvantage, although the heavy reduction in the imports of flour must have removed one of the company's greatest difficulties. The balance sheet shows an expansion of turnover and a strong liquid position. New plant is being constructed at Newcastle, and the mill and silos at Birkenhead have also been expanded. At the same time, the company is still absorbing independent millers all over the country. During the year a leading Cornish milling firm was acquired, and, since the accounts were published, the company has absorbed E. C. Robson and Sons, of Sunderland. Despite the decline in profits in 1935, therefore, the company is evidently anticipating a further increase of business. The following table shows profits and their appropriation during the last three years:

	Years to January 31		
	1934	1935	1936
Trading profit.....	405,409	458,070	437,629
Fees and interest	41,650	25,512	19,167
Preference dividend	51,436	53,151	53,151
Earned for dividends	312,323	379,407	365,311
Earned (%)	15.0	18.1	17.6
Ordinary dividend.....	209,384	210,516	207,686
Per cent.	15	15	15
Deferred dividend	96,812	96,812	95,251
Per cent.	15	15	15
Co-partnership dividend	4,923	6,611	8,320
Per cent.	15	15	15
Investment reserve	...	...	50,000
Additional obsolescence	...	150,000	50,000
Carried forward*	173,657	168,401	175,935

* After bringing in £7,225 profit on the sale of investments (less depreciation of investments written off) in 1934, £79,275 in 1935, and £53,481 in 1936.

deferred shares are quoted at 48s., to yield 10 per cent. The market, apparently, is discounting a trend of profits. The company may not, indeed, be in the long run, on a broad consumption for an increase in earnings—partly because of the falling trend in prices, and partly because the increasing standard of living tends to divert consumption from bread to meat, and from vegetables. The main prospect, indeed, may be

found in the company's manufacture of animal and poultry foods. If agricultural protection remains the Government's policy, increased business on that side may be envisaged.

Rubber Plantations Investment Trust.—This company, which is one of the Great Powers of the rubber industry, has shared in the moderate revival of prosperity which has come the industry's way in the last two years. Of its total assets, approximately three-fifths are invested in rubber and one-fourth in tea. Receipts from its £2,306,992 of investments (other than directly owned properties) showed a further increase last year, and were nearly four times as large as in 1933. Gross receipts, however, from the company's estates—which are devoted mainly to tea cultivation on the east coast of Sumatra—showed a falling-off, and were little above the 1933 figure. As the provision for difference in exchange has appreciably increased since that year, the net receipt from these estates provided only about one-fifth of the company's net earnings for 1935:—

	Years to December 31		
	1933	1934	1935
Receipts:—			
From dividends, interest, etc.	22,561	64,680	86,694
From estates produce account	68,891	93,062	77,325
Less:—			
Expenses and directors' fees...	8,690	9,502	9,619
Difference in exchange*	39,342	53,829	55,373
Taxation	5,022	12,898	17,513
Directors' additional remuneration	1,406	2,812	2,740
Ordinary capital:—			
Earned	36,992	78,701	78,774
Paid	43,594	89,062	86,791
Earned (%)	2.1	4.4	4.6
Paid (%)	2½	5	5
Total carried forward	83,173	85,810a	85,792b
Total issued capital	2,250,000	2,250,000	2,250,000
Total invested (book cost)	2,763,386	2,804,610	2,790,379
Per cent. in rubber	59½	59½	60½
Per cent. in tea	26	26	26

Depreciation or appreciation in value of investments, compared with balance sheet figure†

* On estates produce account. † Investments other than properties. (a) After transferring £10,000 from dividend equalisation reserve, and crediting £3,000 insurance reserve not required. (b) After transferring £10,000 from dividend equalisation reserve, and transferring £2,000 to staff special reserve.

The payment of an unchanged 5 per cent. dividend has again entailed a draft on dividend equalisation account. Despite the moderate recession in rubber and tea share values last year the company's security holdings still show an appreciation over book cost. The immediate outlook for the plantation industries is reasonably satisfactory. The company's accounts, however, reflect changes in underlying conditions with a certain time-lag, and the accounts for 1936 will include the reduced dividends of many producing companies for the past year. In view, moreover, of the evident determination of the International Committee to prevent any considerable rise in rubber prices under the restriction scheme (see a Note of the Week on page 242 of this issue) the trust's £1 stock units would appear fully valued at 33s., to yield £3 2s. 6d. per cent. on a 5 per cent. dividend.

Copper Share Outlook.—The recent activity in the leading copper shares (based on the market factors discussed in the *Economist* of April 18th, page 125) has given place to a quieter phase. From the long term aspect, however, two recent developments are of obvious importance. The recent announcement that the Kennecott group had at length raised its selling price to the level quoted by the Anaconda and Phelps Dodge companies has removed all doubts concerning the outlook for United States copper consumption. Though the influence of the American market on London is

chiefly indirect (apart from export factors, which are not important at present), the extraordinary burst of consumers' buying in the United States which followed the price announcement encouraged a rise in the standard quotation in London to a peak of £37 13s. 9d. a ton, the highest level reached since 1933. The following table illustrates the advance in share prices which has occurred. The spectacular fall in Rio Tinto is attributed solely to political uncertainties in Spain:—

Company and Share Denomination	Market Quotation of Shares, 1936			
	January 1	March 16	March 30	April 29
Rhodesian Anglo-American (10/-)	11/3	13/9	14/7½	14/3
Rhodesian Selection Trust (5/-) ...	10/1½	10/10½	11/3	12/9
Rhokana (4/-)	5/1	5/8	5/4	5/4
Rio Tinto (£5/-)	19½	18½	19½	14½
Rio Antelope (5/-)	32/-	35/7½	38/-	37/6

The favourable prospect in the copper market has been assisted by the decision to prolong the existing restriction scheme for two more years until July, 1938. In view of the technical success of the scheme in restoring a statistical equilibrium, no other decision was to be expected. By the end of February, world refined stocks had been reduced by about 100,000 tons in one year to a total of 483,000 tons, of which 232,000 tons were in the United States, and for practical purposes could be regarded as segregated from the world market. Outside America, stocks are now equivalent to little more than ten weeks' absorption at the current rate. For the moment it appears that production is somewhat on the right side of consumption, and a steady improvement in the statistical situation, leading to a renewed strengthening of prices, perhaps at a more moderate pace, may not be unlikely in the future. Prices are already approaching the level—£38-£40 a ton—at which, according to market report, the sponsors of the restriction scheme are said to aim. The date, therefore, when an expansion in output quotas is deemed advisable may thus be sensibly approaching. Importance will therefore attach to the operating position of the leading concerns. The accompanying table gives the main factors affecting the copper revenues of the three restricting Rhodesian producers:—

Company	Present Prod'n. Cu.	Present capacity	Latest "All-in" cost per ton	Profit for present price = Cu.†	Est. profit on 5% inc. in quotas	5% inc. on Ord. cap.	£1 rise in cu. price on present prodn. = % on Ord. Cap.
Mufulira	28,000	70,000	29	8	28,000	3.3	3.2
Roan Antelope	50,400	100,000	23	14	70,000	4.5	3.2
Rhokana	50,400	70,000*	26½	15	52,500	2.2	2.0

* Rising to 120,000 tons in 1937. † Average cost for blister and electro copper. ‡ Taken at £37 for standard and £41 for electrolytic.

The comparative importance to these companies of an expansion in production quotas over a further rise in the price of copper is evident. Even the fruits of a relatively small increase in production of 5 per cent. on existing capacity exceeds in each case the effect of a £1 rise in copper prices maintained over a whole year. The table takes no account of other revenues, of which cobalt is important for Rhokana.

Selection Trust.—This company, of the Chester Beatty group, which has large holdings in base metal, diamond, silver and other undertakings, has now entered the dividend list. Revenue for 1935 totalled £229,700, against £156,500, the increase being chiefly attributable to the larger dividends distributed by Consolidated African Selection Trust and Trepan Mines, which paid, respectively, 65 against 60 per cent., and 20 per cent. tax-free against 12 per cent. before tax. A largely increased sum of £65,950 was written off "investigations and ventures." Income-tax, naturally, required an increased sum, and an allocation of £9,800 was made towards redemption reserve, under the terms of the debenture issue of December, 1933. The net profit, consequently, was only £14,600 higher, at £77,000; and the payment of the initial dividend at the modest rate of 5 per

cent. involves a slight draft upon the carry-forward. No dividend was received last year on the company's holding of common shares in American Metal, which has substantial interests in Rhodesian copper concerns. The American Company's results, nevertheless, showed a marked improvement, a net surplus of \$801,530 replacing a deficiency of \$232,500. The Selection Trust's holdings stand in the balance sheet at £2,867,660 and are stated to show a substantial surplus over that figure. Twelve months earlier there was a depreciation of £293,900. Cash and Government securities on December 31st totalled £347,300 against £292,600 at the end of 1934. Last February an offer of half a million shares was made to the members of Kopanik Mines, one of the Trust's subsidiaries operating in the neighbourhood of Trepca. The particulars given in the prospectus were impressive enough. Owing to the conditions prevailing at the time, however, the opening of dealings was not marked by great enthusiasm, and the price declined. Full particulars of the Selection Trust's interests will, doubtless, be given at the annual meeting on May 18th.

"The North American Company."—It is regretted that, by an accident of typography and syntax, the opening sentence of a Note on page 721 of the *Economist* of March 28, 1936, may have conveyed the impression that "frenzied finance" had been associated with some of the North American Company's subsidiaries. The criticism referred, in fact, to certain other utility companies, and our comment was designed as a commendation of the North American Company for eschewing unbalanced methods. In order to prevent misunderstanding, we ask our readers kindly to note this explanation.

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Consolidated Diamond.—Since production was resumed on a small scale at the beginning of 1935, the receipts of Consolidated Diamond Mines of South-West Africa naturally show an expansion upon those of 1934, when sales were effected from stocks; and net profits have improved from £142,100 to £263,260. Depreciation last year required the increased amount of £63,230; but owing to further redemption of debentures, interest charges were slightly lower, and only £68,600 debentures now remain to be redeemed. The resultant profit balance of £188,100 is added to the profit and loss credit, increasing that account to £480,100. The past improvement and current hopeful outlook in the diamond trade, together with the prospects for payment of the preference dividend arrears have produced a marked recovery in share prices. Investments in associated companies, at cost or under, are unchanged at £1,804,500, but the actual cash resources at the end of the year amounted to no more than £99,930, compared with an amount due to creditors for £159,650. It seems clear, therefore, that liquidation of the Preference arrears—which have accumulated over five years on the £2,240,000 7½ per cent. preference capital—may involve far-reaching financial reorganisation.

* * *

Vogelstruisbult and Vlaktefontein.—The reports of these developing Far East Rand concerns become more interesting as they approach the production stage. The former enjoyed the earlier start. At the end of last year nearly 23,000 feet of development work had been carried out at Vogelstruisbult, the payable percentage being 60.5, and the average value 12.7 dwts. over a reef channel width of 17.9 inches. The results in the Daggafontein section were better than elsewhere; and following the completion of permanent hoisting arrangements at the No. 1 shaft, all operations were taken over from Daggafontein, which has hitherto carried out the work on this area. The consulting engineer reports that "excellent progress" is being made with the erection of treatment plant, and it is expected that crushing will commence towards the end of the current year. As a result of the issue of one million new shares of 10s. each at par just before the end of the year—which exhausted the highly profitable rights of the original subscribers—cash in hand on December 31st amounted to over half a million. The Vogelstruisbult property is situated between Sub Nigel and the Daggafonteins, and the Vlaktefontein area is situated to the south-west of the Vogelstruisbult. Its value was explored by diamond drilling, and at the end of last year the No. 1 vertical shaft had reached a depth of 1,610 feet. It is expected that the reef will be intersected at about 6,200 feet instead of 7,000 feet as originally anticipated. The consulting engineer states that development at depth in Sub Nigel, which is now within approximately 8,500 feet of the Vlaktefontein boundary, indicates the trend of the Sub Nigel shoot system in that direction. As from April last operations were conducted by the company on its own account, the arrangement with Sub Nigel being discontinued. At the end of last year the resources on hand or available amounted to £1,152,090 and should suffice to bring the company to the production stage.

* * *

Other Company Results.—On page 285 will be found our usual table summarising the results of 36 other companies. In the Financial and Land companies group the most marked improvement is shown by *Forestal Land, Timber and Railways Company*, doing business in the Argentine. The principal item in the profit and loss account of the parent company is a sum of £270,000 transferred from depreciation account in respect of investments in *La Forestal Argentina, S.A.*, corresponding to the amount appropriated out of profits by that company for amortisation of goodwill. This improvement in the position of the Argentine company is attributed to better prices for the tin, many's products, and the parent company pays a dividend this year of 6 per cent., after passing the dividend for four years. *Rolls-Royce* profits at £349,802 permit of a distribution of 22½ per cent. compared with 20 per cent. in the previous year. The results of eight more rubber

companies confirm the trend set by previously published results; the *Central Travancore* company passes its dividend as last year, and the other seven companies reduce their dividends. The combined profits of the eight companies are £53,662, compared with £76,443 for the previous year. *The Clan Line Steamers, Ltd.*, show a remarkable recovery in profits to £644,511, and increase the dividend from 6 to 20 per cent. Of the three tea companies whose results are summarised, two report lower profits and dividends, and one, *Ragalla*, higher. *London Shoe Company* shows a profit of £4,391, slightly higher than for 1931, since when no dividend has been paid on the ordinary shares. *Barry and Staines Linoleum Company* have benefited from good trading conditions, and increase their dividend to 12½ per cent. Among the miscellaneous companies, *London Electric Wire and Smilhs* reflect good business in an increase of dividend to 6½ per cent. from 5 per cent. for the previous year, and *John M. Newton and Sons*, plate glass merchants, etc., pay 15 per cent. ordinary dividend. This is the first year an ordinary dividend has been paid since 1929. Both *Odham's Press* and *Provincial Newspapers* show profits substantially unchanged from last year. *The English Sewing Cotton Company* maintains the same dividend as in the previous year, but the profit, at £240,728, is nearly £45,000 down on the year.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Bank of Athens, Banque de Credit Roumain, General Accident, Fire and Life Assurance Corporation, London Assurance, Royal London Mutual Insurance Society, Scottish Equitable Life Assurance, World Auxiliary Insurance Corporation, Imperial Chemical Industries, India Tyre and Rubber, Labu (F.M.S.) Rubber, Gold Fields Australian Development, Ex-Lands Nigeria, and Rio Tinto. At the meeting of the Bank of Athens reference was made to the continued increase of economic activity in Greece and to the improvement in Egypt and the United States, where the Bank has considerable interests. Its profits have consequently increased and its dividend risen from 8 to 10 per cent. The report of the Banque de Credit Roumain for 1935 draws attention to the ill-effects on economic activity and particularly on agriculture of the restriction of credit necessitated by the crisis. The General Accident, Fire and Life Assurance Corporation showed an increase of activity in all branches with record profits. The Governor of the London Assurance also recorded progress in all departments. The company acquired a controlling share during the year in the Clive Insurance Company of India. Mr Alfred Skeggs, of the Royal London Mutual Insurance Society, noted the remarkable growth in recent years of industrial insurance, which forms an important part of the Society's business. The results of the Scottish Equitable Life Assurance Society were reported as very satisfactory. Claims by death had fallen and returns on investments had risen owing to the maintenance of the rate of interest. The chairman of the World Auxiliary Insurance Corporation said that although marine business was worse than ever and there had been difficulties over foreign fire insurance, the company had more than held its own during the year. The speech of the I.C.I. chairman is discussed in a Note on page 261. Mr H. A. Holmes explained that in order to meet modern requirements and not to clash with the many colour designs of private cars, the India Tyre and Rubber Company had discontinued the distinctive red ring on its tyres. The chairman of the Labu (F.M.S.) Rubber meeting stated that the labour position in Malaya had become easier; and at the Cheviot Rubber meeting, held subsequently, Mr J. G. Hay reported on his recent visit. The Gold Fields Australian Development Company has undertaken considerable developments during the past year with satisfactory results and has acquired an interest in the Leopold Ranges which promises good gold yields. Output and profits of Ex-Lands Nigeria were higher than in 1934 and Mr Latilla announced that additions to their quotas had been obtained from other producers for the current year. The chairman of Rio Tinto, Sir Auckland Geddes, said that prospects for all the company's interests, except those in Spanish pyrites, were bright.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS
TICKET MAY 5 | ACCOUNT MAY 7

THE confidence with which the markets last week accepted Mr Chamberlain's Budget was not in evidence this week, when the prospect was clouded not with increases in taxation but with rumours of political disturbance in Europe. Hot upon the heels of the first ballot in the French elections, with its signs of an increased majority for the Left, came whispers of marching armies in Germany, Austria, Czechoslovakia. A spontaneous or induced setback on the Paris Bourse was accompanied by weakness in the French franc, and more particularly the Swiss franc, which cannot stand alone if the French franc is devalued. And, to reinforce the natural impulse of the British operator to hold his hand until some light could be seen, came the break of prices on Wall Street, in the face of the most satisfactory indices of business progress. Throughout the week conditions in the London markets have been quiet and dull.

Gilt-edged securities were firm at the beginning of this week, but sagged later. Old Consols were the subject of some refugee French buying, and War Loan improved up to the deduction on Tuesday of the half-year's interest. The sagging tendency later in the week was attributed mainly to the military movements in Germany and Austria, and there was no improvement in mid-week. Home corporation securities were fairly steady in face of the prospect of a series of new issues. Dealings in the Birmingham 3 per cent. conversion loan opened at a premium; cash lists for the Croydon 3 per cent. issue closed rapidly, but lists for the Bradford and Cardiff loans remained open the full time on Tuesday of this week. India stocks and colonial issues were neglected, although colonials improved slightly at the end of last week.

The full weight of the European political difficulties was felt in the foreign bond market. On Monday there was a little support for Greek issues, in the hope of better treatment for bondholders, but generally prices fell. The new Polish currency restrictions led to a fall of 2½ points in Poland Sevens on Tuesday, and practically the only issues to stand out against the general decline were Italian "B" 20-year bonds. Chinese bonds have attracted less interest this week, but have held their ground, while the agreement between Japan and Russia over a border commission encouraged support for Japanese bonds. In the South American bond market, Argentine issues have been firm and Brazilians dull.

Home rails ended last week firmly, but were dull this week, and were not influenced by the traffic results, which showed up fairly well against last year, but will suffer in the next few weeks by comparison with last year's Jubilee figures. Foreign rails have been practically featureless, with a slight improvement in mid-week in American issues.

In the industrial market the decline of prices on Wall Street has had considerable effect, and although the volume of business has not been large, prices have generally moved downwards. Iron and steel shares have suffered from less encouraging trade reports, and have been dull with few exceptions. R. A. Lister have attracted a steady demand, but Park Gate Iron and Steel Company lost ground when it announced merely a maintained dividend. Aviation issues were similarly dull, particularly Rolls-Royce on publication of the full report for the past year. Standard motors were prominent at the beginning of the week, but were unable to resist the general recession which set in later. Electrical equipment issues provided one of the firmer sections of the market, and British Insulated were especially favoured on good trading reports. Electric supply shares suffered from lack of support which resulted in lower prices generally.

In the textile group, prices were rather uncertain at the end of last week, but were inclined to improve slightly later. In mid-week there was a demand for Salts (Saltaire) on the increased dividend, and conversely English Sewing Cotton shares suffered from the decreased profits. British Celanese and Courtaulds were both weak in spite of favour-

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able production figures, and announcement of a dividend payment on Celanese first preference. Store shares were quiet, and breweries, which were doing fairly well at the end of last week, lost ground for lack of support. There was similar weakness in the tobacco shares group.

In the miscellaneous industrials section the majority of the leading shares were lower in mid-week, including Murex, British Oxygen, Alpha and Portland Cement issues. Valors were in demand and Dunlop issues hardened on publication of the full reports.

The general weakness spread to the oil shares market, which latterly has been the centre of great activity. Payments of arrears of dividend on the first preference shares of Mexican and Canadian Eagle Companies had been discounted in advance, but the announcement induced temporary support which faded away later. In mid-week both Eagle issues recovered some of the previous day's losses. Royal Dutch and Shell shares were sold by the Continent, following a warning from Amsterdam against too great expectations for dividends. Reports that a new well had been brought in led to support for British Controlled common and preference shares. The rubber share market reacted to the decision on Tuesday by the International Rubber Committee to increase export quotas for the last half of the year by 5 per cent., and shares moved downward along with the commodity, but most offers were soon taken up by professional operators. Dealings in the tea shares market were light, and prices fell.

Business in the Kaffir market has been relatively brisk, thanks to good quarterly reports from leading producers, and West Witwatersrand were a particularly strong feature. The political news from Austria was not without its effect in the market, but losses were not important, and were recovered later. The West African group attracted most attention in the mining market, and Gold Coast Selection were prominent in a general improvement, which gave way in mid-week to profit-taking. Rhodesians were irregular under the influence of the fall in the commodity price, the recession on Wall Street, and the general political situation, and diamond issues were dull. De Beers declined pending clarification of the position on arrears of preference dividends. Tin shares were irregular, despite an improvement in the commodity price.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to April 24, 1936	April 23, 1936	April 24, 1936	April 27, 1936	April 28, 1936	April 29, 1936	April 30, 1936
Government and Municipal Loans	5,625	1,175	975	1,184	1,192	1,183	1,025
Transport, Communications, and Public Utilities	5,149	1,046	972	1,077	1,109	963	1,002
Commercial and Industrial	24,701	4,947	4,306	5,387	4,892	4,166	4,757
Banks, Insurance and Financial	2,904	669	465	676	680	597	515
Mines (including Nitrates)	4,804	1,057	944	1,283	1,188	1,187	1,229
Oils	2,078	399	377	426	354	356	400
Rubber, Tea and Coffee	2,267	385	308	337	337	299	362
Total	47,528	9,673	8,347	10,370	9,752	8,751	9,390
Corresponding day in 1935	...	7,983	8,765	10,735	8,351	8,793	7,612

* Including Iron and Steel and Breweries.

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	April 23, 1936	April 24, 1936	April 27, 1936	April 28, 1936	April 29, 1936	April 30, 1936
114.5	107.4	113.1	113.1	113.2	112.5	111.9	111.3

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

Highest of 1935 (Feb. 19)	Lowest of 1935 (Mar. 16)	April 23, 1936	April 24, 1936	April 27, 1936	April 28, 1936	April 29, 1936	April 30, 1936
138.4	137.0	137.7	137.7	137.7	137.7	137.7	137.7

FOREIGN STOCK EXCHANGES

NEW YORK

APART from a temporary recovery toward the end of last week, prices on Wall Street have continued to move downward, under the cumulative effect of a variety of rather general factors. There has been no change in the business and industrial outlook which would justify so marked a recession, and the movement must therefore be ascribed to technical and psychological conditions, which we discuss in a Note on page 258. On Monday of this week the market broke sharply, and losses of up to 6 points were registered in fairly active trading. Tuesday's market was more undecided, but on Wednesday renewed selling in a less active market caused a further general reaction. On the bond market, Government issues were firm at the beginning of the week, but speculative bonds fell rapidly, and later the whole market became rather soft. A tightening up of control of the markets was feared as a result of action by the Securities and Exchange Commission against White, Weld and Company for alleged attempts to make a market. The *Iron Age* estimates steel mill activity at 69 per cent. of capacity, i.e. 1 per cent. higher than a week ago, but this was not sufficient increase to offset market disappointment with the United States steel quarterly statement. Electricity output for the week ending April 25th was 15.5 per cent. higher than a year ago and 1 per cent. up on the preceding week; automobile output was the highest for any week since 1930; freight car-loadings for the week ending April 18th were nearly 5 per cent. higher than for the corresponding week of last year. Thus there is little sign of any recession in business indices corresponding to the market relapse.

U.S. 2½% Treas.	Apr. 22, 1936	Apr. 29, 1936	Apr. 29, 1936	Eng. Equiv.†	Natl. Biscuit	Apr. 22, 1936	Apr. 29, 1936	Apr. 29, 1936	Eng. Equiv.†
Bds. 1945-47	103½	103½	104½	104½	Phelps Dodge	34½	32½	33½	33½
Atchafalpa	78½	78½	79½	79½	Fullman	36½	31½	31½	31½
Erie	18½	11½	11½	11½	Sears Roebuck	43½	39½	40½	40½
Illinois Central	23½	18½	18½	18½	Un. Fruit	66½	62½	63½	63½
N.Y. Central	38½	32½	32½	32½	U.S. Leather	74½	70½	71½	71½
Pennsylvania	32½	28½	28½	28½	U.S. Rubber	30½	26½	26½	26½
Southern Pacific	34½	27½	28½	28½	U.S. Steel	68½	55½	56½	56½
Southern Ry.	16½	13½	13½	13½	Westinghouse	117½	103½	104½	104½
Union Pacific	125½	118½	119½	119½	Woolworth	46½	48½	48½	48½
Am. Can.	128½	123½	124½	124½	Am. Tel. and Tlg.	164½	151½	153½	153½
Amer. Smelting	78½	72½	73½	73½	Int. Tel. Teleg.	14½	12½	12½	12½
Anaconda	38½	32½	32½	32½	Utilities P. & L.	5½	4½	4½	4½
Bethlehem Steel	58½	45½	46½	46½	W. Union Tlg.	85½	74½	75½	75½
Chrysler Motor	99½	93½	94½	94½					
Corn Products Rf.	76½	72½	73½	73½					
Eastman Kodak	163½	156½	158½	158½					
Gen. Electric	39½	35½	35½	35½	Shell	46½	44½	45½	45½
Gen. Motors	67½	60½	61½	61½	Shell Union	17½	15½	15½	15½
Int. Harvester	83½	77½	78½	78½	Std. California	41½	39½	38½	38½
Mont. Ward	43½	37½	37½	37½	Do., N.J.	63½	57½	58½	58½

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

	1935	1936 (Jan. 1 to Apr. 29)	Beginning of Year 1936	Apr. 15, 1936	Apr. 22, 1936	Apr. 29, 1936
Lowest Mar. 20						
Highest Dec. 31						
Lowest Apr. 29						
Highest Apr. 8						
351 Industrials	74.5 (b)	112.3	112.7	127.1 (d)	112.3	125.7
33 Rails	27.4	43.0 (w)	42.8	51.1 (b)	41.5	49.8
37 Utilities	52.2	93.6	91.2	106.2 (a)	93.6	101.7
Total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	109.3
Average yield of 50 Industrial Common Stocks	3.02% (v)	4.06% (i)	High 3.60% (c)	Low 2.95% (c)	3.22%	2.99%
					3.07%	3.60%

February 11th. (b) February 19th. (c) April 29th. (d) April 8th.
(e) March 13th. (v) November 13th. (w) December 4th.

	Lowest of 1935 (Jan. 6)	April 22, 1936	April 23, 1936	April 24, 1936	April 25, 1936	April 27, 1936	April 28, 1936	April 29, 1936
351 Industrials	74.5	112.3	112.7	127.1	112.3	125.7	125.7	125.7
33 Rails	27.4	43.0	42.8	51.1	41.5	49.8	49.8	49.8
37 Utilities	52.2	93.6	91.2	106.2	93.6	101.7	101.7	101.7
Total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	109.3	109.3	109.3
Average yield of 50 Industrial Common Stocks	3.02%	4.06%	High 3.60%	Low 2.95%	3.22%	2.99%	3.07%	3.60%

TOTAL DEALINGS IN NEW YORK

	April 23, 1936	April 24, 1936	April 25, 1936	April 27, 1936	April 28, 1936	April 29, 1936
Stock Exchange—						
Shares (Thous.)	2,060	1,660	540	2,300	2,230	1,790
Bonds (Value Thous. \$)	11,780	8,690	479	10,930	9,990	8,750
Curb—						
Shares (Thous.)	461	332	125	468	478	402

* Two-hour session.

PARIS

The days on the eve of Sunday's first ballot in the French general elections found the Bourse optimistic, and although the volume of business was small, prices moved upward. Rentes closed on Saturday with gains of up to 60 centimes, and Banque de France shares gained 180 francs; internationals were firmer in sympathy with the end-of-the-week improvement on Wall Street. But the result of Saturday's voting, encouraging for the parties of the Left, was disliked on the Bourse; and in any case a temporary panic in the markets is a well tried weapon in the French political battle, with limits in the present case imposed only by fear of provoking a flight from the franc. On Monday rentes lost from one to two points, and Banque de France shares dropped 465 francs; industrials were weak, and profit-taking on the Coudisse provoked a sharp decline in diamond shares. On Tuesday conditions improved slightly, but later renewed selling caused a sharp break in prices, and Banque de France shares, which had lost 85 francs on Tuesday, fell a further 675 francs to 6,605. In mid-week rentes had lost 2½ francs since Saturday's close. The general collapse was due mainly to political prospects and manœuvres in France, but contributory causes were found in the recession in Wall Street, the rumours of impending developments in Austria, and the sudden weakness in the Swiss franc.

	Apr. 22, 1936	Apr. 27, 1936	Apr. 29, 1936	Apr. 22, 1936	Apr. 27, 1936	Apr. 29, 1936
Banque de France	7,700	7,365	6,605	Wagons Lits	49	48½
Crédit Lyonnais	1,605	1,565	1,510	Mexican Eagle	76½	75½
Suez Canal	18,720	18,660	18,600	"Chartered"	111½	111
Chargeurs Réunis	313	309	305	Ford	53	50½
Rio Tinto	1,124	1,086	1,037	De Beers	655	639
Royal Dutch	26,140	25,790	24,830	"Johannes"	285	284½

BERLIN

The share market was firm throughout nearly all of last week. Most standard industrials gained one or two points, and there was a special bull market in shares of the paper-cellulose group, and in motor-car shares, some of which are not officially quoted. The improvement in steel shares was led by Mannesmann, Kloeckner and Hoesch; and the announcement that Reich representatives had been appointed to the management boards led to a sharp rise in shipping securities. Considerable gains were registered by some lignite issues, and Westdeutsche Kaufhaus (formerly Tietz) rose several points. There were further gains this week, but Laurahütte and other Polish securities were depressed by the new Warsaw foreign exchange regulations. Profit-taking led to a reaction on Tuesday afternoon, and on Wednesday there was further irregularity, although there were some marked improvements, particularly in Farbenindustrie shares. Home bonds were steady, and Reich Valorised Loan improved; dollar bonds were firm, and Dawes Loan (certificated) rose four points.

	Apr. 22, 1936	Apr. 27, 1936	Apr. 29, 1936	Apr. 22, 1936	Apr. 27, 1936	Apr. 29, 1936
Reichsbank	185-10	184-25	183-75	A. E. G.	36-90	36-25
D.D. Bank	88-50	88-00	88-50	Siemens and Halske	185-50	186-75
Dresdner	89-25	88-50	88-75	A. K. U.	50-10	52-25
I.G. Farben	165-50	166-60	168-50	Hamburg-Amer.	14-50	15-90
Norddeutscher Lloyd (New)	15-25	17-00	16-60	("Hapag New")	14-50	15-90

AMSTERDAM

Last week closed with a very slight recovery movement after some weak sessions in which sugar securities had been particularly depressed. But business this week has not continued to recover, and the American section has been very much affected by the course of prices on Wall Street. The raising of the export quota caused rubber issues to lose ground, and Royal Dutch were the focus of warnings against expecting too great dividends. Dutch bonds were fairly steady. In mid-week the crop of political rumours had considerable effect, and heavy selling

developed, in the course of which Royal Dutch lost four points, Unilever N.V. two, and Philips Lamps one.

	Apr. 22, 1936	Apr. 27, 1936	Apr. 29, 1936	Apr. 22, 1936	Apr. 27, 1936	Apr. 29, 1936
2½% Dutch Loan	76	76	76½	Steel Common	41	39½
5½% German	21½	20½	20½	A. K. U.	23½	23½
Unilever N.V.	106½	105½	103½	Ford Motor	208½	205
Philips Lamps	172½	173	170½	Deli Batavia Tob.	179	177½
Netherlands Ship Union	42½	41½	38½	Royal Dutch	250½	247½
				Handels Am.	228½	216½

CAPITAL ISSUES

In all the "unregulated areas" of the new issue market, activity proceeds merrily. Even in Threadneedle Street, the queue of corporation borrowers is on the move again. The success of the Birmingham issue (whose significance as a portent is discussed on page 258) has been followed by further offers on behalf of *Bradford and Cardiff*, respectively. Both are conversions of 6 per cent. into 3 per cent. stock, with a 20-22 year life, at a point under par. The *New Zealand Government* is replacing £5,869,988 of 6 per cent. stock by £4,000,000 of 3 per cent. stock at 98½. The week's industrial issues range from milling to gold-mining. *Fulford, Trumps* offers high-yielding preference shares in a company which has acquired various West-country, milling, wool-stapling, and agricultural and builders' merchandising businesses. The issue appears fairly priced. The debenture stock of *Guildhall Development Company* (whose properties are situated not in the City but in Chiswick and Sussex) are stated to be covered more than five times by the estimated profits of the company and the guarantor concern, *Guildhall Property Company*. The bulk of the company's assets are properties for development, and prospects are largely dependent on the maintenance of residential building activity. *F. Hills and Sons* are plywood and aircraft manufacturers who have the sole British Empire concessions for the "Hillson Praga" light aeroplane. The joinery side is old established, but the aircraft manufacturing arrangements were made only recently. Under present conditions, prospects are favourable, but the aeroplane side of the business is still sufficiently new to give the ordinary shares a speculative flavour. Another aircraft concern is the *Aeronautical Corporation of Great Britain*, whose ordinary shares offer a reasonable speculation on the popularity of a machine which has been tested out in America. *Whiteley, Stevens (Holdings)* acquires three rayon silk companies whose combined profits showed a steep jump last year. The preference shares appear reasonably covered, but the premium of 50 per cent. on the ordinary shares should be read in conjunction with the fact that the indicated average earnings of 26 per cent. are based on a figure appreciably above the actual earnings for two of the last three years. *Follisain Metals* acquires, on a royalty basis, processes for the treatment of iron and steel products. The prospectus gives no figures of financial results, but merely test reports, testimonials and the names of firms who have given repeat orders. Until the commercial possibilities have been similarly "tested," the shares must be regarded as speculative. *Smethwick Drop Forgings* takes over a business which has been carried on by a company which until recently was a subsidiary of Hadfields. Present profits are running high, and the company has an impressive list of customers. In view, however, of the recency of the rapid increase in earnings, a premium of 300 per cent. for the ordinary shares appears generous. The *Economic Gas Boiler Company* offers high yielding £1 preference shares, and 2s. ordinary shares at a premium of 50 per cent.—a high-gear form of capitalisation which has frequently been criticised in these columns. The business is small but profits have been steady. The latter consideration is important, since a relatively small fall in profits would greatly reduce the average balance on the ordinary share capital. *Witwatersrand Nigel*, a South African mining company formed in 1933, is increasing its capital. The enterprise will not reach the producing stage for some time, but is under satisfactory auspices. *British Guiana Consolidated Goldfields* acquires reasonably promising properties and claims. The offer appeals to a specialised clientèle, but the company should enjoy good management. The week's placings, accompanied by public statements, include the shares of *Woodhead's Canonbury Brewery*,

OTARD'S

ESTABD 1795

THE BRANDY WITH A PEDIGREE

which has acquired an old-established business with a sound profit-earning record; *Switchgear and Cowans*, an electrical engineering concern whose products are of high reputation, but whose profits show a large annual fluctuation; and *Brown, Muff and Company*, a departmental store in Bradford doing an old-established and steady business.

ISSUES OF THE WEEK

January 1 to April 25, 1936, including conversions, Old Basis, £122,846,941.
January 1 to April 25, 1936, excluding conversions, Old Basis, £70,562,729.
January 1 to April 25, 1936, including conversions, New Basis, £169,234,108.
January 1 to April 25, 1936, excluding conversions, New Basis, £117,049,896.

National Savings Certificates, Net receipts week ended April 25, 1936, Dr. £150,000

To the Public	Nominal Capital	Conversions	New Money
Aeronautical Corporation of Great Britain, 580,000 5/- ord. shares, at par	140,000	...	140,000
Bradford Corporation, £1,744,440 3% stock, 1958-58, at 99% (conversion offer to holders of £2,000,000 6% stk., 1936-46)	1,762,000	1,744,440	...
British Guiana Consolidated Goldfields, 800,000 5/- ord. shares, at par	200,000	...	200,000
Cardiff Corporation, £1,439,500 3% stk., 1958-58, at 99% (conversion offer to holders of £1,439,500 6% stk., 1936-46)	1,454,000	1,439,500	...
Economic Gas Boiler Co., 45,000 2/- ord. shares, at 3/-	4,500	...	6,750
Do. 45,000 6% cum. £1 preference shares, at par	45,000	...	45,000
Follisain Metals, 250,000 6% cum. pfg. pref. 10/- shares, at par	125,000	...	125,000
Fulford, Trumps and Co., 71,865 5½% cum. £1 pref. shares, at par	71,865	...	71,865
Guildhall Development, £250,000 5% guar. 1st mt. deb. stk., at 99%	250,000	...	247,500
Hills (F.) and Sons, 600,000 4/- ord. shares, at 5/3	120,000	...	157,500
New Zealand Government £4,000,000 3% inscribed stock 1952-55 at 98½% (to repay £5,869,988 6% stock, 1936-51)	4,000,000	3,920,000	...
Smethwick Drop Forgings, 500,000 ord. 5/- shares, at 20/-	125,000	...	500,000
Whiteley Stevens (Holdings), 100,000 6% cum. £1 shares, at par	100,000	...	100,000
Do. 200,000 5/- ord. shares, at 7/6	50,000	...	75,000
Witwatersrand Nigel, 800,000 5/- ord. shares, at 10/-	(s)	...	(s)
Total	8,447,365	7,103,940	1,668,615

(s) Particulars have already appeared in table on page 145, January 18, 1936, issue.

To Shareholders only

Colombian Mining and Exploration, 600,000 2/- shares, at par	30,000	...	30,000
General Funds Investment Trust, 24,644 5% £1 cum. pref. shares, at par	24,644	...	24,644
Do. 24,644 £1 ord. shares, at par	24,644	...	24,644
Total	79,288	...	79,288
By Stock Exchange Introduction (at opening price)			
Smith's Potato Estates, £350,000 4% debts. at 96, opened at 102½	336,000	...	357,875
Switchgear and Cowans, 360,000 5/- ord. shares at 14/10	90,000	...	267,750
Woodhead's Canonbury Brewery, 160,000 5s. ord. shares at 8/3	40,000	...	66,000
Do. 40,000 5½% cum. £1 pref. at 20/7½	40,000	...	41,250
Total	506,000	...	732,875

By Permission to Deal

During week ended April 25, 1936	330,721	...	942,624
Total Capital raised—			
Including Conversions	...	...	...
Excluding Conversions	...	...	...
Total Offered for Subscription—			
Including Conversions	...	...	...
Excluding Conversions	...	...	...
Whole year (Old Basis)—			
1936 (New Basis)	179,611,450	120,323,298	...
1936 (Old Basis)	131,548,783	72,160,632	...
1935 (New Basis)*	160,237,517	85,206,599	...
1935 (Old Basis)	112,104,603	33,612,517	...
January 1 to date—			
1934	220,881,952	70,540,554	...
1933	115,079,589	66,822,542	...
1928	...	194,553,872	...

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

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—	£	£	£	
1936 (New Basis)	53,565,651	13,140,858	53,616,879	120,323,298
1936 (Old Basis)	46,297,330	5,725,710	20,137,592	72,160,632
1935 (New Basis)*	24,400,852	18,955,212	41,850,535	85,206,595
1935 (Old Basis)	11,945,671	11,376,253	10,290,593	33,612,517
Whole year—(Old Basis)—				
1928	212,917,990	45,062,600	111,177,600	369,158,190
1929	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in eighteen weeks ended May 4, 1935.

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

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

Prices, Year 1935				Prices, Year 1936 Jan. 1 to Apr. 29, inclusive				Name of Security				Price, Apr. 29, 1936				Price, Apr. 29, 1936				Rise or Fall				Yield, Apr. 29, 1936			
High-est		Low-est		High-est		Low-est						Price, Apr. 29, 1936		Price, Apr. 29, 1936		Rise or Fall		Yield, Apr. 29, 1936		Price, Apr. 29, 1936		Price, Apr. 29, 1936		Rise or Fall		Yield, Apr. 29, 1936	
£ s. d.		£ s. d.		£ s. d.		£ s. d.						£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.	

(Continued from page 267)

£130,150 after allowing for all operating costs and expenses in the colony. Purchase price, £196,750, of which £46,750 in cash.

Witwatersrand Nigel, Ltd. (Incorporated in the Union of South Africa).—Issue of 800,000 5s. shares at 10s. per share. Total mining area, 9,840,320.3 claims. The total purchase price of the mining properties, £555,850, will be supplied by the subscription of shares by the vendors, i.e. 1,111,700 shares of 5s. at 10s. per share. Proceeds of present issue, after allowing £20,000 for expenses, will leave £380,000 for working capital. Additional property acquired shows an aggregate area of mineral rights and claims of 5,566,376.8 claims. Whole of present issue underwritten by East Rand Consolidated, who receive option to subscribe for 200,000 shares at 12s. 6d. up to December 31, 1936, and a further 200,000, at same price, to December 31, 1937. List closed April 29th.

Guildhall Development Company, Ltd.—Issue of £250,000 5 per cent. guaranteed 1st mortgage debenture stock at 99 per cent. Unconditionally guaranteed as to principal, premium and interest by the Guildhall Property Company. To be repaid at 103 per cent. on December 31, 1960, or after December 31, 1941, at 103 per cent. on three months' notice. Formed October, 1934. Owns freehold properties in Chiswick and at Bishopstone, Seaford, Sussex. First accounts will be made up to March 31, 1936. Profit up to end of 1935 about £11,000. Present issue for purpose of repaying bank charges on properties of the company and for development of the business. Total assets, £631,156. Total assets of Guildhall Property Company, £806,717. Actual and estimated income of the two companies, £67,000 per annum. List closed 9.30 a.m., April 29th.

Fulford, Trumps and Company, Ltd.—Issue of 71,865 5½ per cent. cumulative £1 preference shares at par. Acquires whole issued share capital of six old-established companies carrying on business, in the West of England, of millers, wool staplers and general agricultural merchants. Purchase price, £135,358. Net assets acquired (excluding goodwill), £103,697. Combined profits, after allowing for depreciation but before charging income tax—years: 1934, £11,108; 1935, £15,339. List closed 9.5 a.m., April 28th. Oversubscribed.

Follsain Metals, Ltd.—Issue of 250,000 6 per cent. cumulative participating 10s. preference shares at par, in addition to 25 per cent. of further distributable profits. Object of present issue: to enable company to pay consideration to Follsain Syndicate for acquisition of certain rights in Follsain Tubular Products, Ltd., and to enlarge production facilities at works at Lutterworth. The company was incorporated on March 15, 1934, and has carried on business since, operating in Great Britain and Ireland, on a royalty basis, the Follsain Processes for treatment of iron and steel products. Estimated annual profits when additional plant, etc., is installed, £54,000 to £56,000. It is estimated that with the working capital provided by this issue the preference dividend will be earned with the existing plant. Purchase consideration, £40,000. List closed, 9.5 a.m., April 28th. Underwriters have had to take up part of the issue.

Aeronautical Corporation of Great Britain, Ltd.—Issue of 560,000 5s. shares at par. Acquires Light Aircraft, Ltd., Lang Propellers, Ltd., and Aircraft Accessories, Ltd., for £100,000, of which £40,000 will be paid in cash and remaining £60,000 by allotment of ordinary shares. The company is acquiring for £55,000 a freehold factory at Peterborough, well equipped with extensive fixed plant and machinery. It is expected that the factory will be in full production within six months. Annual profits, subject to income tax but allowing for depreciation, estimated at not less than £40,000. List closed 9.5 a.m., April 28th.

Waterworth Brothers.—This company will make an issue early next week of 50,000 6 per cent. cumulative £1 preference shares at 21s. 3d.; also 160,000 5s. ordinary shares at 6s. 9d. each.

Whiteley, Stevens (Holdings), Ltd.—Issue of 100,000 6 per cent. cumulative £1 preference shares at par and 200,000 5s. ordinary shares at 7s. 6d. each. Acquires Whiteley, Stevens and Co., of Stapleford, Nottingham; George Newton (Nottingham), and Kirkland and Clemerson, of Long Eaton, manufacturers of rayon and pure silk fabrics. The company has an option until April 23rd, 1939, to acquire for £10,000 the issued share capital of The Denda Knitting Company, of Haworth, near Keighley, Yorkshire. Valuation of net assets acquired £3,153, excluding goodwill. Purchase price £160,000, of which £90,000 will be paid in cash and the balance by allotment of 10,000 preference shares and 240,000 ordinary shares in company. Preliminary expenses estimated at £22,800 to be by the company. Profits after charging depreciation, before providing for income tax, years 1932-3, £12,685; 1933-4, £15,342; 1934-5, £35,703.

BY OFFERS FOR SALE

Economic Gas Boiler Company, Ltd.—Cheviot Trust, Ltd., offer for sale 45,000 6 per cent. cumulative £1 preference shares at par and 45,000 2s. ordinary shares at 3s. per share. Acquires as from January 1, 1936, the business of gas appliance manufacturers carried on by Economic Gas Boiler Company at Burnley, established in its present form in October, 1927. Purchase price, £69,990, to be satisfied by the allotment of 45,000 preference shares £1 and 249,900 2s. ordinary shares, fully paid. Net assets, excluding goodwill, £50,383. Profits, after charging depreciation, but before income tax, years—1933, £12,186; 1934, £11,681; 1935, £11,142.

F. Hills and Sons, Ltd.—Offer for sale of 600,000 4s. ordinary shares at 5s. 3d. per share. Acquires from December 31, 1935, the business of F. Hills and Sons, Ltd., founded in 1849. Joinery manufacturers and timber merchants, with works at Stockton-on-Tees and Trafford Park, Manchester. Value of assets acquired, £86,804, excluding goodwill. Purchase price, £85,000, to be satisfied by the allotment of 425,000 4s. ordinary shares, fully paid. Profits, before providing for depreciation or income tax: 1933, £2,090; 1934, £7,250; 1935, £17,044. Whitehead Industrial Trust, Ltd., has agreed to subscribe for 325,000 ordinary 4s. shares at par and for 275,000 shares for £60,000, or 4½ shillings per share, and is paying all expenses in connection with the offer. List closed 9.5 a.m., April 29th.

Smethwick Drop Forgings, Ltd.—Offer for sale of 500,000 5s. ordinary shares at 20s. each. The Standard Industrial Trust, Ltd., acquired these shares for a total consideration of £470,000, or 18s. 9½d. per share. The company acquires from March 31, 1936, the business, founded in 1904, of manufacturers of drop forgings carried on by Beans Industries, Ltd., at Smethwick, near Birmingham. Substantial sums of money have been spent during the past two years on the installation of additional and improved equipment. Profits of Beans Industries, Ltd., before charging income tax, but after providing for depreciation, 11 months to November 30, 1934, £29,729; year to November 30, 1935, £37,495; four months to March 31, 1936, £15,068. Value of net assets to be acquired, £132,929 (excluding goodwill). Purchase price, £123,750 (excluding goodwill), to be satisfied by allotment of 495,000 ordinary 5s. shares.

BY STOCK EXCHANGE INTRODUCTION

Woodheads Canonbury Brewery, Ltd.—Capital, 160,000 5s. ordinary shares and 40,000 5½ per cent. cumulative £1 preference shares. Acquires from January 31, 1936, the business of Edmund Woodhead and Sons, Ltd., of Canonbury, London, brewers, bottlers, etc., founded over 80 years ago. Value of net assets to be acquired, £42,872, excluding goodwill. Purchase consideration, £60,000, satisfied by allotment of 20,000 preference shares and 160,000 ordinary shares, fully paid. Goodwill, £17,128. Profits before providing for income tax but after charging depreciation—years: 1933, £5,297; 1934, £9,053; 1935, £10,082. Half-year to January 31, 1936, £5,181.

Switchgear and Cowans, Ltd.—Issued capital, 360,000 5s. ordinary shares. Acquires electrical engineering businesses of the Switchgear Company, Ltd., and Cowans, Ltd., the latter concern being established in 1898. The main products of the business are covered by the company's patents. Several new patents are being developed. Profits, after charging depreciation—years: 1933, £9,061; 1934, £19,239; 1935, £18,421. Total assets, December 31, 1935, £103,404. Adjusted balance sheet, December 31, 1935: Total assets, £109,105. Fixed assets valued at £47,256. Dividends paid: Year 1934—interim, 10 per cent., less tax; final, 20 per cent., less tax. Year 1935—interim, 12½ per cent., less tax; final, 45.58 per cent., less tax. Provincial Stockbrokers Trust, Ltd., have purchased 180,000 fully-paid shares at 13s. 6d. per share.

Brown, Muff and Company, Ltd.—Issued capital 78,150 6 per cent. cumulative "A" £1 preference shares, 44,150 6 per cent. cumulative "B" £1 preference shares, and 40,000 £1 ordinary shares. Carries on business of department store at Bradford, founded in 1814. Particulars of £200,000 4½ per cent. first debenture stock which Messrs Cazenove, Akroyds and Greenwood and Company have purchased at 98 per cent. for a commission of 1½ per cent. Issue for purpose of eliminating bank and other loans. Total assets February 5th, 1936, £463,543. Profits after charging depreciation, but before providing for income tax, years ended February 5th, 1934, £24,498; 1935, £25,710; 1936, £24,851. Ordinary share dividends: 1933-4, 6 per cent.; 1934-5, 6 per cent.; 1935-6, 7½ per cent.

BY TENDER

Bedford District Gas Company.—Messrs A. and W. Richards offer for sale by tender £20,000 4 per cent. perpetual debenture stock at minimum price of £103 per £100, yielding at that price £3 17s. 8d. per cent. Capital to be utilised for extensions

of mains, etc. Company established 1833. Area of supply covers 35 square miles. Total population approximately 55,000. Number of consumers, December 31, 1935, 12,795. Sales of gas, 1935, 1,914,186 therms. Net revenue year 1935, £13,858. Accumulated funds at end of 1935 amounted to £31,870. Tenders should be sent to Messrs A. and W. Richards, 37 Walbrook, London, E.C.4, not later than 11 a.m. on May 5th.

BONUS ISSUES

Berisford (S. and W.).—It is proposed to capitalise £75,000 of the reserve fund and to issue to each ordinary shareholder appearing on the register on May 2, 1936, one 4 per cent. cumulative preference share for every three ordinary shares held, any fraction to be paid in cash. These preference shares will rank as regards capital and dividend after the existing 6 per cent. cumulative preference shares and in priority to the ordinary shares and to dividend as from April 1, 1936.

J. C. and J. Field, Ltd.—This company is to distribute £62,500 of its reserves in payment of cash bonus of 5s. per share on ordinary capital.

ISSUES TO SHAREHOLDERS ONLY

General Funds Investment Trust.—The directors invite applications for an issue at par of 24,644 5 per cent. cumulative preference shares of £1 and 24,644 ordinary shares of £1, payable in full on application. Such preference shares will rank for dividend from May 1, 1936, and in a winding-up *pari passu* with the £125,356 existing preference stock and such ordinary shares will as from May 1, 1936, rank for any dividend declared on the ordinary stock for the year ending January 15, 1937, rateably with the £125,356 existing ordinary stock.

Colombian Mining and Exploration Company.—The directors of the Colombian Mining and Exploration Company offer to shareholders 600,000 shares of 2s. each at par. The new shares will rank *pari passu* with the present capital. The board has decided to issue an option of one share at par for every two new shares allotted under this issue. The option period will be from date of allotment of the present issue until six calendar months after the dredge has commenced operations or until June 30, 1937, whichever is the later date.

CONVERSIONS AND REPAYMENTS

New Zealand Government 3 per cent. Inscribed Stock 1952-1955.—Issue of £4,000,000 3 per cent. Inscribed Stock at 98½ per cent. to be repaid at par 1st July, 1955, or after 1st July, 1952, on three months notice. Proceeds to be utilised to repay New Zealand 6 per cent. Inscribed Stock 1936-1951, of which £5,869,988 is outstanding, the balance being provided by the New Zealand Government. New Zealand Revenue account for year to 31st March, 1936, showed a surplus of £270,000. Exports year to 31st March, 1936, £49,676,000. Imports £37,439,000. Gross Public Debt 31st March, 1936, £282,561,000. Assets of the Dominion are valued at approximately £309,000,000 of which £268,000,000 is interest bearing.

Goodyear Tyre and Rubber (Great Britain).—Notice is given that, in addition to the repayment (on August 1, 1936) of the 6½ per cent. debenture stock drawn for redemption at 102 per cent., the company will repay the remaining £275,850 6½ per cent. debenture stock at 105 per cent. on August 1, 1936.

British Columbia 4 per cent. Debentures.—The British Columbia 4 per cent. debentures for \$3,500,000 maturing May 15, 1936, payable Canada and New York, will be paid off in cash at maturity.

Bradford Corporation 3 per Cent. Redeemable Stock, 1956-1958.—Offer of conversion to holders of £2,000,000 Bradford Corporation 6 per cent. redeemable stock, 1936-1946, into Bradford Corporation 3 per cent. redeemable stock, 1956-1958, at 99 per cent., to the extent of £1,744,440. The new stock will be redeemable at par on July 1, 1958, or after July 1, 1956, on three months' notice. Area, 24,342 acres; estimated population, 292,200; rateable value, £2,171,431; rateable value per head, £7 8s. 8d.; produce of 1d. rate (net), £7,850; amount of rate in £1=16s. 2d. Net outstanding debt, £19,769,538, of which £13,704,368 is productive. Property and permanent works, £32,517,991. Combined profits of trading undertakings for year 1934-35, after providing sinking fund, were £491,433. List for cash applications closed at end of business hours April 28th. List for conversion applications will close on May 4th.

Cardiff Corporation 3 per Cent. Redeemable Stock, 1956-1958.—Offer of conversion to holders of £1,439,500 Cardiff Corporation 6 per cent. redeemable stock, 1936-1946, into Cardiff Corporation 3 per cent. redeemable stock, 1956-1958, at the rate of 99 per cent. The new stock will be redeemed at par on July 1, 1958, or after July 1, 1956, on three months' notice.

Statistics of City of Cardiff as at March 31, 1936, show: Area, 13,628 acres; population, 221,050; rateable value, £1,851,963; rateable value per head, £8 7s. 7d.; product of 1d. rate, £7,080; amount of rates in £, 1935, 12s. 2d.; total capital expenditure, 1935, £17,637,316. Net debt outstanding: Reproductive (including housing), £7,041,040; non-productive, £2,207,001. Net debt per head: Reproductive, £31 17s. 1d.; non-productive, £9 19s. 8d. Net debt per £ of rateable value, £4 19s. 10d. General Exchequer grant, £201,330. List for cash applications closed at end of business hours April 28th.

FIXED TRUSTS

Capital Securities Trust.—This trust has been formed to give the investor the benefit of expert selection and management. The chief points in a booklet issued are: (1) Capital appreciation rather than yield; (2) there is a very strong board; (3) associated with the British General Fixed Trust; (4) inclusion of North and South American stocks; (5) high flexibility of the trust; (6) managers have the power to select and to vary as economic prospects and expert advice may dictate. The managers are Improving Securities Trust, Ltd., King's House, 36-37 King Street, London, E.C.2.

FORTHCOMING ISSUES

Hield Brothers, Ltd.—The directors recommend that the capital of the company be increased to £440,000 by the creation of £110,000 in ordinary shares. An extraordinary general meeting is being convened to consider such a proposition. It is proposed that £66,000 in 1,320,000 ordinary shares of 1s. each shall be issued and offered for subscription by the ordinary shareholders at 2s. per share, in the proportion of three new shares for each complete five of existing holdings.

British Celanese.—The directors of British Celanese have decided to pay on May 30th, 1936, to holders registered as at the close of business on May 14th, 1936, the dividend on the 7 per cent. first cumulative preference shares for the half-year ending April 30th, 1936, thus bringing the dividend on this class up to date. In order to meet the company's requirements of further working capital, arrangements have been made for the issue and subscription of 500,000 7 per cent. first cumulative preference shares to rank for dividend as from May 1st, 1936.

County of London Electric Supply.—An issue of £2,500,000 3½ per cent. debenture stock 1952-72 at par is to be made to provide funds for repaying loans and for capital expenditure.

Miris Steel Company.—An issue is to be made of 150,000 6 per cent. cumulative redeemable preference shares 10s., and 300,000 2s. ordinary shares.

Evans Bellhouse.—It is understood that an issue of shares is to be made by this concern.

General Consolidated Investment Trust.—An issue of preference shares and debenture stock is to be made by this company.

OTHER RESULTS OF ISSUES

Anglo-Palestine Bank.—Application lists for the offer for sale by Robert Benson and Company of 300,000 "A" ordinary shares of £1 each at 37s. 6d. per share of the Anglo-Palestine Bank were closed at 9.2 a.m. on April 24th, owing to very heavy over-subscription.

Birmingham 3 per cent. Loan.—Conversion lists in connection with the issue at 99 of £4,882,700 Birmingham Corporation 3 per cent. stock were closed April 24th. Cash applicants were allotted about 10 per cent. of their requirements.

Croydon Stock.—Lists for cash applications in respect of £1,500,000 Croydon Corporation 3 per cent. redeemable stock, 1956-58, were closed at 9.5 a.m. April 24th. The conversion lists were closed on May 1st.

Tizer, Ltd.—Lists for the offer for sale of 575,000 ordinary shares of 5s. of Tizer at 20s. each were closed at 9.20 a.m. April 24th. Underwriters had to take up 71 per cent. of the issue.

Hetty (Wholesale Gowns).—Lists for the issue of 200,000 6 per cent. cumulative participating preference shares of 4s. at par and 100,000 ordinary shares of 1s. at 2s. each of Hetty (Wholesale Gowns) were closed at 1.40 p.m. April 24th. Underwriters had to take up just over 50 per cent. of the preference shares.

Bristol Waterworks Company.—The issue by tender of about £120,000 5 per cent. consolidated preference stock was largely oversubscribed. The stock was allotted at the average price of £146 0s. 11d. per cent. The minimum price at which tenders would be considered was £143.

CALLS DUE MAY 4 TO MAY 9, 1936

The grand total of calls in May, 1936, is £11,271,054, which compares with £5,893,415 in May, 1935.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
£1 Stock	Albion Motors, 82,900 Ordinary Shares, at 40s.	40/- p.s.	May 9	All
Stock	Central Electricity 3½% Stock, 1974-94, £3,500,000, at £100	£25 %	May 4	£70 %
Stock	Coventry Corporation 3% Red. Stock, 1956-58, £1,000,000, at £100	£50 %	May 4	All
Stock	Dublin Corporation 4% Red. Stock, 1960-85, £1,000,000, at £98½	£43 %	May 6	All
Stock	Gas, Light & Coke, £700,000 3½% Red. Deb. Stock, 1936, at £100	£40 %	May 5	£60 %
Stock	Lanarkshire County Council 3% Red. Stock, 1955-60, £2,000,000 at £100	£40 %	May 8	£60 %
Stock	Railway Finance Corporation, £27,000,000 2½% Guar. Deb. Stock, 1951-52, at £97	£15 %	May 8	£62 %
5/-	Rosterman Gold Mines, 320,000 Shares to Shareholders registered April 20, at par	5/- p.s.	May 7	5/- p.s.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, April 22, 1936	Price, April 29, 1936
Aircraft Components 5/-	37/6	...	7/3-7/6	7/4½-7/7½
Anglo-Palestine Bank "A" £1	20/6	...	3d-9d pm	3d dis-3d pm
Associated London Properties 6% pref. £1	98½	30	3d-9d pm	3d dis-3d pm
Blackburn Aircraft 5% Pref. £1	21/1	21/-	4½-1½ dis	6d dis-par
Blackpool 3%	100	50	1-1½ pm	1-1½ pm
Bluestone & Elvin Ord. 4/-	9/-	9/-	9/3-9/9	10/1½-10/4½
Do. 6% Pref. 20/-	21/1	21/-	20/6-21/-	20/9-21/3
Bowmaker 5% Pref. £1	20/1	20/-	3d dis-par	19/9-20/-
British Bauxite Ord. 5/-	6/-	6/-	5/6-6/-	5/6-5/9
Central Electricity 3½%	100	45	2½-2½ dis	2½-2½ dis
Cowburns and Scotts Ord. 4/-	4/6	4/6	3/7½-4/1½	3/7½-4/1½
Fife County 3%	100	25	1-1½ dis	1-1½ dis
Gas Light and Coke 3½% Deb.	par	20	2½-2½ pm	2½-2½ pm
Industrial and General Trust 3½% Deb.	101	10	par-1½ pm	par-1½ pm
International Combustion Ord. 20/-	100	5	88/-89/-	88/-89/-
Lanark 3%	100	5	1-1½ dis	1-1½ dis
Marshall, Sons & Co. 5/-	5/-	3/-	3d dis-par	4½d dis-1½d pm
Metal Closures 4/-	...	...	6/6-7/-	6/6-7/-
Metropolitan Elec. Supply 3% Deb.	97	50	1½-1½ dis	2½-2½ dis
Middlesex 3%	100	20	1-1½ dis	1-1½ dis
Morgan Harris Pref. 20/-	21/1	21/-	4½d-7½d pm	20/6-21/-
Newman Industries Ord.	2/-	...	3/1½-3/4½	2/10½-3/1½
Do. 6% Pfg. Pref. Ord.	5/-	5/-	5-5/3	4/5-5/3
Peachey (A.) Ord. 2/-	2/3	2/3	1/10½-2/1½	2/10½-2/1½
Pressed Steel Ord. 5/-	22/6	22/6	24/9-25/3	23/7½-23/10½
Railway Finance Corp. 2½%	97	47	1½-1½ pm	12/4½-12/7½
Saker Battle Ord. 10/-	12/6	12/6	12/3-12/9	12/3-12/9
Do. 5½% Pref.	20/-	20/-	19/6-20/-	19/6-20/-
Smith's Potato Estates 4% Deb.	...	...	101-102	101-102
Surrey 3%	100	20	1½-1½ pm	1½-1½ pm
Tizer 5/-	20/-	20/-	18/1½-18/7½	18/1½-18/7½
Trussed Concrete Ord. 5/-	7/-	7/-	8/-8/6	9/1½-9/7½
Walsall 3%	10/9	10/9	10/10½-11/4½	11/6-12/-
Winn (P.) (Barking) Ord. 4/-	5/6	5/6	4/3-4/9	4/3-4/9
Do. do. 6% Pref. 20/-	20/-	20/-	19/-19/6	18/9-19/3
York 3%	100	10	1½ dis-par	1½ dis-par

WEEKLY TRAFFIC RETURNS

RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended April 26, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (17 weeks) (£'000)					
(b) Week ended April 24, 1936.	(c) Week ended April 25, 1936.	Miles Open	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts
Great Western	1936 3,748	184	193	109	302	486	2,861	3,118	1,829	4,947	7,808	
(c) L. & N. Eastern	1936 6,333	280	340	145	62	207	2,842	3,008	1,766	4,774	7,618	
L. M. & S.	1936 6,917	421	502	239	579	859	4,509	5,482	4,194	9,676	14,185	
Scottish	1936 6,926	476	392	155	547	1,023	4,463	5,249	4,099	9,258	13,741	
Southern	1936 2,154	260	66	34	100	360	6,894	7,893	4,520	12,403	19,237	
	1935 2,172	293	54	24	78	371	6,759	7,548	4,353	11,871	18,626	
							4,312	995	557	1,562	5,826	
Total	1936 19,150	1,145	1,101	638	1,739	2,884	18,516	17,478	11,148	28,626	47,142	
	1935 19,185	1,296	885	422	1,307	2,603	18,342	16,810	10,655	27,465	45,807	
(b) Belfast & Co. Down	1936 80	1-9	...	...	0-6	2-5	30-9	...	...	9-0	39-0	
(b) Great Northern	1936 543	8-9	...	...	4-2	31-3	...	...	...	8-2	39-8	
(b) Great Northern	1936 543	13-1	...	...	10-7	19-6	133-6	...	...	157-6	291-9	
(b) Great Southern	1936 2,078	33-0	...	...	7-9	21-0	129-5	...	...	148-6	278-1	
	1935 2,124	43-0	...	...	46-0	79-0	457-8	...	...	670-8	1,128-6	
			...	...	35-7	78-7	448-9	...	...	635-9	1,034-8	

COMPARISONS WITH CORRESPONDING PERIODS, 1934 AND 1935

	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year 1934:				
Gross increase or decrease.....	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year 1935:				
Gross increase or decrease.....	+ 192	+ 613	+ 444	+ 86
First half-year 1936 compared with first half-year 1935:				
Gross increase or decrease.....	+ 11½	+ 36½	+ 26½	+ 5½
First half-year 1936 compared with first half-year 1935:				
Gross increase or decrease.....	+ 70	+ 156	+ 66	- 11

LONDON TRANSPORT

Week ending April 25, 1936	*Takings	Compared with corresponding period of last year
Aggregate 43 weeks ending April 25, 1936	£554,200	+ 20,500
	£53,555,600	+ 407,700

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

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

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Month	Gross Receipts for Week	Gross Aggregate Receipts
				1936	+ or -
				1936	+ or -
INDIAN					
Assam Bengal	52	Mar. 31	1,330	Rs. 55,25,200	+ 64,355
Barsi Lt. Ry.	51	Mar. 20	292	Rs. 47,000	+ 11,500
Bengal & N.Western	1	Apr. 10	2,112	Rs. 10,69,434	+ 38,471
Bengal-Nagpur	51	Mar. 20	3,268	Rs. 23,84,000	+ 80,936
Bombay, Bar. & C.I.	3	Apr. 20	3,072	Rs. 37,58,000	+ 5,08,000
Madras & S. Mahr.	1	Mar. 31	2,330	Rs. 21,30,000	+ 1,49,247
Rohilk'd & Kumaon	1	Mar. 31	572	Rs. 2,53,463	+ 3,215
South Indian	52	Mar. 31	2,532	Rs. 14,87,941	+ 1,02,192

† 10 days. ‡ 11 days.

CANADIAN

Canadian National	16	Apr. 21	23,663	\$ 3,595,061	+ 478,090	\$ 50,437,518	+ 2,635,789
Canadian Pacific	16	Apr. 21	17,244	\$ 2,355,061	+ 28,000	\$ 35,628,000	+ 3,301,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia)	17	Apr. 26	884	\$ 13,720	+ 3,060	\$ 229,310	+ 16,710
Argentine N.E.	43	Apr. 25	753	\$ 147,800	+ 14,900	\$ 5,724,000	+ 351,900
B.A. and Pacific	43	Apr. 25	2,806	\$ 8,684	+ 938	\$ 336,258	+ 22,019
B.A. Central	41	Apr. 11	...	\$ 1,727,000	+ 40,000	\$ 61,536,000	+ 4,471,000
B.A. Gt. Southern	43	Apr. 25	5,084	\$ 1,011,469	+ 1,706	\$ 3,616,197	+ 272,357
B.A. Western	43	Apr. 25	1,930	\$ 82,000	+ 18,800	\$ 4,510,400	+ 13,700
Central Argentine	43	Apr. 25	3,700	\$ 2,037,000	+ 586,000	\$ 96,093,000	+ 10,460,000
Central Uruguayan	42	Apr. 18	273	\$ 119,683	+ 35,432	\$ 5,645,044	+ 597,959
C. Urg. (East Ext.)	42	Apr. 18	311	\$ 965,000	+ 15,000	\$ 33,094,000	+ 62,000
C. Urg. (N. Ext.)	42	Apr. 18	185	\$ 756,698	+ 1,256	\$ 1,944,151	+ 10,271
C. Urg. (W. Ext.)	42	Apr. 18	111	\$ 1,737,650	+ 595,400	\$ 87,443,650	+ 721,350
Cordoba Central	43	Apr. 25	1,218	\$ 1,105,620	+ 35,897	\$ 5,136,982	+ 21,515
Entre Rios	43	Apr. 25	810	\$ 12,791	+ 3,040	\$ 462,567	+ 120,445
G. Westn. of Brazil	17	Apr. 25	1,082	\$ 72,297	+ 645	\$ 84,656	+ 4,467
Leopoldina	17	Apr. 25	1,918	\$ 1,728	+ 296	\$ 59,607	+ 14,297
Leopoldina Termal	31½	Apr. 25	401	\$ 888	+ 290	\$ 36,954	+ 4,277
Nitrate	43	Apr. 25	1,218	\$ 149,000	+ 25,000	\$ 20,424,000	+ 219,000
Paraguay Central	43	Apr. 25	274	\$ 26,380	+ 1,310	\$ 1,199,850	+ 6,590
Salvador	43	Apr. 25	104	\$ 164,900	+ 11,500	\$ 7,864,900	+ 1,130,400
San Paulo	16	Apr. 19	153	\$ 9,689	+ 742	\$ 462,025	+ 64,504
United of Havana	43	Apr. 25	1,353	\$ 6,600	+ 1,100	\$ 153,400	+ 8,500

* Converted at average official rate during week ended Apr. 25—17.02 pesos to the £.
† Free market rate. ‡ Months. § Receipts in Argentine pesos.
|| Comparative figures for 1934 converted at official rate ruling in 1935.
¶ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta	1	Apr. 10	825	£ 15,907	+ 47	£ 351	...
Light Railways...	16	Apr. 23	...	£ 1,943	+ 47	£ 31,291	+ 815
Egyptian Markets...	15	Apr. 18	104	£ 20,417	+ 27,496	£ 443,671	+ 318,185
Gr.Southern of Spain	16	Apr. 21	483	£ 248,700	+ 66,900	£ 4,086,700	+ 211,100
Mexican Railway...							

SUEZ CANAL RECEIPTS

Suez Canal	16	Apr. 20	...	£ 24,880,000	+ 630,000	£ 274,390,000	+ 7,900,000
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TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine	16	Apr. 22	328	\$ 627,543	+ 5,572	\$ 9,994,289	+ 110,704
B. Aires Lacroz...	41	Apr. 12	...	\$ 68,866	+ 1,823	\$ 2,945,989	+ 72,270
Burnley, Colne and Nelson Jt. Trsp.	1	Apr. 25	76	£ 4,817	+ 80	...	...
Calcutta Tramways	17	Apr. 25	...	Rs. 1,14,114	+ 4,086	...	...
Isle of Thanet Elec.	15	Apr. 15	...	£ 3,952	+ 1,382	£ 45,881	+ 1,872
Liverpool Corp.	3	Apr. 22	...	£ 28,048	+ 1,186	£ 89,800	+ 937
Madras Electric	3½	Apr. 15	...	Rs. 50,546	+ 3,230	Rs. 3,50,457	+ 27,067

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1936	+ or -
				1936	+ or -
Brazilian Traction, Light and Power	3	Mar. 31	Gross	\$ 2,514,418	+ 16,030
Burma Electric	1	Mar. 31	Gross	Rs. 1,350,236	+ 9,837
Canadian National	3	Mar. 31	Gross	\$ 14,470,710	+ 629,365
Cpadian Pacific	3	Mar. 31	Gross	\$ 941,532	+ 153,952
Kalgoorlie Electric	1	Jan. 31	Gross	£ 2,186	...
Manchester Ship Canal	3	Mar. 31	Gross	£ 97,392	+ 5,737
Mexican Light and Power	2	Feb. 29	Gross	Can. \$661,063	+ 31,339
Province of Santa Fé	1	Mar. 31	Gross	Can. \$216,530	+ 25,456
Rangoon Electric	1	Mar. 31	Gross	£ 110,000	+ 3,297
Tramway	1	Mar. 31	Gross	Rs. 1,90,478	+ 1,431

COMPANY MEETINGS, &c.

IMPERIAL CHEMICAL INDUSTRIES, LIMITED

FURTHER STEADY PROGRESS AT HOME

SATISFACTORY GROWTH OF EXPORT TRADE

EXPORT MARKETS

The ninth annual general meeting of Imperial Chemical Industries, Limited, was held, on the 27th ultimo, at Queen's Hall, London.

Sir Harry McGowan, K.B.E., D.C.L., LL.D. (chairman of the company), commenced his speech by expressing regret at the great loss suffered through the death of the Marquess of Reading, who had been a director since the formation of the company in 1926 and president since 1930. They had elected, he said, Mr. H. J. Mitchell to be president and Mr. H. O. Smith to be a director.

Dealing with the report of the directors, he said:—There are only two home matters on which I wish to say a few words. The new coal hydrogenation petrol plant at Billingham is working satisfactorily, having regard to the magnitude of the enterprise and the unique nature of the process. Every new factory requires a certain time to shake down and get into full running order, even where the method of production is familiar. In the case of a novel process troubles are likely to be more persistent because careful observation must precede each modification. While that is our experience at Billingham, we have encountered no fundamental difficulty and we shall, I think, shortly reach the full measure of our original expectation.

The other matter is our acquisition from Messrs du Pont of their interest in Nobel Chemical Finishes, Limited. This company carries on a very large paint, varnish and cellulose finish business, one which is expanding rapidly and is, moreover, of a satisfactorily remunerative nature. Although Messrs du Pont have relinquished their financial interest in this business, we shall still retain the great benefits to be derived from technical co-operation with them in this field.

AUSTRALIA

In Australia there has been a marked improvement during 1935 and the prospects for 1936 are encouraging. The Australian company's sales of explosives again show a substantial expansion. In view of the attractive conditions in the gold-mining industry, this increase is expected to continue. Dyestuffs sales again increased satisfactorily and some progress has been made in the sale of pesticides. Fertilisers also improved a little, but a larger local steel production carries with it a further growth in the manufacture of sulphate of ammonia, which affects the sales of our material. Negotiations for the site for the alkali plant and the accompanying saltfields, referred to in my speech last year, have been completed, and work on the saltfields has been commenced. A period of two years will probably be required for the completion of the whole undertaking.

The sales of other products show no important changes. The results of the company's operations last year were satisfactory, and its prospects for the current year are good. In New Zealand the rate of improvement has been rather less marked, but the Dominion has also benefited from enhanced prices of primary products, and sales of our goods have been well maintained.

CANADA AND SOUTH AFRICA

REORGANISATION OF CAPITAL

As regards Canada, economic conditions improved steadily throughout the year, and, although all industries have not participated equally in this recovery, there are indications that it is becoming more evenly distributed. Canadian Industries, Limited, had a satisfactory year, and, although the margin of profit of a great many products lessened, due to lower selling prices and higher costs of raw materials, resulting in slightly lower profits than those achieved in 1934, sales increased substantially, and the company looks forward to further progress during 1936.

In South Africa, African Explosives and Industries, Limited, has had another good year. The gold-mining industry continues to expand, new areas are being opened up and, owing to the present price of gold, lower-grade ore can be profitably worked, thus lengthening the life of some of the mines. The outlook is steady and promising.

Production of explosives for the year established a new record, and considerable capital expenditure is being incurred to increase the capacity of the Modderfontein factory in the Transvaal, in order to keep pace with the growing demands of the mines.

Compared with the previous year, the volume of British export trade to overseas markets has shown a

PROFITS AND DIVIDEND

The company's net profits show a further moderate increase of £357,000. This net income is arrived at after providing £1,000,000 for the Central Obsolescence and Depreciation Fund and the necessary amount for the company's income tax. The board have again appropriated £1,000,000 to the general reserve and have also this year put aside £150,000 for a Workers' Pension Fund.

In considering the dividend policy, the board found themselves in a difficult position, because the decisions in the Supreme Court in regard to the company's scheme for the reorganisation of capital could not yet be taken as final. After consultation with counsel, and on their advice, the board have followed the course already announced, namely they recommend a final dividend of 5½ per cent. on the ordinary stock, which represents the former ordinary shares, payable on June 1, 1936. With the 2½ per cent. interim dividend on this stock already paid on November 1, 1935, the dividend for the year thereon will be 8 per cent. The board also recommend a dividend of 4 per cent. on that ordinary stock which represents the former deferred shares.

THE COMPANY'S POLICY

From a perusal of our annual report, with its record of growth in the volume of business, of capital extensions, etc., a larger increase in the company's profits might perhaps have been expected by shareholders. I must remind you, however, of the company's policy, which I have dealt with in these annual speeches from time to time. We endeavour to combine every possible extension of our activities with a consistent care of the prices we charge for our products. As a quasi national organisation serving practically all the major industries of the country, we endeavour to preserve the shareholders' capital and to make it reasonably remunerative; to provide our customers with the finest products and give them also the most attentive service; to keep in the forefront of technical progress by active and original research; to recruit the finest material possible for employees of all grades, and to enlist their loyalty and interest by giving our workers and staff the best working conditions, as well as by caring for their physical and mental needs—the co-operation of loyal workers is one of the most valuable assets the company possesses—and to keep our prices as low as possible, consistent with the foregoing principles. Low prices in the long run stimulate a greater volume of trade, as our products are the raw material for the great industries of this country. The less we charge the more competitive should our customers become, and every increase in their trade means a greater volume in our own.

Such a policy spells long-continued success, and is, I submit to you, more likely than any other so to build up the strength of the organisation that it shall endure through long years to come, able to meet any competition that is offered to it, and still provide the shareholders with a gilt-edged industrial investment.

ROYAL COMMISSION ON ARMS

You may expect me to say something about the position of our company and what its contribution may be in times of crisis. The company has presented its evidence to the Royal Commission on the Private Manufacture of and Trading in Arms. We did not confine ourselves merely to refuting the allegations that the company was in the main a munitions producer, but endeavoured to demonstrate how our developments of recent years purely on a peace-time basis had provided a national asset which would be invaluable in time of crisis.

As far as profits to be made out of wartime needs are concerned, I told the Royal Commission that I was responsible to you, ladies and gentlemen, for providing a fair return on the money invested, and that I desired no more and no less. I also added that the company's staff would discuss with representatives of the Government at any time our costs of production, and agree with them what was a fair return on the capital involved. This made the I.C.I. policy perfectly clear, a policy which will, I believe, be fully supported by the shareholders.

WORKERS' PENSION FUND

I have already mentioned that the board have set aside a sum of £150,000 from this year's profits to provide the nucleus of a workers' pension fund. Final details of the scheme have not yet been worked out. Thereafter, consultation will take place with the workers through the medium of the Works Councils, in order that the scheme formulated may commend itself to our employees. In the meantime, we have set aside this £150,000, and the assumption that next year we are able to augment that there will be the necessary financial nucleus for a scheme to be put into full effect as from January 1, 1937. We believe that this pension fund will be very welcome to our workpeople, that

it will give a great sense of security to them, for it will remove their great anxiety for the future, and that it will be of advantage to the company. Happiness and contentment in work, together with the knowledge of a secure old age, are the finest ingredients of human efficiency. Your board is pleased to record the continuance of the harmonious staff and labour relations on which I have commented in previous years.

FUTURE PROSPECTS

My views of the future are clouded in one respect. I refer to coal, which in this country is the basis of power for all the major industries, and in addition for us is a vital raw material. The problems of its supply and price are therefore of prime national importance.

Many of the troubles of the coal-mining industry are expected to be eliminated by the formation of a selling committee for each of the districts established by the Coal Mines Act. The purposes in mind are to establish these schemes with a measure of permanence and effectually to prevent inter-district and inter-colliery competition on a basis which allows no evasions. By this means it is hoped to reach such a level of prices as will permit reasonable wages to be paid to the miners below and above ground.

Beyond this, industry is not aware of the future price policy of these committees, and the interests of general industry are safeguarded only by the powers of the Committees of Investigation established under the Act. But administrative machinery of this kind is apt to work very slowly, and such delay may be extremely prejudicial to industry.

Any substantial increase in the price of coal must affect industrial consumers both directly and indirectly—first, on their own purchases, and, secondly, through the increased prices of all their other goods arising from the additional coal costs of other suppliers. Further, if it is intended to expand exports of coal, by lower prices to foreign buyers, and to recoup the loss by still higher prices to industrialists at home, our competitive power will be doubly hit, for we shall be paying part of our own competitors' costs as well as our own. I feel sure that a statesmanlike price policy will prevail and that the new powers to be conferred will not blind the mining industry to the necessity of sparing no effort to bring its organisation to a point at which increased labour costs will be largely, if not entirely, absorbed by contra economies.

STEADY PROGRESS AT HOME

My estimate last year that 1935 might be looked forward to as a reasonably successful year, with neither any abnormal setback nor any outstanding extension of our manifold activities, has proved correct. I can only hope that 1936 will yield us similar conditions and similar results. At home, our business so far this year is better than last year, and recent employment figures give every hope of continuing steady progress. Activity in the building industry as a whole is still strong, and while housing construction may fall somewhat in the future, as against this it is not unlikely that industrial construction will show an increase.

The unfortunate necessity of making good the gap in our defences, brought about by the inability of other nations to realise the blessings of peace accompanied by the economies of disarmament, must inevitably give some stimulus to industrial activity. The question of how much depends partly upon whether or not the monetary resources used for that purpose would otherwise have remained unemployed, or whether they might have found alternative uses in the ways of peace instead of in the ways of war. The company will benefit, not only from direct orders, but also from its general interest in the great industries of the country, through a derived demand from orders given direct to them.

Abroad, the same political conditions appertain as last year, though many of us may reasonably regard them as worse. Mutual fears, mutual suspicions, unwillingness to believe in the *bona fides* of anyone else, are still the distinguishing characteristics of the foreign situation. Perhaps some wider hopes of improvement may this year be encouraged by the outlines of policy recently disclosed on the Continent, but for this we must depend upon the ability of statesmen in many lands to adjust their points of view to the broad issues of the future, rather than the painful events of the past, to set aside natural jealousies in favour of a new goodwill and to turn to account the deep longings of the peoples themselves to live at peace with one another and in that peace to carry on their trade and industry. (Applause.)

Both at home and abroad, daily anxieties beset your board, but you can rest assured that they spare no effort with the aid of their able staff, to guard your business against any permanent harm, while at the same time taking advantage of any opportunities which can be found to develop either new manufactures or trade, within the sphere of the company's legitimate activities.

The report and accounts were adopted.

THE LONDON ASSURANCE

PROGRESS IN ALL DEPARTMENTS

The annual general court was held, on the 29th ultimo, in London, Mr R. Olaf Hambro (the governor) presiding.

The Governor, in the course of his speech, said that during the year they had acquired a controlling interest in the Clive Insurance Company, of India, which company was created in 1917 by their managing agents for India, Messrs Gillanders, Arbuthnot and Company. The acquisition meant that they had immediately obtained a reasonable volume of proved profit-paying accident business in India, and on a basis on which they might look not only for continuity, but also for progress.

In the life department another record was set up in the production of business during the year, and in both gross and net sums assured the figures had not previously been attained during the history of the corporation. They were respectively £3,961,848 gross and £2,763,674 net. The number of new policyholders had increased very substantially, and the increase of £661,675 in the fund was also the largest increase recorded. The mortality experienced in 1935 was very light, and for the five years just concluded represented less than 90 per cent. of that expected according to the most recent mortality tables.

Dealing with the valuation as at December 31st last, the latest mortality tables A.1924-1929 had been adopted, and the rate of interest used had been reduced from 2½ per cent. to 2¼ per cent.

The effect of those changes was to strengthen the valuation so that the prospects of the maintenance of a good bonus were very favourable.

SUBSTANTIAL RATES OF BONUS

The results of the valuations put quite briefly, were that the value of the fund on December 31st last was £8,901,029, covering an estimated liability of £7,896,535, and showed an available balance of £1,004,494, to which had to be added the amount of intermediate bonus paid during 1931-35—namely, £43,360—giving a grand total of £1,047,854.

The bonus declaration fell into three categories; the first, applying to policyholders in the old series, was at the rate of 55 per cent. of the ordinary premiums paid during the quinquennium, and was on a cash basis. Policyholders in the 1911 series received a compound reversionary bonus, calculated on the sum assured and existing bonuses, at the rate of £2 5s. per cent. per annum in respect of whole-of-life assurances and £2 per cent. per annum in respect of endowment assurances. Intermediate bonus would be allowed at the full rates now declared in respect of all with-profit policies which became claims during the current quinquennium. The life fund had increased by £2,500,000 during the quinquennium.

FIRE, MARINE AND ACCIDENT

In the fire department also they had again to record substantial improvement. The total income of £2,094,337 showed an increase of £19,651, and £248,693 had been transferred to profit and loss account. The loss ratio over the past three years showed a progressive decline. The total reserve in the account was £1,789,742, being 85.4 per cent. of the annual premium income, as against 84.1 per cent. previously.

The marine account had, in all the circumstances, acquitted itself remarkably well. The premium income at £646,294 showed a decline of £43,288, and the figure of losses at £475,905 was lower, both in the aggregate and percentage, than in the previous year. The transfer to profit and loss had been maintained at £100,000. The marine fund now stood at £787,311, an increase of 5.8 per cent. over that of the previous year.

The total premiums in the accident department were £1,252,586, an increase of £89,481, and they felt particularly gratified in the drop in the claims percentage, the decrease being 4 per cent. There was also an improvement in the expenses of management, and the transfer to profit and loss account at £145,570 showed an increase of £65,571. The fund showed an increase of £120,197, and stood at 59.5 per cent. of the annual premium income, as against 53.7 per cent. in the previous year.

With regard to the profit and loss account, the balance carried forward was £657,944, or £251,464 in excess of the amount brought in. The total of the general reserve fund, together with the contingency account, now stood at £1,880,000. The market value of the Stock Exchange securities in the general fund was in excess of the figures shown in the balance sheet, the appreciation over book value amounting to £241,447, and this was in addition to the appreciation of over £750,000 shown in the life department investments. The total assets of the corporation showed an increase over the previous year of all but £2,000,000.

The report was unanimously adopted.

GENERAL ACCIDENT, FIRE AND LIFE ASSURANCE CORPORATION, LIMITED

RECORD PROFITS

The fiftieth annual general meeting of this corporation was held, on the 29th instant, at the Head Office, General Buildings, Perth.

Sir Francis Norie-Miller, Bt., the chairman, in moving the adoption of the report, said that the past year had shown a great industrial and economic improvement, which he hoped and expected would continue. The year 1935 had seen the continued progress of their company, and their profits were the highest in their history, namely £454,630.

The dividend was again increased by one shilling, and he looked for a further increase in the current and future years. In recent years the dividend had been well within the total of the company's free interest earnings; notwithstanding the fact that this year a large portion of the new capital only earned about nine months of interest and they paid the full year's dividend on the new shares, they were still within the total interest earnings. All departments showed progress. In the life department they showed a very substantial amount of new life business—nearly £3,000,000. The fire premiums showed an appreciable increase of about £50,000, and continued to show a very satisfactory profit. They had added £10,000 to the additional reserve in that account, as they were now concentrating on the fire business, and hoped to see a more rapid increase in the income.

In the accident and general account there was an increase in the premium income of about £650,000. The reserves carried forward in that account for unexpired risks had always been more than sufficient for the purpose. The board had, however, increased those this year by over £370,000, £200,000 being an additional reserve, and they had now reserved over 40 per cent. of the total income, including the monthly and other short-term income, under which there was no unexpired risk. From that account they had been able to transfer a profit of £264,511, and he looked forward to that department in the future showing a considerable increase on that amount. Their marine department did a small business, and they carried forward 90 per cent. of the premiums. They hoped that they would get a profit on that department in future years.

Shareholders were probably aware that the corporation, through the trustee department, was acting as trustee of several "fixed" trusts, and that a Government inquiry was being held to review the whole movement. He need hardly say that the corporation welcomed the inquiry. His reason for mentioning the matter that day was, however, because it was essential to make it definitely clear to the public that the fact that the corporation were acting as trustee of a fixed trust did not imply any guarantee by them as to the particular investments forming the trust fund in the selection of which they had no voice or responsibility. The corporation were not and would not be interested in or concerned in any way with the management of any fixed trust of which they acted as trustee.

The general reserve fund had been increased to £1,700,000, in addition to which there was a carry-forward of £538,848, together over £2,200,000, and if they added the surplus reserves of £210,000 in the fire account and £200,000 in the accident account, they had over £2,600,000 of surplus reserves. They had carried the whole of the premium on the issue of shares in the early part of last year to that fund plus £125,000 from profit and loss. The value of the corporation's investments at market prices was considerably in excess of book values.

Business for the first three months of this year had been very satisfactory, showing a larger profit than for the same period last year. They had placed the company in the front rank of British insurance companies and they all looked with pride upon the achievement and congratulated themselves as shareholders and officials.

This was their fiftieth annual general meeting, and it was a very happy retrospect for himself personally to think that he had been spared in health and strength to attend every one of those meetings. He was proud of their organisation, and still more proud of the officials in every part of the world, who were responsible for it. One and all had done splendid work.

The Chairman concluded by moving the adoption of the accounts for the year 1935, and recommending the payment of a final dividend of 2½ per cent. on the preference shares, making 5 per cent. for the year, and a final dividend of 9s. per share on the ordinary shares, making 16s. per share for the year, subject to income tax, and payable on and after May 1, 1936.

Mr William C. Hunter seconded the motion, and it was carried unanimously.

BANQUE DE CREDIT ROUMAIN, S.A., BUCAREST

INCREASED DEPOSITS

DIVIDEND OF 5 PER CENT.

The annual general meeting of the Banque de Credit Roumain, S.A., was held on Saturday, April 4, 1936, M. Const. Argetoianu (a former Minister of Finance) being in the chair.

As in previous years, the meeting was attended by Government officials and well-known members of the financial, industrial and commercial world in Roumania.

The report for the year 1935 deals, *inter alia*, with the problem of credit and states that the restrictive measures necessitated by the crisis, which were introduced with a view to adjusting the relationship between creditors and debtors, have contributed little towards a revival of economic activity. Agriculture, on which any revival in business depends, remains, through lack of credit, in a state of stagnation. Fundamental measures which would put credit on a broader basis are essential.

BALANCE SHEET ITEMS

The report goes on to deal with certain items in the balance sheet. Liquid assets amount to Lei 842,000,000 and deposits to Lei 1,450,000,000 (against Lei 1,130,000,000 as at December 31, 1934). Rediscunts with the National Bank of Roumania amount to Lei 221,000,000, compared with Lei 481,000,000 the previous year. The net profit is Lei 35,000,000, of which Lei 8,800,000 was brought forward from 1934.

M. Gr. Tranco-lasi, a former Minister, as well as General Vasilescu, speaking on behalf of those present, dwelt on the clarity of the balance sheet, and paid tribute to the energy and ability of those charged with the management of the bank.

The resolutions on the agenda were passed unanimously.

The dividend was fixed at 5 per cent.

WORLD AUXILIARY INSURANCE CORPORATION, LIMITED

TAX-FREE DIVIDEND OF 7½ PER CENT.

The seventeenth ordinary general meeting of the World Auxiliary Insurance Corporation, Limited, was held, on the 28th ultimo, at Winchester House, Old Broad Street, London, E.C.

Capt. the Rt. Hon. C. C. Craig, D.L. (the chairman), said that with regard to the fire account, after paying all claims, commissions and expenses, and after making full allowance for outstanding claims and transferring £7,500 to profit and loss account, the fund at the end of the year amounted to £45,027.

Conditions regarding foreign taxation and foreign Government restrictions were, if anything, more difficult than ever, so that it was as much as they could expect to find that the premium income had been maintained on the same level as that for the previous year.

In the general accident and miscellaneous account, after transferring £10,000 to profit and loss account, the fund was carried forward at £128,384. That account had for some years been on a three-year basis and that transfer to profit and loss resulted from the closing of the account for 1933; the settlements on account of 1934 were so far satisfactory.

MARINE ACCOUNT

As to the marine account, £20,000 had been transferred to profit and loss, leaving £158,015, which was carried forward. Premiums were again lower; rates were still being reduced to such an extent that many sections of marine business had become definitely unprofitable and had had to be declined. It would seem that the time had come when underwriters should get together in friendly conference to endeavour to improve the situation as to rates and marine insurance generally. There was a danger of unprofitable results if the present conditions were to continue.

With reference to the profit and loss account, the balance brought forward was £112,257 and various additions brought the total to £173,176. After paying sundry charges, reserving £10,000 Government taxation and transferring £10,000 to reserve fund, the balance amounted to £147,695, from which they recommended a dividend of 7½ per cent., free of income tax, to be paid to the shareholders. The resolution was unanimously adopted.

BANK OF ATHENS

INCREASED PROFITS AND DIVIDEND

The directors' report for 1935 was presented at the annual shareholders' meeting in Athens, which approved a dividend of 10 per cent. (as against 8 per cent. for 1934).

Reference was made to the continued increase in economic activity in Greece, in spite of the political disturbances that took place in the spring of 1935, but for which the results obtained by the bank would have been even better, and would have reflected more accurately the development in its turnover of business, even in face of the competition of institutions that enjoy a privileged status and which are able to attract the savings of the public by offering rates of interest higher than those paid by the members of the Hellenic Bankers' Association.

Trade had benefited by the increased purchasing power of the agricultural community, and there had been a notable activity in the merchant marine—especially towards the end of the year—but no complete revival was possible until the return to freedom of trade.

It was explained that any losses arising from advances still outstanding on old stocks of tobacco, as well as any final difference resulting from the "drachmification" of loans and deposits in foreign monies, a question not yet settled with the Government, were amply covered by the surplus of market value over book value of the bank's investments (particularly in the unquoted securities).

Attention was also called to the improvement of conditions in Egypt, where the bank has considerable interests, especially in real estate, and to the very important betterment of conditions in the U.S.A., where the bank possesses an affiliated institution, and where, although the conditions have not yet returned to those existing prior to the crisis of 1931, there has been very important progress, with corresponding benefit to the bank. Circumstances, however, still prevented the consummation of the projected foundation, by the National Bank of Greece and the Bank of Athens, of the new Banque Helleno-Egyptienne.



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HEAD OFFICE
ATHENS

GOLD FIELDS AUSTRALIAN DEVELOPMENT COMPANY, LIMITED

REVIEW OF PAST YEAR'S WORK

The third annual meeting of this company was held, on the 28th ultimo, in London.

Mr John A. Agnew (the chairman) said, in the course of his speech: Development work has been concentrated on the four ore bodies. The No. 1 east lode was intersected on the 270-ft. level in the main north-west crosscut from the Moonlight shaft. Driving and crosscutting along the strike on this level and on the first sub-level at about 22 ft. higher elevation has exposed a practically continuous stretch of 340 ft. of approximately 30s. ore over some 60 in. in width. A winze, sunk at about 280 ft. north-east of the main crosscut, from the 270-ft. level to the 450-ft. horizon, averaged 27.1s. for 206 ft. over an exposed width of 4 ft.

The downward extension of this lode was cut by a horizontal diamond drill hole from the 450-ft. level which exposed a width of 9 ft. of ore averaging 38s. per ton. A crosscut was driven from the Adelaide shaft to meet the No. 1 east winze, which intersected the No. 1 east lode, sampling showing an average value of 33s. over the full width of 8 ft. This is most satisfactory, confirming as it does the results of the diamond drill hole further north. Our latest information is that the north-east drive has been advanced 108 ft. in ore averaging 31s. over an exposed width of 96 in., whilst the south-west drive is in 44 ft., sampling returning 32.4s. over an exposed width of 90 in. for the full distance advanced.

ADELAIDE LODE

As regards the Adelaide lode, prospecting of this at the 450-ft. horizon was carried out off winzes from the 270-ft. level. The No. 1 winze averaged 29s. for 200 ft. depth over the full width of the winze. A north-east drive from this winze was started; the first 130 ft. was driven in the footwall of the Adelaide shear and showed low values only, but on the drive being swung into the shear itself the next 59 ft. averaged 21.4s. over 8 ft. With regard to the low values encountered in the first 130 ft. just mentioned, it is very satisfactory to know that two horizontal diamond drill holes some 55 ft. apart have since been put out into the hanging wall, the first showing a width of 16 ft. averaging 36.4s. and the second 12 ft. of 20.2s. ore followed a few feet further in by another body of 6½ ft. wide averaging 24.1s. per ton.

A winze is now being sunk from the 450-ft. level, and our latest information is that from 8 ft., when the lode was entered, the next 94 ft. have averaged 30s. over an exposed width of 51 in. It is very pleasing indeed that the further downward continuation of this lode has been confirmed by the diamond drill hole No. 42, which, at an estimated vertical depth of 700 ft., showed the lode to average 40s. 4d. over a true width of 21 ft.

With regard to the ore reserve position at the mine. Your general manager has made an estimate, calculated on the average widths exposed and sampled below the oxidised zone, of 130,000 tons averaging 27s. over varying widths, with a further indefinite tonnage from the oxidised zone.

NEW INTERESTS

An interest in a syndicate has been secured for a reservation in the Leopold Ranges in the north-west portion of the State. Indications met with from surface prospecting reveal the existence of very considerable widths of lode formation carrying highly profitable gold values, and as this condition appears to prevail over a very great length of ground so far tested, the area is regarded as one of much promise.

A more recent acquisition which has given very encouraging results is the Kintore property in the Kunanalling district. Here an old shaft, sunk on the lode, was deepened to 58 ft. when values were found to average 131s. 6d. over a width of 30 in. During the last three months, and since the receipt of the general manager's report, developments have been particularly satisfactory. The results were so encouraging that the management recommended the payment of an additional instalment of the purchase price, which was agreed to.

The developments at the Moonlight have continued satisfactory and production at the rate of 90,000 tons a year will begin in July. Production for Yellowdine is expected to commence next month. It may fairly be anticipated that from these two sources a satisfactory revenue will accrue to the company. The search for, and preliminary development of, properties, which is an essential part of our business, always presents a large element of chance. We have no reason to be dissatisfied with the results so far obtained.

The report and accounts were adopted.

INDIA TYRE AND RUBBER COMPANY, LIMITED

INCREASED PROFITS AND DIVIDEND

The eighth annual general meeting of the India Tyre and Rubber Company, Limited, was held, on the 27th ultimo, in Glasgow, Mr H. A. Holmes (the chairman) presiding.

The Chairman, in the course of his speech, said:—During certain periods of the year selling prices fell a little or of profit, and it was only after the lapse of several months that an agreement was reached by manufacturers of several prices to more reasonable economic levels. Large part of the result of the second half-year's operations, the trade, after providing for all bad and doubtful debts as shown in the profit and loss account is £116,149, which, together with rents and transfer fees, gives a total income for the year of £117,602. This figure compares with £111,647 for the previous year.

PROFITS AND DIVIDENDS

The provision for depreciation on the fixed assets is again fully adequate and about the same figure at £55,340. Directors' fees are unchanged, and the result shows a net profit of £60,262 for the year, being an increase of £6,473 on the year before.

In view of the conditions of the tyre industry, and the inevitable lag in adjusting selling prices to take care to some extent of the higher cost levels of raw materials, your board consider the figures satisfactory.

Against the net profit of £60,262 earned for the year, £10,000 has been transferred to taxation account. The preference dividend for the year, less income tax, absorbed £18,988. £10,000 has been appropriated to write off the cost of acquisition of additional foreign marketing rights and the transfer of £5,908 to the preference dividend reserve has now brought that reserve up to the required £50,000. £2,000 has been provided for the purpose of the foundation of an employees' welfare scheme. Your directors are glad that after making these appropriations they feel justified in recommending a dividend on the ordinary shares of 8 per cent., less income tax—as against 5 per cent., less tax, leaving to be carried forward to next year £17,057, as against a sum of £16,091 brought in.

The balance sheet calls for little comment.

On the liabilities side the creditors show an increase of roughly £20,000 at £154,419 and which almost corresponds with the increase in sundry debtors and bills receivable as shown on the other side of the sheet at £207,993. Stocks are some £20,000 higher at £332,048, and these variations all reflect the higher levels of raw materials.

The reduction of £10,868 under buildings and land was occasioned by the sale of a small property for £3,500, the balance being the normal rate of depreciation we employ. Cash in hand is £72,829, an increase of £22,645.

In concluding my remarks on the accounts, I feel sure you will share the directors' opinion that the balance sheet reveals an exceedingly sound position. The current assets at £613,912 are all conservatively valued and exceed the current liabilities by £447,093. We have no book item for goodwill and our surplus and reserves amount to £193,474.

DROPPING THE RED RING ON CAR TYRES

During the period under review the factory had a difficult time in changing over to the newly designed and thoroughly proved super tyre, which was followed by a similar operation to our standard type. Notwithstanding the dislocations involved, production and sales have been kept up. To meet present-day requirements and in order not to clash with the many colour designs of private cars, it has been desirable to discontinue the well-known red ring which identified our products for several years, and although we retain this distinctive feature on our truck tyres, we feel, in the case of private cars, that distinction has only given way to dignity, and so far as durability and appearance go, our latest productions should further enhance the reputation of our goods.

As to the current year's prospects, I would be unwise to venture any forecast, because of the big fluctuations in price to which raw rubber is subject. I can tell you that the factory is fully occupied, but it is to be regretted that one important section of the trade is at present operating uneconomically, owing to very keen competition. We have had a considerable rise in the price of raw rubber, which is now fully 25 per cent. above the average price over 1935, and as stocks acquired lower down and worked off by manufacturers will be obliged to raise prices if reasonable profits are to be maintained.

The report and accounts were unanimously adopted, and payment of an ordinary dividend of 8 per cent. was sanctioned.

LABU (F.M.S.) RUBBER COMPANY, LIMITED

CONDITIONS ON LABU AND CHEVIOT

MR J. G. HAY'S VIEWS

The twenty-ninth annual general meeting of the Labu (F.M.S.) Rubber Company, Limited, was held, on the 30th ultimo, at the Rubber Growers' Association, 19 Fenchurch Street, London. Brigadier-General the Hon. Charles Lambton, D.S.O. (the chairman), said that the year covered by the accounts had been marked by intensification of rubber restriction, which had resulted in the exportable crop for 1935 falling by about 223,000 lbs. as compared with that for 1934. Coincidentally, the price of rubber had been weaker, and but for successful selling on the part of their agents, which had resulted in a large part of the crop being sold while the price was comparatively high, there would have been a sharp fall in profits. As it was, in spite of the reduced crop, profit for 1935 at £21,570 was only £2,189 below that for 1934. That result enabled them to recommend the repetition of the dividend of 10 per cent., the amount required being more than covered by the year's earnings.

One result of lower crops in Malaya generally was that the supply of labour, which had presented an acute problem for several years previously, had become easier, and, coupled with the steps taken by the Government to facilitate recruitment of Tamils from India, there was now sufficient for all purposes at fair rates of pay.

Cultivation policy had received close attention. The modern method of encouraging selected forms of natural undergrowths which tended to improve the condition of the soil was being developed on both Labu and Glendale. The Visiting Agent stated that Labu was in first-class order; standards of work continued to be maintained at a high level and the quality of the finished product was excellent. The Visiting Agent for Glendale reported that though wintering was proceeding when he visited in February, the Estate presented a very pleasing appearance of dark green, healthy foliage. New growths were evident in all areas. The 1930 and 1931 plantings particularly appeared to have made rapid advance.

The report and accounts were unanimously adopted.

MR J. G. HAY ON HIS VISIT

Mr J. G. Hay, speaking at the meeting of Cheviot Rubber, Limited, which was held subsequently, referred to his recent visit to the Labu and Cheviot properties. He said that the restricted crop since last October had been taken in the main from their old estates, Labu and Cheviot, and that had had the advantage that they were only under obligation to take a small crop off each of their new properties, Middleton and Glendale. They had availed themselves of that opportunity not only to tap a small area but also to tap that area somewhat lightly, because they had no certain knowledge of what was the best method of tapping budded rubber, and so they were availing themselves of the opportunity that had been given to them of doing a certain amount of experimental tapping, hoping by that means to find a technique best adapted to dealing with rubber of that kind.

On the older properties the outstanding feature was the fact that Labu was still producing rubber at a very high rate per acre. On Cheviot there was evidence of greater deterioration in some part of the areas, but on neither was it anything like so marked as he had seen on other estates. Therefore, their problems of replanting were not nearly so acute on those old properties as on the average property in other parts of the country.

In reply to a question with regard to the recent increase in the amount of rubber permitted to be exported, Mr Hay said that the committee had at its disposal a large number of facts which could not be at the disposal of any individual. It was not concerned with the immediate effect on the stock market or on speculators. Its first—and almost sole—responsibility was to administer the scheme with respect to the long-term interests of the industry, and it must perform its duty on that basis to the very best of its ability, and in making its decisions it did so.

He was not at liberty, nor would it become him, to endeavour to go into the reasons which led the committee to its decision, the shareholders could accept his assurance that in coming to the decision they had taken into account all the relevant facts and that they had before them the views of the rubber producing industry.

The report and accounts were unanimously adopted and a dividend of 10 per cent. for the year was approved. Mr Hay was re-elected and the proposition for a vote of thanks to the staff in

ITEMS OF INTEREST
FROM THE 1935 ANNUAL REPORTA RECORD AMOUNT
OF NEW BUSINESS
was transacted by the
Legal & General
during 1935

- TOTAL NET NEW SUMS ASSURED
(INCLUSIVE OF SINKING FUND) £16,939,689
- NET NEW LIFE SUMS ASSURED
£15,763,691
- NEW LIFE POLICIES, 19,848
- NET NEW LIFE PREMIUM INCOME
£995,429
- TOTAL LIFE BUSINESS IN FORCE
159,658 Policies assuring £103,819,830 and
Deferred Annuities of £2,086,917 per annum.
- NET FIRE & ACCIDENT PREMIUM
INCOME £557,846
- TOTAL ASSETS OF THE SOCIETY
EXCEED £36,000,000

LEGAL & GENERAL
ASSURANCE SOCIETY LIMITED

HEAD OFFICE: 10 FLEET ST., LONDON, E.C.4

General Manager: W. A. WORKMAN, F.I.A.

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ROYAL LONDON MUTUAL INSURANCE SOCIETY,
LIMITED

YEAR OF SUBSTANTIAL PROGRESS.

The seventy-fifth annual general meeting of this Society was held, on the 28th ultimo, in London.

Mr Alfred Skeggs, F.C.I.L., the chairman and managing director, in the course of his speech said:—The general revenue account for 1935 shows a total income from all sources of £7,912,719, being an increase of £248,063 over the previous year. The combined premium income of all branches (including consideration for annuities granted) was £6,420,993, an increase of £168,466. Total claims amounted to £2,948,683.

In the ordinary life branch new policies were issued for over £5,500,000, an increase of more than £500,000 compared with 1934, and a record in the history of the Society.

In the industrial life branch the premium income showed an increase of £61,000 over 1934, though in that year the weekly premiums were collected for 53 weeks, as against 52 weeks for 1935. In the fire and the accident and general branches, there were increases in premium income for the year under review, and in both branches the reserves represented a high ratio to the premium income, thus providing a high degree of security to prospective insurers.

There was a substantial excess in the market value of the Society's securities over the values shown in the balance sheet. As the rate of interest might eventually rise again, this excess was being held in reserve against any fall in values which might then ensue.

In the ordinary life branch the rate of interest earned was £4 4s. 7d. per cent., after deduction of income tax, compared with £4 8s. per cent. in the previous year. In the industrial life branch the net rate of interest, after deduction of income tax, was £4 16s. 2d. per cent., as against £4 16s. 11d. for 1934.

The nation was to-day much under-insured, especially in comparison with other countries. Though we were under-insured, the dimensions of the business showed that insurance was essential to the life of the nation. Last year, for example, the industrial offices paid out £20,000,000 in death benefits alone, thus providing the means in thousands of small homes of tiding over the period of emergency following the death of the breadwinner or some other member of the family.

Industrial insurance has shown remarkable progress in recent years. It provides a regular bonus system, and those who discontinue their policies receive free policies, or, in some cases, surrender values. Industrial policyholders have on the whole equal benefits and privileges with ordinary policyholders and in addition they have the great advantage of having the premiums collected week by week at their homes.

Referring to the quinquennial valuation, which has just taken place, in the ordinary life branch, the new sums assured during the years 1931-35 exceeded £22,800,000, which was more than double the figure for the period 1921-25. The surplus in the life branches, which ten years ago was £1,248,000, had now risen to £4,980,000, a highly gratifying position.

Following the quinquennial valuation, a reversionary bonus of £1 per cent. for each of the five years was now declared in the industrial life branch on qualifying policies which had been in force for five years or more. In the ordinary life branch there was declared a reversionary bonus of £2 per cent. for each year since the last valuation on fully participating policies.

The report and accounts were unanimously adopted.

RIO TINTO COMPANY, LIMITED

DEFINITE IMPROVEMENT—BETTER PROSPECTS

The sixty-third ordinary general meeting of the Rio Tinto Company, Limited, was held, on the 24th ultimo, at Southern House, London.

The Rt. Hon. Sir Auckland Geddes, G.C.M.G. (the Chairman), said that the profit for the year, subject to deduction of £72,500 for debenture redemption, amounted to £246,780, as against £111,717 for 1934, and as a result of Rhokana Corporation paying its initial dividend the dividend and interest income rose to £91,000.

In turning to their principal trading activities he was able to report that they had fully maintained, and in some instances had been able to improve upon, the performances of the preceding year.

With regard to Pyrites, the company's deliveries in 1935 were 1,178,000 metric tons, as compared with 1,160,000 metric tons in

1934. There had been no expansion in consumption of Pyrites, and they had been able fully to maintain their position in the Pyrites market. The contracts which fell due for renewal during the past twelve months were successfully negotiated, and thanks to an improvement in the heavy industries they were able to secure the benefit of the higher prices paid for the residues remaining after the extraction of sulphur from the ores.

Copper once again had taken its place as a contributor to the company's profits. Their brimstone deliveries were greater by over 7,000 tons than the amount shipped in 1934, and this increase would have been still greater but for the operation of French Customs Regulations introduced in July last year.

A year ago he expressed the hope that they would receive at no distant date a return on their investment in Rhokana Corporation. In October that Corporation declared a dividend of 12½ per cent. on the ordinary and "A" shares. Minerals Separation, Limited, in which the company was substantially interested, had paid an increased dividend.

In the past year, therefore, all the company's interests showed definite improvement, and the prospects for all of them, except those in Spain, were bright.

The report was unanimously adopted.

EX-LANDS NIGERIA, LIMITED

DIVIDEND AND BONUS OF 20 PER CENT.

The twenty-fourth ordinary general meeting of the Ex-Lands Nigeria, Limited, was held, on the 29th ultimo, at the Institute of Chartered Accountants, London. Mr H. G. Latilla (chairman and managing director) presided.

The Chairman, in the course of his speech, said:—The accounts show we actually earned for the year little more than was necessary to pay the 15 per cent. dividend, but as we were carrying forward £14,000 we felt shareholders should receive the full benefits of our results, and therefore we are proposing the 5 per cent. bonus dividend. Provided the price of tin remains in the neighbourhood of the existing price, and we do not suffer from very extensive renewed cuts in our quota, there would not appear to be any reason to doubt that we shall be able to maintain our dividend payments.

Our production was 473 tons of concentrates, as against 470 tons for the preceding year, and the profit rose by nearly £9,000, in spite of the fact that the average price realised for our tin during the year was nearly £10 per ton less than during the preceding period. So far, during the current year, the price has remained fairly steady, and the output authorised to June next is on a larger scale than last year.

As regards the company's property, everything is in very good condition; all plant is maintained in full working condition, and we are in a position to immediately take advantage of any increase in quota which may be granted and thus receive the immediate benefit therefrom. We are, as stated in previous years, committed under contract to take a certain amount of power per month, and in order to utilise this we have in the past stripped a considerable amount of ground in advance of production. We have, for the June quarter, been able to acquire from other producers a certain amount of additional quota. We are unable to say whether this can be continued, but shareholders will be glad to learn that a fair profit per ton will accrue from this source.

I referred last year in my speech to the fact that we had sent out a prospecting party to investigate an area where reports had been received that gold existed, but that owing to the serious illness of the European in charge of the prospecting, work was delayed. Prospecting was, however, recommenced at the end of the rainy season, and areas covering approximately seven square miles have been pegged. The results obtained to date warrant a continuance of this work.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,
THE ECONOMIST,
8 Bouverie Street,
Fleet Street,
London, E.C.4.

SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY

VERY SATISFACTORY RESULTS

The one hundred and fifth annual general meeting was held in the Society's Offices in Edinburgh, on April 30, 1936; the Right Honourable The Earl of Stair, D.S.O., president of the society, in the chair.

In submitting the report and balance sheet the chairman of the board of directors, Colonel the Honourable David Bruce, stated that the results of the financial year completed on March 1st last had been very satisfactory.

Claims by death were less than in any year since 1928. The premiums paid amounted to £757,172 and expenses and commission to £107,845, or £14 4s. per cent. of the premium income.

INTEREST YIELD MAINTAINED

Interest yield on the whole of the funds was £4 3s. 9d. per cent. net after deduction of income tax calculated by the usual method, or £4 6s. 10d. per cent. after allowing for reserve and carry forward from the last quinquennial valuation. The maintenance of the rate of interest was a cause for satisfaction.

There had been a very considerable reduction in the policies surrendered, due no doubt in large measure to the improvement which has taken place in economic conditions. The funds had increased during the year by £319,357.

THE INVESTMENTS

The more important changes in the investment portfolio during the year included an increase in loans on property of about £230,000, British Government securities showed a reduction of £345,000, while increases had been shown in debentures and debenture stocks £246,000, preference and guaranteed stocks £234,000 and ordinary stocks and shares £215,000. There had been a further increase in the market value of Stock Exchange securities as compared with the balance sheet figures and the margin formed a very substantial buffer should there be a set-back in prices at a future date.

The amount of the society's new business was again increased—the gross and net figures of sums assured amounting to £2,084,263 and £1,917,843 respectively.

TAX EVASION

The Chancellor of the Exchequer in his Budget speech had referred to schemes for evasion of income tax, and the chairman stated that the society had neither devised nor encouraged any plan of this sort and had never used such methods to increase the new business.

The chairman concluded his speech with a tribute to the manager, Mr Murray, and staff. The adoption of the report was seconded by Mr Howard Bowser and carried unanimously.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended April 25, 1936 amounted to £9,399,000, against ordinary expenditure of £7,779,000. After allowing for a decrease in Exchequer Balances of £285,468, the operations for the week, as shown below, decreased the gross National Debt by £1,906,000 to approximately £7,923 millions.*

(000's omitted)	
Treasury Bills.....	+10,721
Public Department Advances.....	-12,050
National Savings Certificates.....	-150
P.O. Telegraph Cap. Expen.....	-400
N. Atlantic Shipping Issues.....	-25
British Shipping Issues.....	-2
	+10,721
	-12,627

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appeared in the *Economist* for April 4, 1936.

REVENUE				
	April 1, 1935, to April 27, 1935	April 1, 1936, to April 25, 1936	Week ended April 27, 1935	Week ended April 25, 1936
Inland Revenue.....	£ 8,304,000	£ 7,186,000	£ 126,000	£ 185,000
Income Tax.....	2,170,000	2,120,000	280,000	570,000
Sur-taxes.....	7,680,000	5,710,000	1,520,000	1,570,000
Stamp Duties.....	750,000	460,000	360,000	180,000
Corporation Tax.....	50,000	40,000	...	10,000
Total Inland Revenue.....	18,954,000	15,516,000	2,286,000	2,415,000

REVENUE	Total Receipts into the Exchequer			
	April 1, 1935, to April 27, 1935	April 1, 1936, to April 25, 1936	Week ended April 27, 1935	Week ended April 25, 1936
Customs and Excise—				
Customs.....	13,384,000	13,214,000	3,731,000	4,618,000
Excise.....	8,130,000	7,700,000	1,030,000	1,136,000
Total Customs and Excise.....	21,514,000	20,914,000	4,761,000	5,754,000
Motor Vehicle Duties (Exchequer Share).....	681,000	529,000	274,000	Dr 812,000
Post Office (Net Receipt).....	2,200,000	3,050,000	50,000	1,750,000
Crown Lands.....	150,000	...	150,000	...
Receipts from Sundry Loans.....	97,257	204,073	2,055	...
Miscellaneous Receipts.....	3,411,089	331,825	299,820	292,257
Total Ordinary Revenue.....	47,007,346	40,544,898	7,822,875	9,399,257
SELF-BALANCING REVENUE				
Post Office.....	3,200,000	2,350,000	1,350,000	900,000
Motor Vehicle Duties apportioned to Road Fund.....	2,040,000	2,113,000	...	919,000
Total Self-balancing Revenue.....	5,240,000	4,463,000	1,350,000	1,819,000
Total.....	52,247,346	45,007,898	9,172,875	11,218,257

EXPENDITURE	Total Issues out of the Exchequer to meet Payments			
	April 1, 1935, to April 27, 1935	April 1, 1936, to April 25, 1936	Week ended April 27, 1935	Week ended April 25, 1936
ORDINARY EXPENDITURE				
Interest and Management of National Debt.....	22,895,430	22,199,971	£ 257,040	£ 375,832
Payments to Northern Ireland Exchequer.....	226,643	230,393	226,643	230,393
Other Consolidated Fund Services.....	231,260	257,057	...	...
Post Office Fund.....	...	...	...	...
Total.....	23,353,333	22,687,421	483,683	606,225
Total Supply Services (excluding Post Office).....	27,643,500	32,022,500	5,543,500	7,172,500
Total Ordinary Expenditure.....	50,996,833	54,709,921	6,027,183	7,778,725
SELF-BALANCING EXPENDITURE				
Post Office.....	3,200,000	2,350,000	1,350,000	900,000
Road Fund.....	2,040,000	2,113,000	...	919,000
Total Self-balancing Expenditure.....	5,240,000	4,463,000	1,350,000	1,819,000
Total.....	56,236,833	59,172,921	7,377,183	9,597,725

The aggregate revenue from April 1 to April 25, 1936, is shown below:—

FINANCIAL YEAR, 1936-37, APRIL 1, 1936, TO APRIL 25, 1937			
(000's omitted)			
Expenditure.....	£ 54,710	Revenue.....	£ 40,545
		Decrease in Balances.....	145
		Gross borrowing.....	£14,313
		Less.....	
		New Sinking Fund.....	293
		Net borrowing.....	14,020
	54,710		54,710

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—	£	£	£	£
Advances by Bank of England.....	17,530,000	23,400,000	10,900,000	10,900,000
Advances by Public Departments.....	831,900,000	744,770,000*	10,715,000	10,715,000
Treasury Bills outstanding.....	849,430,000	768,170,000	1,335,000	1,335,000

* Includes £3,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on April 24, 1936, and the total amount applied for was £76,860,000. Tenders were accepted for Treasury bills at three months dated Monday to Thursday, at £99 17s. 5d., and above in full; Friday, at £99 17s. 4d., about 94 per cent. and above in full; Saturday, at £99 17s. 5d., and above in full. The average rate per cent. was 10s. 6-27d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
January 5 1934.....	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6.....	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6.....	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5.....	35,000,000	65,280,000	31,510,000	0 15 9-702
January 4 1935.....	30,000,000	45,530,000	27,500,000	0 8 1-64
April 5.....	40,000,000	76,635,000	40,000,000	0 10 2-93
July 5.....	40,000,000	80,805,000	40,000,000	0 12 4-32
October 4.....	45,000,000	71,245,000	44,000,000	0 12 8-05
January 3 1936.....	35,000,000	68,075,000	35,000,000	0 10 10-72
April 3.....	40,000,000	76,280,000	40,000,000	0 10 2-78
July 3.....	45,000,000	74,285,000	45,000,000	0 10 7-13
October 3.....	45,000,000	74,190,000	45,000,000	0 10 6-85
January 4 1936.....	45,000,000	76,860,000	45,000,000	0 10 6-27

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended March 28, 1936.....	621,922	£ 466,441
Week ended April 4, 1936.....	741,026	£ 555,772
February, 1916, to April 4, 1936.....	1,255,949,997	£ 988,400,336

At the end of February 1936, the amount remaining to the credit of investors in Savings Certificates, excluding interest, was £391,726,027.

The OCEAN

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

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, April 29, 1936

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt.....	11,015,100
In Circulation.....	416,878,245	Other Government Securities.....	247,886,605
In Banking Department.....	45,858,027	Other Securities.....	403,652
		Silver Coin.....	894,643
		Amount of Fiduciary Issue.....	260,000,000
		Gold Coin and Bullion.....	202,734,272
	462,734,272		462,734,272

BANKING DEPARTMENT

Proprietors' Capital.....	14,553,000	Government Securities.....	101,329,560
Reserve.....	3,163,816	Other Securities:—	
Public Deposits*.....	7,453,467	Discounts and Advances.....	£ 8,290,231
Other Deposits:—		Securities.....	£12,640,921
Banks.....	£104,704,589		20,931,152
Other Accounts.....	£39,031,953	Notes.....	45,858,027
	143,736,542	Gold and Silver Coin.....	788,086
			168,906,825

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

Both Departments	Amount, April 29, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation.....	£ 416,878,245	+ 1,428,477	+ 24,297,714
Public deposits.....	7,453,467	+ 5,777,641	+ 353,906
Bankers' deposits.....	104,704,589	+ 11,024,071	+ 10,813,244
Other deposits.....	39,031,953	+ 978,834	+ 992,897
Total outside liabilities.....	568,066,254	+ 7,253,741	+ 11,932,667
Capital and rest.....	17,716,816	+ 10,972	+ 7,236
Government debt and securities.....	360,031,265	+ 8,162,528	+ 2,865,066
Discounts and advances.....	8,290,231	+ 811,175	+ 2,287,389
Other securities.....	13,044,573	+ 1,253,519	+ 2,989,250
Silver coin in issue department.....	894,643	+ 76,468	+ 898,120
Coin and bullion (bank's reserves).....	203,522,358	+ 620,997	+ 10,411,978
Reserves of notes and coin in banking department.....	46,646,113	+ 807,480	+ 13,885,736
Proportion of reserve to outside liabilities.....			
(a) Banking Department only ("proportion").....	30-8%	- 2-0%	- 6-2%
(b) Gold stocks to deposits and notes ("reserve ratio").....	35-8%	- 0-4%	+ 1-1%

(000's omitted)

Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936							
April 8	£ 461,150	£ 421,416	£ 9,805	£ 93,440	£ 37,142	£ 306 in	
" 15	461,630	421,891	9,904	104,911	36,569	480 in	
" 22	462,144	415,448	13,231	93,081	38,053	514 in	
" 29	462,734	416,876	7,453	104,705	39,032	590 in	

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion	Ratio	Govt. Securities	Discounts & Advances	Other Securities	
1936								
April 8	£ 258,623	£ 401	£ 201,949	35%	£ 93,862	£ 9,773	£ 13,692	£ 40,534
" 15	258,618	402	202,379	35 1/2	106,672	8,756	13,162	40,489
" 22	258,619	410	202,901	32 1/2	93,250	7,479	13,888	47,454
" 29	258,702	404	203,522	35 1/2	101,330	6,290	12,641	46,646

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to April 15.....	£ 9,702,880	£ 598,080	£ 1,024,019	£ 11,324,979
Week ended April 22.....	553,538	36,512	65,498	655,548
Week ended April 29.....	652,560	36,979	59,947	749,486
Total to date, 1936.....	10,910,978	671,571	1,149,464	12,732,013
Total to date, 1935.....	10,852,513	627,063	1,047,322	12,526,898
Increase or decrease in 1936.....	+ 58,465	+ 44,508	+ 102,142	+ 205,115
	= 0-5%	= 7-1%	= 9-7%	= 1-6%
Total for year 1935.....	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1934.....	30,740,117	1,789,528	2,984,512	35,484,157
Increase or decrease in 1935.....	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5-5%	= 7-2%	= 8-1%	= 5-8%

PROVINCIAL

(000's omitted)

	Week ended April 25.		Month of March			Aggregate Totals January 1 to April 25.	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days:	£	£	26	26	%	£	£
BIRMINGHAM.....	1,124	1,949	9,580	10,653	+11-2	39,546	43,256
BRADFORD.....	979	939	3,794	4,666	+22-9	19,426	17,256
BRISTOL.....	742	1,177	4,868	5,533	+13-6	15,413	21,035
DUBLIN.....	3,716	5,931				92,366	96,531
HULL.....	608	696	3,209	3,424	+ 6-6	12,511	13,780
LEEDS.....	505	718	4,280	3,874	+ 9-4	15,920	16,050
LEICESTER.....	368	607	2,792	3,174	+11-5	11,544	12,526
LIVERPOOL*.....	3,621	5,520	25,824	27,526	+ 6-5	100,764	102,083
MANCHESTER.....	6,748	8,280	42,768	44,900	+ 6-9	170,026	168,961
NEWCASTLE.....	923	1,060	5,493	5,656	- 2-9	23,607	21,338
NOTTINGHAM.....	283	392	1,982	2,116	+ 6-7	7,918	8,764
SHEFFIELD.....	369	669	3,452	4,289	+24-2	14,625	16,007
	19,986	27,938	108,060	115,751	+ 7-1	523,666	538,211

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

	Apr. 1, 1936	Apr. 8, 1936	Apr. 15, 1936	Apr. 22, 1936
Assets				
Gold and silver	190,831	193,467	192,662	195,114
Reserve of which:				
Gold coin and bullion	180,393	180,339	180,582	180,349
Government securities	108,046	107,905	110,544	110,825
Liabilities				
Notes in circulation	85,983	89,648	92,944	92,642
Deposits				
Chartered banks	21,654	23,358	19,758	23,590
Other banks	184,174	182,263	188,824	184,922
Ratio of reserves to notes and deposit liabilities	65.0%	65.1%	63.8%	64.6%

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

	Apr. 26, 1936	Apr. 3, 1936	Apr. 10, 1936	Apr. 17, 1936	Apr. 23, 1936
Assets					
Gold	80,932,677	83,917,126	82,972,020	82,488,413	81,937,087
Advances on Gold Coin	1,174,748	1,507,375	1,616,651	1,510,091	1,380,771
Discounted bills	4,500,664	13,507,096	13,588,005	14,187,618	14,569,275
Advances against sec.	835,573	1,099,573	1,125,249	1,125,249	1,122,338
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Other advances	3,103,893	4,474,330	4,115,177	4,075,880	3,972,060
Liabilities					
Notes in circulation	82,351,819	84,581,292	83,841,285	82,961,877	82,557,224
Public deposits	3,703,219	2,793,178	2,793,733	2,749,572	2,721,782
Private deposits	14,921,931	7,260,048	7,190,859	7,683,225	7,751,383
Other liabilities	2,176,866	2,643,758	2,577,851	2,573,568	2,476,929
Ratio of gold reserve to sight liabilities	80.0%	67.4%	67.0%	66.8%	66.8%

THE REICHSBANK—In Reichsmarks (000's omitted)

	Apr. 30, 1936	Apr. 7, 1936	Apr. 13, 1936	Apr. 23, 1936
Assets				
Gold	18,933	19,336	19,336	19,336
Reserve in foreign currencies	81,713	66,809	66,807	68,825
Discounts and advances	21,538	19,526	19,520	19,520
Advances	4,048	5,495	5,453	5,376
Liabilities				
Notes in circulation	3,887,222	4,181,043	4,097,424	3,866,741
Deposits	119,785	186,665	200,450	270,120
Other liabilities	86,532	50,442	37,445	36,627
Ratio of gold reserve to sight liabilities	2.31%	1.74%	1.78%	1.91%

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

	Apr. 25, 1936	Mar. 26, 1936	Apr. 2, 1936	Apr. 9, 1936	Apr. 16, 1936	Apr. 23, 1936
Assets						
Gold	2,930,523	3,319,358	3,339,417	3,363,592	3,376,351	3,401,000
Reserve and other coin	67,515	66,166	63,571	60,205	61,427	63,910
Discounts	1,115,149	1,181,872	1,191,587	1,212,854	1,211,818	1,229,212
Advances	171,416	84,360	79,298	74,970	77,615	74,794
Liabilities						
Notes in circulation	3,512,617	4,163,421	4,221,975	4,241,040	4,209,471	4,191,370
Deposits: Govt.	35,099	8,966	37,660	19,269	21,049	25,137
Other	631,232	671,741	609,529	643,106	688,970	744,879

NETHERLANDS BANK—In florins (000's omitted)

	Apr. 29, 1936	Mar. 30, 1936	Apr. 6, 1936	Apr. 13, 1936	Apr. 20, 1936	Apr. 27, 1936
Assets						
Gold and silver	644,785	713,628	713,628	713,633	713,943	709,983
Discounts	20,710	19,475	18,444	17,913	19,192	19,883
Other bills discounted	42,299	24,405	24,458	24,504	24,926	24,450
Liabilities						
Notes in circulation	203,522	127,546	127,427	129,641	126,905	127,706
Deposits	870,953	781,454	782,043	771,766	759,328	765,848

BANK OF JAVIA—In florins (000's omitted)

	Apr. 27, 1936	Mar. 28, 1936	Apr. 4, 1936	Apr. 11, 1936	Apr. 18, 1936	Apr. 25, 1936
Assets						
Gold and silver	137,830	106,280	106,290	106,000	105,490	109,840
Discounts	69,160	70,670	72,300	74,090	72,090	70,430
Other bills discounted	720	1,630	1,440	1,200	1,330	960
Liabilities						
Notes in circulation	10,020	12,650	13,270	13,630	16,630	10,020
Deposits	171,710	153,780	156,980	160,270	157,990	155,170

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

	Apr. 23, 1936	Mar. 23, 1936	Apr. 7, 1936	Apr. 15, 1936	Apr. 23, 1936
Assets					
Gold	1,402,230	1,497,433	1,508,545	1,510,851	1,512,872
Discounts	118,146	294,686	304,907	304,907	306,307
Other bills discounted	87,302	138,452	68,624	69,668	53,655
Liabilities					
Notes in circulation	28,500	74,951	72,651	69,051	68,651
Deposits	70,493	63,730	83,813	70,238	64,559

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

	Apr. 20, 1936	Mar. 31, 1936	Apr. 11, 1936	Apr. 18, 1936	Apr. 25, 1936
Assets					
Gold	2,269,442	2,227,693	2,227,687	2,227,659	2,227,656
Discounts	693,029	686,804	688,854	689,585	673,360
Other bills discounted	1,028,865	1,073,263	1,107,176	1,151,267	1,133,076
Liabilities					
Notes in circulation	1,380,384	1,489,997	1,476,744	1,514,177	1,564,755
Deposits	77,115	75,998	75,998	75,998	75,998

US NATIONAL BANK—In schillings (000's omitted)

	Apr. 25, 1936	Mar. 31, 1936	Apr. 7, 1936	Apr. 15, 1936	Apr. 23, 1936
Assets					
Gold	242,194	242,548	242,555	242,560	242,563
Discounts	32,322	80,547	78,780	79,984	80,277
Other bills discounted	232,188	217,650	217,560	218,600	217,674
Liabilities					
Notes in circulation	824,444	824,444	824,444	824,444	824,444
Deposits	846,088	829,050	836,911	882,975	849,262

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

	Apr. 23, 1936	Mar. 31, 1936	Apr. 8, 1936	Apr. 15, 1936	Apr. 23, 1936
Assets					
Gold reserve	305,418	430,036	429,854	430,713	430,316
Government securities—Swedish	137,960	28,500	28,500	28,500	28,500
Foreign	47,769	68,400	68,400	68,400	68,400
Liabilities					
Notes in circulation	46,697	24,003	26,303	26,174	30,875
Deposits	8,998	10,444	10,382	10,277	10,424

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

	Jan. 15, 1936	Jan. 31, 1936	Feb. 15, 1936	Feb. 29, 1936	Mar. 15, 1936	Mar. 31, 1936
Assets						
Gold at home	1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign exchange	136	130	133	141	131	121
Non-interest bearing Government Bond	119	119	119	119	119	119
Treasury Bonds	150	150	200	175	227	400
Liabilities						
Notes	978	987	993	999	995	998
Government deposits	235	241	250	249	207	191

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

	Apr. 15, 1936	Mar. 23, 1936	Mar. 31, 1936	Apr. 7, 1936	Apr. 15, 1936
Assets					
Gold and silver holdings	1,568,175	1,590,555	1,590,555	1,590,555	1,590,555
Balances abroad and foreign currencies	447,283	482,189	368,101	363,702	376,183
Discounts and advances	616,196	1,230,842	1,166,672	1,183,888	1,297,813
Advances to the Treasury	2,697,819	2,671,279	2,671,279	2,671,279	2,671,279
Liabilities					
Reserves	1,280,435	1,249,726	1,249,710	1,249,710	1,249,710
Bank notes in circulation	2,183,001	2,079,391	2,292,661	2,372,610	2,282,827

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

	Apr. 15, 1936	Mar. 23, 1936	Mar. 31, 1936	Apr. 7, 1936	Apr. 15, 1936
Assets					
Gold and gold exchange	3,766,793	3,309,975	3,338,728	3,335,097	3,352,197
State Gold Bonds	564,369	567,202	567,202	567,202	567,202
Discounts	256,034	285,979	282,419	282,419	282,288
Advances	2,305,527	4,903,465	4,872,132	5,036,590	5,099,768
Debt to the State	2,714,111	3,605,111	3,605,111	3,605,111	3,605,111
Liabilities					
Notes in circulation	5,465,793	5,686,359	5,607,226	5,780,773	5,891,425
Deposits and current accounts	3,781,928	5,642,005	5,889,202	5,941,052	5,921,565
Foreign exchange liabilities	207,230	265,336	275,301	259,203	259,969

BANK OF FINLAND—In F. Marks (000's omitted)

	Apr. 15, 1936	Mar. 23, 1936	Mar. 31, 1936	Apr. 7, 1936	Apr. 15, 1936
Assets					
Gold	322,507	501,352	501,348	501,343	501,343
Balance abroad and foreign bills	1,463,590	1,379,556	1,415,346	1,434,606	1,437,375
Discounts and advances	378,293	388,216	387,652	377,314	376,704
Liabilities					
Notes in circulation	1,410,845	1,450,787	1,520,348	1,521,771	1,516,751
Deposits at notice	414,728	649,799	591,789	648,492	666,469

NATIONAL BANK OF EGYPT—In £E (000's omitted)

	Mar. 31, 1936	Jan. 31, 1936	Feb. 29, 1936	Mar. 31, 1936
Banking Department				
Capital	1935	1936	1936	1936
Reserves	2,925	2,925	2,925	2,925
Government deposits	8,203	8,647	6,657	6,310
Other deposits	16,724	22,427	22,200	22,593
Other accounts	2,856	3,253	3,394	3,495
Assets				
Cash: Notes	1,054	1,284	1,160	1,161
Gold, silver, etc.	752	712	640	682
Money at call and short notice	1,428	3,052	2,555	1,994
Investments	21,994	24,240	23,327	24,736
Advances	4,208	6,225	5,770	5,197
Bills	1,806	2,087	1,763	1,464
Other accounts	2,389	2,577	2,884	3,015
Liabilities				
Notes issued	20,100	23,500	23,400	22,800
Assets				
Gold	6,241	6,241	6,241	6,241
British Treasury Bills	4,630	8,047	7,947	7,347
British War Loan at par	7,730	7,713	7,713	7,713
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

MONEY AND EXCHANGE RATES LONDON MONEY RATES

	Apr. 23, 1936	Apr. 24, 1936	Apr. 25, 1936	Apr. 27, 1936	Apr. 28, 1936	Apr. 29, 1936	Apr. 30, 1936
Bank rate (changed from 2 1/2% June 30, 1932)	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Market rates of discount—60 days' bankers' drafts	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
3 months' do.	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
6 months' do.	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Discount Treasury Bills—2 months'	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
3 months'	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Loans—Day-to-day	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Short	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Deposit allowances: Bank	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
Discount houses at call	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4
At notice	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4

Comparisons with previous week—

	Short Loans	Bank Bills			Trade Bills		
		3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1936	%	%	%	%	%	%	%
Mar. 28	1-1	1 1/2-1 1/2	1-1	1-1	2-2 1/2	2 1/2-2 1/2	2-2 3/4
Apr. 2	1-1	1 1/2-1 1/2	1-1	1-1	2-2 1/2	2 1/2-2 1/2	2-2 3/4
8	1-1	1 1/2-1 1/2	1-1	1-1	2-2 1/2	2 1/2-2 1/2	2-2 3/4
16	1-1	1 1/2-1 1/2	1-1	1-1	2-2 1/2	2 1/2-2 1/2	2-2 3/4
23	1-1	1 1/2-1 1/2	1-1	1-1	2-2 1/2	2 1/2-2 1/2	2-2 3/4
30	1-1	1 1/2-1 1/2	1-1	1-1	2-2 1/2	2 1/2-2 1/2	2-2 3/4

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

London on	Par of Exch. per £	Apr. 24, 1936	Apr. 25, 1936	Apr. 27, 1936	
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GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended April 30, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD

Gold Imported into Great Britain and Northern Ireland, week ended April 30, 1936			Gold Exported from Great Britain and Northern Ireland, week ended April 30, 1936		
From	Bullion*	Coin†	To	Bullion*	Coin†
British W. Africa...	157,183	£	Netherlands	224,000	£ 1,780
British S. Africa...	2,487,845	...	Belgium	...	6,400
Tanganyika	44,527	...	France	...	9,984
Kenya	5,233	...	Switzerland	243,295	30,450
Hong Kong	99,938	...	U.S.A.	...	...
Australia	291,449	17			
British Guiana	19,071	...			
Netherlands	8,643	1,738			
Belgian Congo	4,231	5,355			
France	262,092	22,035			
Switzerland	6,154	108,738			
U.S.A.	70,207	6,513			
Venezuela	20,170	...			
Other countries ...	6,344	579			
Total	3,483,087	23,795	Total	467,295	6,404
		121,185			42,214

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended April 30, 1936			Silver Exported from Great Britain and Northern Ireland, week ended April 30, 1936		
From	Bullion*	Coin†	To	Bullion*	Coin†
Irish Free State ...	£	£ 3,040	Malta	£	£ 5,000
British West Africa	...	2,930	British India	237,975	...
Nyasaland	...	6,062	Netherlands	1,480	305
Norway	3,831	...	France	3,554	...
Netherlands	191	...	U.S.A.	9,175	...
Belgium	7,410	17	Other countries ...	4,176	75
France	2,167	...			283
Switzerland	8,913	49			
Japan	...	53			
Other countries ...	...	...			
Total	22,321	12,632	Total	265,330	5,075
		1,272			588

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1936	ARRIVALS	1936	WITHDRAWALS
Apr. 24	Nil	Apr. 24	Nil
" 25	Nil	" 25	Nil
" 26	Nil	" 26	Nil
" 27	Nil	" 27	Nil
" 28	137,310	" 28	Nil
" 29	Nil	" 29	Nil
" 30	375,692	" 30	Nil
Total	513,002	Total	Nil
Movement April 24, 1936, to April 30, 1936 (inclusive) £513,002 in			
Movement during year 1935 £7,745,822 in			
Movement during 1936 (January 1 to April 30, 1936, inclusive) £3,059,065 in			
Movement April 29, 1925, to April 30, 1936 (inclusive) £34,016,262 in			
Movement September 21, 1931 (gold standard suspended) to April 30, 1936 (inclusive) £66,421,714 in			

GOLD MARKET

Messrs. Samuel Montagu and Company write on April 29, 1936, as follows:

The Bank of England gold reserve against notes amounted to £202,143,995 on the 22nd instant, as compared with £201,629,685 on the previous Wednesday. Purchases of bar gold announced by the Bank during the week amounted to £590,270. In the open market about £1,360,000 of bar gold was disposed of at the daily fixing. The premium over franc parity included in the price has shown little change, but to-day's quotation of 140s. 9½d. was fixed on parity with the dollar for the first time since the end of December last.

Quotations during the week:—

	Per fine ounce	Equivalent value of £ sterling
April 23	140s. 0½d.	12s. 0.56d.
" 24	140s. 1½d.	12s. 0.65d.
" 25	140s. 1½d.	12s. 0.69d.
" 26	140s. 1½d.	12s. 0.73d.
" 27	140s. 1½d.	12s. 0.73d.
" 28	140s. 1½d.	12s. 0.73d.
" 29	140s. 9½d.	12s. 0.82d.
Average	140s. 10.92d.	12s. 0.70d.
April 30	140s. 9½d.	12s. 0.82d.

The s.s. "Malaja," which sailed from Bombay on the 25th instant, carries gold to the value of about £409,000.

SILVER MARKET

by the Indian Bazaars and hesitation on the slight recovery in prices, 20½d. being quoted subsequently the tendency became easier, and being made more freely, and by to-day new features, selling on China account and still being the principal factors, but the operations both ways.

The tone is quieter, and whilst there is no indication of any important change, the market appears sufficiently high at the present level, the maintenance of which depends on the continued support of the Indian Bazaars.

Quotations during the week:—

IN LONDON			IN NEW YORK		
Bar silver	per oz. std.		Bar silver	per oz. std.	
Cash	Two Months		Cash	Two Months	
delivery	delivery		delivery	delivery	
April 23	20½d.	20½d.	April 22	45½	
" 24	20½d.	20½d.	" 23	45½	
" 25	20½d.	20½d.	" 24	45½	
" 26	20½d.	20½d.	" 25	No	quotation
" 27	20½d.	20½d.	" 26	45	
" 28	20½d.	20½d.	" 27	45	
" 29	20½d.	20½d.	" 28	45	
Average	20.333d.	20.333d.	" 28	45	
April 30	20½d.	20½d.			

The highest rate of exchange on New York recorded during the period from April 23rd to April 29th was \$4.94, and the lowest \$4.93½.

COMPANY NEWS

AMERICAN RAILROADS

MONTHLY GROSS AND NET RECEIPTS

Company	Months	Ending	Description	Receipts for Month Ended Feb. 29, 1936, compared with Month of Feb., 1935	Aggregate Two Months of 1936 compared with Two Months of 1935
Atlantic Coast Line	2	Feb. 29	Gross	4,145,759 + 389,556	7,880,235 + 679,530
			Net	625,268 + 106,649	688,824 + 66,748
Atchafalaya	2	Feb. 29	Gross	10,123,449 + 999,427	21,106,649 + 2,173,311
			Net	192,938 + 347,867	673,545 + 929,889
Baltimore and Ohio	2	Feb. 29	Gross	12,937,099 + 2,219,014	25,472,753 + 3,651,754
			Net	2,486,274 + 346,371	4,177,598 + 894,208
Boston & Maine	2	Feb. 29	Gross	2,884,272 + 97,266	7,368,367 + 271,355
			Net	185,604 + 275,723	284,732 + 260,544
Central of New Jersey	2	Feb. 29	Gross	2,811,258 + 559,347	5,438,244 + 717,775
			Net	285,094 + 186,361	543,043 + 254,289
Chesapeake and Ohio	1	Jan. 31	Gross	10,325,469 + 1,723,768	114,031,434 + 4,542,357
			Net	3,811,702 + 1,151,058	39,937,282 + 2,939,487
Chicago and N. Western	2	Feb. 29	Gross	6,245,523 + 1,044,470	12,503,843 + 1,800,283
			Net	Dr. 831,312 + 308,285	Dr. 475,183 + 765,741
Chicago, Burlington and Quincy	2	Feb. 29	Gross	7,451,313 + 1,848,508	14,661,626 + 2,986,535
			Net	896,730 + 727,657	1,796,033 + 1,428,734
Chicago, Milwaukee and St. Paul	2	Feb. 29	Gross	7,618,531 + 1,326,174	15,746,716 + 2,737,335
			Net	Dr. 376,116 + 408,906	479,062 + 708,259
Chicago, Rock Island and Pacific	2	Feb. 29	Gross	5,475,239 + 627,204	11,292,982 + 1,433,938
			Net	Dr. 683,556 + 219,778	Dr. 900,503 + 75,213
Delaware and Hudson	2	Feb. 29	Gross	2,242,964 + 372,921	4,271,801 + 381,616
			Net	416,207 + 338,546	563,179 + 413,793
Delaware, Lackawanna and Western	2	Feb. 29	Gross	4,342,032 + 811,403	8,265,549 + 967,864
			Net	583,840 + 378,907	839,145 + 318,200
Denver & Rio Grande W.	2	Feb. 29	Gross	1,699,467 + 403,848	3,512,651 + 693,493
			Net	105,665 + 27,647	317,007 + 77,425
Erie Railroad	1	Jan. 31	Gross	6,219,045 + 257,319	75,126,702 + 62,580
			Net	918,495 + 33,287	12,960,726 + 280,894
Great Northern	2	Feb. 29	Gross	4,376,679 + 22,374	9,166,157 + 402,861
			Net	Dr. 395,221 + 475,127	Dr. 305,615 + 10,161
Gulf Coast Lines	2	Feb. 29	Gross	1,181,819 + 321,734	2,339,930 + 428,408
			Net	222,267 + 142,599	442,005 + 130,462
Illinois Central	2	Feb. 29	Gross	8,971,504 + 1,591,802	17,756,229 + 2,758,775
			Net	1,111,120 + 208,011	2,084,903 + 596,954
International Gt. Northern	2	Feb. 29	Gross	889,144 + 51,080	1,836,037 + 79,909
			Net	Dr. 27,771 + 82,871	Dr. 13,558 + 101,484
Lackawanna Railroad	2	Feb. 29	Gross	4,342,032 + 811,403	8,265,549 + 967,864
			Net	583,840 + 378,907	839,145 + 318,200
Lehigh Valley	2	Feb. 29	Gross	4,093,969 + 707,061	7,658,848 + 1,021,671
			Net	493,669 + 54,082	973,082 + 63,592
Long Island Railroad	2	Feb. 29	Gross	1,947,644 + 180,109	3,782,998 + 204,890
			Net	63,244 + 78,671	Dr. 42,591 + 143,088
Louisville and Nashville	2	Feb. 29	Gross	7,230,276 + 1,414,071	14,368,955 + 2,437,832
			Net	1,400,105 + 428,110	2,689,947 + 690,716
Min. & St. Paul	2	Feb. 29	Gross	1,629,814 + 274,335	3,401,896 + 539,133
			Net	Dr. 408,173 + 81,357	809,718 + 150,751
Missouri, Kansas & Texas	2	Feb. 29	Gross	2,197,168 + 417,356	4,562,817 + 836,486
			Net	Dr. 356,371 + 155,951	Dr. 636,189 + 560,363
Missouri Pacific	2	Feb. 29	Gross	6,963,152 + 1,513,517	13,868,756 + 2,684,246
			Net	753,579 + 580,590	1,575,250 + 1,301,252
New York Central	2	Feb. 29	Gross	27,986,471 + 3,952,306	56,192,221 + 6,659,154
			Net	2,718,738 + 681,856	5,377,669 + 865,829
N. York, Chic. & St. Louis	1	Jan. 31	Gross	3,139,944 + 326,220	34,243,513 + 1,099,649
			Net	643,669 + 139,501	6,759,546 + 1,250,119
Norfolk and Western	2	Feb. 29	Gross	7,024,528 + 971,904	13,849,832 + 2,005,974
			Net	2,616,573 + 792,031	4,972,524 + 1,327,018
Northern Pacific	2	Feb. 29	Gross	3,657,478 + 815,060	6,317,179 + 716,299
			Net	Dr. 248,359 + 123,378	Dr. 273,755 + 203,446
Pennsylvania Railroad	2	Feb. 29	Gross	33,595,745 + 5,613,977	66,516,981 + 9,485,928
			Net	4,684,243 + 209,918	10,018,454 + 261,683
Pere Marquette	1	Jan. 31	Gross	2,547,992 + 279,504	28,478,082 + 3,880,892
			Net	351,299 + 34,809	4,828,197 + 2,209,829
Reading Co.	2	Feb. 29	Gross	5,276,807 + 888,478	10,102,298 + 1,109,893
			Net	1,192,278 + 219,444	2,234,112 + 373,435
Seaboard Air Line	2	Feb. 29	Gross	3,123,440 + 302,233	6,317,179 + 827,299
			Net	89,069 + 12,866	152,681 + 24,589
Southern Pacific	2	Feb. 29	Gross	13,526,836 + 2,232,179	27,211,406 + 4,292,802
			Net	1,121,922 + 275,558	1,985,475 + 764,208
Southern Railway	2	Feb. 29	Gross	7,162,799 + 963,797	14,671,572 + 1,885,163
			Net	938,252 + 96,203	2,272,559 + 662,413
St. Louis-San Francisco	2	Feb. 29	Gross	3,505,406 + 540,966	7,318,832 + 1,208,441
			Net	103,391 + 226,314	436,703 + 789,187
Union Pacific	2	Feb. 29	Gross	10,095,324 + 1,618,534	20,591,837 + 2,843,666
			Net	515,704 + 31,923	1,425,261 + 269,290
Wabash	2	Feb. 29	Gross	3,716,015 + 423,361	7,264,865 + 743,075
			Net	466,311 + 69,645	821,632 + 238,078

* Year 1935 compared with 1934. † Net operating income.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary					
					Amount	Amount	Rate				
Banks											
Union Bank of Scotland ...	Apr. 2	£ 114,185	£ 316,621	£ 430,806	£ ...	£ 216,000	% 18	£ 95,000	£ 119,806	£ 313,463	% 18
Financial Land, etc.											
African and European Investment ...	Dec. 31	43,923	600,006	643,929	...	306,830	15	253,147	83,952	863,168	15
Ever Ready Trust	Mar. 31	1,502	26,122	27,624	...	21,000	7(s)	5,042	1,582	25,100	7(s)
Forestal Land, etc.	Dec. 31	38,552	364,803	403,355	111,951	170,838	6	...	120,566	146,410	Nil
Ideal Building and Land ...	Dec. 31	2,112	104,396	106,508	27,500	50,000	10	21,313	7,695	167,346	15
Power Investment Corp.	Mar. 31	1,131	41,072	42,203	26,819	12,270	3	...	33,114	42,051	2
Rubber Plantations Investment Trust	Dec. 31	85,810	89,514	175,324	...	89,531	5	...	85,792	84,512	5
Iron, Coal and Steel											
Lothian Coal.	Feb. 29	36,968	33,132	70,100	10,950	22,100	5½	...	37,050	33,255	5½
Motor and Cycle											
Rolls-Royce	Dec. 31	73,316	349,802	423,118	...	191,146	22½	150,000	81,972	291,612	20
Rubber											
Central Travancore	Dec. 31	1,706	5,691	7,397	3,536	...	...	1,625	2,236	5,293	Nil
Dusun Durian	Dec. 31	37,349	6,460	43,809	...	6,268	3	...	37,541	10,604	4
Golden Hope	Feb. 29	1,902 (f)	11,890	13,792	...	10,935	3	...	2,857	18,167	5
Kasintoe	Dec. 31	4,654	4,167	8,821	...	3,600	3	...	5,221	5,552	4
Lower Perak	Dec. 31	5,168	1,558	6,726	...	1,369	2	250	5,107	2,818	3½
Pataling	Dec. 31	22,381	19,108	41,489	...	18,513	7	...	22,976	27,706	7½
Sungei Telor (Malaya)	Dec. 31	2,654	2,009	4,663	1,708	1,094	2½	Dr. 1,055	2,916	3,437	6
Soengei Rampah	Dec. 31	4,887	2,779	7,666	...	2,550	3	...	7,16	3,866	4
Shipping											
Clan Line Steamers	Dec. 31	90,107	644,511	734,618	62,296	71,438	20	508,984	...	386,127	6
Shops and Stores											
Lilley and Skinner	Jan. 25	24,776	50,312	75,088	2,470	25,672	10	10,00	...	53,681	10
London Shoe	Feb. 29	...	4,391	4,391	...	...	...	3,24	10(s)	1,875	Nil
Tea											
Nuwara Eliya	Dec. 31	12,071	61,226	73,297	...	47,600	17	15,000	...	...	18
Panawatte	Dec. 31	1,294	2,920	4,214	...	3,450	2	...	...	...	4
Ragalla	Dec. 31	2,842	8,370	11,212	2,100	5,850	7½	2,000	...	...	...
Telegraphs, etc.											
Telephone Manufacturing ..	Dec. 31	6,272	22,294	28,566	...	14,532	7½	10,000	...	...	...
Trusts											
British Shareholders' Trust	Mar. 31	54,618	84,013	138,631	...	53,822	7½	24,204	...	...	...
English & Caledonian Invest.	Mar. 31	3,678	19,966	23,644	11,812	5,469	3½	2,500	...	...	...
Other Companies											
Barry and Staines Linoleum	Jan. 31	83,764	212,338	296,102	16,275	169,531	12½	25,000	...	...	...
Cakebread, Robey and Co...	Dec. 31	8,443	22,970	31,413	7,500	11,250	15	4,000	...	...	...
Dunlop Rubber	Dec. 31	588,652	1,288,244	1,876,896	288,281	478,914	8	519,761	...	...	...
Gieves, Ltd.	Feb. 29	21,273	48,896	70,169	5,754	26,790	15	15,000	...	...	...
Hanson (Saml.) and Son ...	Jan. 4	...	47,558	47,558	10,901	19,188	25	7,500	...	...	...
Lex Garages	Dec. 31	4,952	10,026	14,978	...	6,875	5	...	...	...	...
London Elec. Wire & Smiths	Dec. 31	30,828	107,318	138,146	30,000	42,755	6½	25,000	...	...	...
Lovering China Clays	Mar. 31	Dr. 49,470	Dr. 1,273	Dr. 50,748	...	...	...	...	...	...	...
Newton (John) M., and Sons	Dec. 31	808	20,502	21,310	7,000	4,534	15	2,105	...	...	...
New Transvaal Chemical ...	June 30	7,462	30,243	37,705	24,000	...	...	...	...	...	...
Odhams Press, Ltd.	Dec. 31	82,922	315,200	398,122	70,500	112,500	15	131,584	...	...	...
Provincial Newspapers	Nov. 30	84,069	133,977	218,046	160,669	...	...	30,00	100	...	...
Spillers, Ltd.	Jan. 31	168,401	471,943	640,344	53,151	311,258	15(s)	100,0	...	...	...

don't work company, Ltd., by resolution passed at an extraordinary general meeting of the company on April 20, 1936, and the certificate of the registrar of companies has now been received.

SPILLERS, LTD.—Messrs Spillers, Ltd., announce that they have purchased the whole of the issued share capital of E. C. Robson and Sons, Ltd., flour millers, Sunderland. It is the intention that the acquired business shall be carried on as a separate company as at present with the same personnel and under the same management.

LANCASHIRE COTTON CORPORATION (PURCHASE OF MODERN MILL AT SHAW).—The Lancashire Cotton Corporation has purchased the Trent mill at Shaw, one of the most modern and best equipped mills in the Lancashire cotton industry. It contains 120,864 mule spindles and is capable of producing both coarse and medium yarns. It is the corporation's intention to close the Duke mill, which was built over fifty years ago, and transfer the labour to the Trent mill. The Duke mill will then be scrapped.

EBBW VALE STEEL ASSETS (DEAL WITH RICHARD THOMAS AND COMPANY COMPLETED).—The directors of the Ebbw Vale Steel, Iron and Coal Company, in a circular to the 6 per cent. debenture holders, announce that the sale of certain of the company's assets to Richard Thomas and Company, as sanctioned in December last, has now been completed. Out of the proceeds, after discharge and cancellation of all outstanding prior lien debenture stock, £514,596 has been paid to the trustees for the debenture holders. It is proposed to distribute among the debenture holders registered on April 24th £57 7s. 9d. per £100 nominal. This will require £514,593. Payment will be made on May 2nd. The amount of the debentures outstanding will be £382,106.

GENERAL AIRCRAFT COMPANY.—The first accounts of General Aircraft—for the period from September 1, 1934, to December 31, 1935—show that trading resulted in a loss of £35,573. After adding interest and including a credit of £7,209 from estate account, the net loss was £29,987, including trading prior to incorporation. This amount has been carried to the balance sheet. Against this there was a capital profit of £22,832, resulting from the sale of the engine rights to Aero Engines, Ltd. Of this, £15,000 has been utilised to write down the value of patents, drawings, etc., leaving a balance of £7,232. To this has been added £2,501 from share premiums, making a total of £9,733 in a capital reserve.

AVIATION TRUST JOINS FIXED TRUST ASSOCIATION.—It has been officially announced that Aviation and Universal Investment Trust, which specialises in the aviation and allied industries investment field, has been elected a member of the Association of Fixed Trust Managers.

YEREBO, LTD.—Profits amounted to £440,920 in the thirteen months to December 31, 1935, after including a profit of £35,990 on the sale of investments. This compares with £371,964 in the previous year, when there was a gain of £14,733 on the sale of investments. Tax again absorbs £85,000, leaving net earnings of £356,920. The dividend is maintained at 40 per cent. on the basis of £106,452. The dividend is maintained at 40 per cent. on the basis of £106,452.

GOLD. It is also proposed to distribute a capital bonus by capitalising £250,000 of the reserve fund. The dividend is maintained at 40 per cent. on the basis of £106,452. The dividend is maintained at 40 per cent. on the basis of £106,452.

ANNOUNCEMENTS. Movement April 24, 1936, to April 30, 1936. Movement during year 1935. Movement during 1936 (January 1 to April 30, 1936, marked % or Stated). Movement April 29, 1925, to April 30, 1936, marked % or Stated. Movement September 21, 1931 (gold standard) in Cash. 1936 (inclusive) div. * Final div.

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Mahawale Rubber and Tea	Final	May 30	Same	12	12
Rangalla Consolidated	Final	May 30	Same	12	12
Rosehaugh (Ceylon) Tea	Final	May 30	Same	12	12
Sabrang Rubber	Final	May 30	Same	12	12
Sungei Buloh Rubber	Final	May 30	Same	12	12
Sungei Maling Rubber	Final	May 30	Same	12	12
Sungei Telor (Malaya) Rubber	Final	May 30	Same	12	12

Messrs Samuel Montagu & Co. Ltd.	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
The Bank of India Ltd.	Final	May 27	Same	18	18
Do. "A"	Final	May 27	Same	18	18
Do. "B"	Final	May 27	Same	18	18
Imperial Bank of India Ltd.	Final	May 27	Same	18	18
Commercial Union Assurance	Final	May 30	Same	12	12
Gresham Fire and Accident	Final	May 30	Same	12	12
Lloyds and General Insurance	Final	May 30	Same	12	12
London and Manchester Assurance	Final	May 30	Same	12	12
Planet Assurance	Final	May 30	Same	12	12
United Insurance	Final	May 30	Same	12	12
TEA AND RUBBER	Final	May 30	Same	12	12
Batu Lintang Rubber	Final	May 30	Same	12	12
Bukit Sembawang Rubber	Final	May 30	Same	12	12
Carnarvon (Selangor) Rubber	Final	May 30	Same	12	12
Demeter Rubber and Tea	Final	May 30	Same	12	12
Devotional Rubber and Tea	Final	May 30	Same	12	12
Ederapolla Tea of Ceylon	Final	May 30	Same	12	12
Galaha Ceylon Tea	Final	May 30	Same	12	12
Highland Tea of Ceylon	Final	May 30	Same	12	12
Hanapha (Ceylon) Tea and Rubber	Final	May 30	Same	12	12
Hong Kong (Selangor) Rubber	Final	May 30	Same	12	12
Kelani Valley Rubber	Final	May 30	Same	12	12
Lawas (Sarawak) Estates	Final	May 30	Same	12	12
Mahawale Rubber and Tea	Final	May 30	Same	12	12
Rangalla Consolidated	Final	May 30	Same	12	12
Rosehaugh (Ceylon) Tea	Final	May 30	Same	12	12
Sabrang Rubber	Final	May 30	Same	12	12
Sungei Buloh Rubber	Final	May 30	Same	12	12
Sungei Maling Rubber	Final	May 30	Same	12	12
Sungei Telor (Malaya) Rubber	Final	May 30	Same	12	12

Selangor Rubber	...	...	2	15
Sungei Buloh Rubber	...	May 16	7	1
Sungei Matang Rubber	...	...	2	3
Sungei Telor (Malaya) Rubber	...	...	2	6
	100%	Same	12	12

holders registered as at April 15, 1936, at rate of 6.5866d. net per sub-unit, on May 15th. In May last holders received payment at the rate of 12.4868d.

THE EVER READY COMPANY (GREAT BRITAIN), LTD.—The directors of the Ever Ready Company (Great Britain), Ltd., announce that they are recommending at the forthcoming annual general meeting the payment of the following final dividends for the year ended March 31, 1936: On the preference stock 5 per cent., less tax, making the maximum of 10 per cent., less tax, for the year; on the ordinary stock 25 per cent., less tax, making 35 per cent., less tax, for the year, payable June 5, 1936. Accounts will be issued on May 12, 1936, and show, subject to completion of audit, net profits

of £482,781 compared with £449,579 last year (which included profit on investments, £19,899); reserves and carry forward, £1,464,152, compared with last year.

THE HOME AND FOREIGN INVESTMENT TRUST, LTD.—A balance the preference stock for the half-year to March 31st last at the rate of 5 per cent., will be paid, less income tax at 4s. 7½d. per £, and a dividend of 2 p on the ordinary stock for the year to March 31, 1936, less income tax at 4s. 7½d. Warrants will be posted on May 11th and the transfer books will be closed 2nd to 11th inclusive.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

In general, business on the principal commodity markets was not very active during the past week. The outstanding event, discussed in a Note of the Week, was the decision of the International Rubber Regulation Committee to increase export quotas from 60 per cent. to 65 per cent. of the standard tonnages during the second half of this year. The decision was unexpected and caused a temporary setback in quotations.

Business in iron and steel materials was less active owing to seasonal influences, but the lull appears to have been accentuated by the anticipation of an increase in the prices of a number of materials in the near future. Meanwhile the industry remains as active as ever and the scarcity of certain materials continued to prevail. Business in coal continued patchy. The markets in the principal non-ferrous metals did not undergo any significant change. Business in vegetable oils and oilseeds was not very active.

Among textile raw materials, cotton declined slightly, partly on better weather reports from the United States. Business in Lancashire goods was dull, being confined to small transactions. Wool prices, on the other hand, remained firm, though the lull in trade in Bradford continued in the past week. Quotations for raw jute registered a small advance.

The improvement of wheat prices was not maintained, partly owing to better crop reports from North America. The market in raw sugar lacked support. The Mincing Lane tea auctions revealed a good demand for common and low-medium teas, a development which was to be expected from the increase in the duty. The market in provisions was not very active, and quotations for English beef and mutton at Smithfield were marked down a little.

The upward trend of the prices of the principal primary products in the United States came to an end this week, after a duration of only a fortnight. Thus Moody's index of the dollar prices of staple commodities stood at 169.3 on Wednesday, against 172.0 a week earlier, 169.9 a month ago and 157.4 on the corresponding day last year.

COAL

NEWCASTLE-ON-TYNE.—Tyne coal shipments this year are down 39,000 tons, compared with the corresponding period of last year, which is not so heavy as might be expected in view of the cessation of trade with Italy. Whilst export trade has been quiet and gives no indication of improvement, shipments for consumption in the home market have improved. Apart from a good demand for screened and sized steam coals, the market is quiet, there being abundant supplies of gas, coking coal and bunkers. Coke of all descriptions is very firm, and export business is restricted by the lack of supplies.

Current f.o.b. prices for export.—**NORTHUMBERLAND.**—D.C.B. screened, 16s.; smalls, 13s.; Howards, Bentinck, Newbiggin screened, 15s. 6d.; smalls, 13s.; Tyne Prime large, 14s. 6d.; smalls, 12s. 6d.; Hartley Main large, 14s. 9d.; smalls, 12s. 6d. **DURHAM.**—Lambton, South Hetton screened steam, 15s.; smalls, 13s. 6d.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon, unscreened gas, 14s. 8d.; second-class gas, 13s. 6d.; coking, unscreened and/or smalls, 13s. 3d.; Prime unscreened bunkers, 15s.; second-class unscreened bunkers, 14s.; prime foundry coke, 24s.; Newcastle and District gas coke, 24s.

GLASGOW.—A strong market rules for most grades of washed nuts, supplies being restricted owing to the smaller demand for large coal, while demand all round remains brisk. In most districts only small tonnages are available for prompt business. Large coal generally shows an easier tendency. Land sale business has fallen off to some extent, and foreign business remains dull.

Current export prices, f.o.b. district ports.—**LANARKSHIRE.**—Ell best, 17s. 6d.; splint best, 18s. 6d.—19s.; splint second, 16s. 6d.—17s.; navigation, screened, 15s.—15s. 6d.; navigation, unscreened, 14s.—14s. 6d.; steam, 15s.; trebles, 15s. 6d.—16s.; doubles, 15s. 6d.; singles, 15s. 6d.—16s.; pearls, 14s.—14s. 6d.; dross, 12s. 6d. **FIFE.**—Best unscreened navigation, 13s. 3d.; unscreened navigation, 13s.; first-class steam, 14s. 9d.—15s.; third-class steam, 13s. 9d.—14s.; trebles, 15s.—16s.; doubles, 14s. 6d.—14s. 9d.; singles, 14s. 9d.—15s.; pearls, 13s. 6d.—14s. **LOTHIANS.**—Best splint, 14s.; prime steam, 13s.—14s.; secondary steam, 12s.—12s. 6d.; unscreened

navigation, 13s.—13s. 6d.; trebles, 15s. 6d.; doubles, 15s. 6d.; pearls, 14s. **AYRSHIRE.**—Best unscreened navigation—16s.; steam, 13s.—13s. 6d.; trebles, 15s. 6d.; doubles, 15s. nominal; pearls, nominal; dross, nominal.

CARDIFF.—There has been little, if any, improvement this week in the condition of the South Wales coal trade. There have been comparatively few fresh inquiries, and, with the settlement of wages dispute in the French coalfields, the anticipation of abn shipments to France has been disappointed. There is a glut of large coal, and, with production declining, smalls and sized coals are becoming still more scarce, and their prices are very high. With shipowners taking more large grades for bunkering purposes through coals are also a relatively strong feature. Coke is firm, with foundry prices ruling up to 47s. 6d. per ton and fu grades up to 25s. Patent fuel and pitwood are unchanged. Dements in the cargo and coastwise trades last week totalled 32 tons, compared with 436,200 tons in the corresponding week year. The tonnage position continues unsatisfactory and little any, increase in the volume of trade is likely this week. The G. Western Railway Company have announced their intention closing down temporarily the Penarth Dock. It is estimated the economies from this decision will amount to between £20 and £21,000 per annum, but the action of the company has provoked considerable local resentment, and representations on the subject have been made to the Government.

Current approximate quotations:—Best Admiralties, 19s. seconds, 18s. 9d. to 19s. 3d.; best drys, 18s. 6d.; Black V. 18s. 3d.; Western Valleys, 17s. 6d. to 17s. 9d.; Eastern Vail 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. 6d. 14s. 6d.; seconds, 13s. to 14s.; coking smalls, 14s. 3d. to 14s. anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 2 machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 5 stove nuts, 34s. to 50s. 9d.; rubbly culm, 11s. 6d. to 12s.; spe foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21 pitwood, ex ship, French, 24s. 3d.; Portuguese, 21s. to 21s. 6d.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that a quieter tone has developed in steel markets. But this is a seasonal movement and have become slightly accentuated this year owing to the fact that prices of some descriptions will be raised in the near future. All departments of the industry are busily engaged in making cations against contracts are reaching the work. In the pig iron department the difficulty of finding makers find it impossible to keep pace with the demand. In the pig iron department the difficulty of finding makers find it impossible to keep pace with the demand. For several weeks demand has outrun supplies in some districts are exhausted.

The situation in the semi-finished iron and steel capital bonus 50 per cent. somewhat alleviated as a result of the fact that imports of foreign materials by the Iron and Steel Federation. All the departments of the industry are busily engaged in making cations against contracts are reaching the work. In the pig iron department the difficulty of finding makers find it impossible to keep pace with the demand. In the pig iron department the difficulty of finding makers find it impossible to keep pace with the demand. For several weeks demand has outrun supplies in some districts are exhausted.

Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year
ILWAYS	4%*	4½%*	...
Southern Mahratta	5%*	5%*	...
BANK	5%*	5%*	...
Bank of New South Wales	11½%*	11½%*	...
Imperial Bank of Iran (66)	19%*	19%*	...
Commercial Union Assurance	2-0%*	2-0%*	...
Gresham Fire and Accident	14%*	14%*	...
Licenses and General Insurance	4%*	4%*	...
London and Manchester Assurance	4%*	4%*	...
Planet Assurance	4%*	4%*	...
United Insurance	2-0%*	2-0%*	...
TEA AND RUBBER	2½%*	2½%*	...
Batu Lintang Rubber	8%*	8%*	...
Bukit Sembawang Rubber	8%*	8%*	...
Carnarvon (Selangor) Rubber	8%*	8%*	...
Demodera Tea	5%*	5%*	...
Devitural Rubber and Tea	5%*	5%*	...
Devitural Tea of Ceylon	3%*	3%*	...
Galaha Ceylon Tea	15%*	15%*	...
Highland Tea of Ceylon	15%*	15%*	...
Hanipha (Ceylon) Tea and Rubber	15%*	15%*	...
Hong Kong (Selangor) Rubber	15%*	15%*	...
Kelani Valley Rubber	15%*	15%*	...
Lawas (Sarawak) Estates	15%*	15%*	...
Mahawale Rubber and Tea	15%*	15%*	...
Rangalia Consolidated	15%*	15%*	...
Roselaugh (Ceylon) Tea	15%*	15%*	...
Sabrang Rubber	15%*	15%*	...
Sungei Buloh Rubber	15%*	15%*	...
Sungei Matang Rubber	15%*	15%*	...
Sungei Telor (Malaya) Rubber	15%*	15%*	...
Tanaka Estate	15%*	15%*	...

WOOL.—Bradford.—The past fortnight has not been a very active period in Bradford, but merino top prices have remained firm, and makers have endeavoured to keep their quotations in line with replacement cost. The only wool sales to be held in Australia between now and the end of June are those at which the remnants of the old clip and a little of the new clip will be offered. A small series has been held in Brisbane this week, and Bradford importers state that the clean cost of 64-70's wool was 29d., delivered here. Many of the lots were of mixed quality, but the cost given was barely sufficient to buy warp wool. The estimated cost in the top of good 64's was around 34d. This price is not realisable here, though some makers of the best standard tops have asked that figure this week. Since Easter there has been a little improvement in the output of tops from the combs, and importing topmakers who run their own machinery are still very busy. These regard the outlook optimistically. They expect a little squeeze in merino wool before the next Australian clip comes forward. Demand for crossbred tops is fairly good, and there is a large consumption. Slips and other crossbred wool sold to the United States has been re-offered to Bradford, but the prices are often not competitive and it is not likely that any harm will be done to crossbreds at the series of London sales which will commence on May 5th. The total quantity of wool available is 91,300 bales, and includes about 24,000 bales from Australia, 48,900 bales from New Zealand, 800 bales from South Africa, and 16,800 bales from South America. Fully firm prices are expected for all descriptions, though the home trade will not go much beyond prices at the last sales unless forced by foreign buyers. There is very little merino wool in Bradford which is not sold in the top, and whilst crossbred wool is still a speculative proposition, consumption has been good all this year. Spinners and manufacturers are impressed by the improvement in wool prices. The latter are taking up their botany yarn contracts quite well, and coating firms desire quick delivery. Spinners of coloured yarn are pressed for delivery. Demand for crossbred yarn is mostly from home trade manufacturers. Wholesale piece goods houses are waiting delivery of suiting and other cloths for men's wear, but so far retail business has been delayed by the cold weather.

GRAIN MARKETS

WHEAT.—The strength of the market, noted a week ago, has not been maintained. The easier tone which has been in evidence this week is principally due to the news of more favourable weather in the growing areas of North America. Liverpool and London have reacted in sympathy with Chicago and Winnipeg.

On Wednesday last, "May" futures were quoted in Chicago at 97½ cents per bushel, against 101½ cents the week before and 96½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 33s. to 33s. 6d. per 496 lbs., against 33s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 32s. 6d. to 33s., against 33s. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 896,000 quarters, against 811,000 in the previous week and 1,029,000 quarters in the corresponding week a year ago.

FLOUR.—The market remains about steady at last week's quotations. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 29s. 6d. per 280 lbs., against 29s. 6d. a week ago; delivered inner London, 29s., as compared with 29s. a week ago. Manitoba patents, ex store, 26s. 3d. to 28s., against 26s. 6d. to 28s. 3d. a week ago. Australian, ex store, 22s. 6d. to 23s., against 22s. to 23s. a week ago.

BARLEY.—The tone of the market in imported barley has been steady. Samples of English barley now on offer show a poor average quality and low prices are general. "May" futures were quoted at 37½ cents per bushel in Winnipeg on Wednesday, against 38½ cents a week ago and 38½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 22s. 6d., as against 22s. 6d. a week ago; "English Malting" at farm, 25s. to 40s., against 25s. to 40s. a week ago.

OATS.—Prices in this country remain unchanged. On Wednesday, "May" futures were quoted at 25½ cents per bushel in Chicago, against 27½ cents a week ago and 25½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 18s. to 19s. per 336 lbs., against 18s. to 19s. a week ago; "English White" at farm, 18s. to 19s., against 18s. to 19s. a week earlier.

MAIZE.—Prices for spot and near positions have risen somewhat during the past week, but distant positions have gain less. Adverse weather conditions have further delayed the picking and conditioning of the Argentine crop, and the moderate shipments have been readily cleared. "May" futures were quoted on Wednesday at 63 cents per bushel in Chicago, against 64½ cents a week ago, and 60½ cents last month. Quotations in London, Wednesday: "Plate," landed, 19s. 9d. per 480 lbs., compared with 19s. 6d. a week ago; "Plate," ex ship, 19s., as against 18s. 9d. a week ago; "Plate," "April," 18s. 9d., as against 18s. 9d. a week ago; yellow maize meal, ex wharf, was quoted at £5 5s. to £5 7s. 6d. per ton, as against £5 7s. 6d. last week.

SALES: PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to April 25	107,014	154,474	170,539	156,163
34 weeks to April 25	7,638,296	9,499,405	11,563,167	11,634,314
Average price of English wheat per cwt.	s. d. 5 2	s. d. 4 5	s. d. 5 1	s. d. 6 7

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Apr. 23, 1932	Cwts. 121,632	Cwts. 27,186	Cwts. 25,794	s. d. 6 0	s. d. 7 10	s. d. 7 6
Apr. 22, 1933	107,014	50,729	33,031	5 2	6 1	5 8
Apr. 23, 1934	154,474	34,343	26,882	4 5	7 11	6 1
Apr. 27, 1935	170,539	55,576	28,402	5 1	7 2	7 0
Apr. 18, 1936	154,083	28,964	25,206	6 6	6 11	5 11
Apr. 25, 1936	156,168	28,876	22,415	6 7	7 4	5 11

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

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	May 1, 1935	Dec. 31, 1935	Apr. 22, 1936	Apr. 29, 1936
Winnipeg (No. 1 Manitoba) Cents per 60 lb.	65½	82½	88½	84½	82½	79½
Chicago (No. 2 Winter) Cents per 60 lb.	84½	98½	97½	101½	101½	97½

The visible supply of wheat in Canada amounts to 103,871,000 bushels, against 111,378,000 bushels last week, and 106,117,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—Demand has improved at the lower level of quotations and the market has had a firm tone this week. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 88s. to 88s.; Canadian, 80s.; Danish, 92s., as against 84s. to 88s., 80s. and 92s., respectively, a week ago. Arrivals in London last week included Danish, 12,338 bales; Canadian, 4,397; Dutch, 2,450; Lithuanian, 1,768; and Polish, 2,795, as against 13,666, 3,774, 2,849, 1,726 and 2,960, respectively, in the previous week.

BUTTER.—Quotations for Empire butter have remained about steady during the period under review, but Danish is a shade easier this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 88s.; Australian, choicest salted, 87s.; Danish, 102s.; compared with 87s. to 88s., 87s. and 103s., respectively, a week ago.

CHEESE.—Business remains moderate and the market has ruled generally steady this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 80s. to 86s.; Canadian, finest coloured, 64s.; and New Zealand, finest coloured, 53s. 6d. to 54s.; against 80s. to 86s., 63s. to 64s. and 53s. to 53s. 6d., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. Meanwhile, in London, Accra cocoa remains a firm market. On Wednesday last, good fermented new crop, "May-June," was quoted 24s. 3d. per 250 kilos, c.i.f. Continent, against 24s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 14,828 bags; delivered, for home consumption, 5,147 bags; exported, 86 bags; stocks, 166,387 bags, against 194,779 bags a year ago.

COFFEE.—The London spot market ruled steady on Monday. At Tuesday's public auctions Costa Rica, London and foreign cleaned, ruled fully steady to occasionally dearer, but Kenya and East India descriptions were of poor quality and met with little demand. The New York market has been quiet, with prices unchanged. On Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 4 cwt.; delivered, for home consumption, 63 cwt.; exported, nil; stocks, 11,460 cwt., against 18,431 bags a year ago. Central and other South American, landed, 8,331 cwt.; delivered, for home consumption, 3,776 cwt.; exported, 1,162 cwt.; stocks, 120,945 cwt., against 106,443 packages last year. Other kinds, landed, 11,838 cwt.; delivered, for home consumption, 3,543 cwt.; exported, 326 cwt.; stocks, 178,985 cwt., against 126,427 packages last year.

EGGS.—At Tooley Street on Monday prices became firmer. There was still a good demand, especially for unstamped eggs and for the cheaper varieties such as Polish and Yugoslavian. At Smithfield

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on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 10s. to 10s. 6d. per 120, as against 9s. 3d. to 9s. 6d. last week, while Danish (15½ lb.) made 8s. 6d. to 8s. 9d. per 120, against 8s. 6d. to 8s. 9d. last week.

EGG MARKETING SCHEME.—The county branches of the National Farmers Union and the constituent bodies of the National Poultry Council are considering proposals for an egg marketing scheme, drafted by a joint committee of these two bodies. They are asked to say whether they favour the communication of these proposals to the Minister of Agriculture as an indication of the kind of scheme which could be submitted formally later on, when the Government's policy for the industry has been announced. A producers' board is proposed, to administer a compulsory scheme under the Agricultural Marketing Acts, the country being divided into areas with one packing station for each. Producers would sell their eggs to the area packing station, where they would be candled and graded, the Board fixing minimum prices at which the different grades of eggs should be sold to the public.

FRUIT.—Business at Covent Garden has been well maintained, fruit of all kinds clearing well, states *The Fruitgrower*. A steady demand has been experienced for all new season apples and quotations are a point firmer for most varieties. Small supplies of British Columbian were, however, offered at somewhat lower rates. Nova Scotian barrel apples have now finished and American have mostly been cleared. Pears continue to enjoy a steady sale. South African grapes are also in active demand at good rates, while Australian black grapes are turning out well. With the milder weather, demand has improved for peaches and for English forced strawberries, prices for which are steady. Oranges continue to sell well, all reliable parcels being firm in price. Lemons remain short and dear, while business in grapefruit shows some improvement.

MEAT.—After a moderate opening on Monday, business became dull, and supplies were not cleared. On Wednesday last Argentine chilled hindquarters were quoted at 3s. 8d. to 4s. per 8 lbs., as compared with 3s. 8d. to 4s. a week ago. New Zealand frozen mutton was 3s. 4d. to 4s. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,448 tons, a decrease of 1,457 tons on the corresponding week last year. Beef and veal accounted for 5,057 tons, mutton and lamb 2,733 tons, and pork and bacon 1,194 tons, as compared with 4,011, 2,707, and 814 tons, respectively, in the same week of 1935.

MILK.—With the object of transferring to the local authorities the duty of granting licences to producers of certain grades of milk and of improving and simplifying the special designations of milk, the Minister of Health has made a new Milk (Special Designations) Order (S.R.O. 1936, No. 356) to come into force on June 1, 1936. The Order reduces the number of special grades of milk to three, as follows: (a) *Tuberculin Tested* will be the only designation for raw milk from tuberculin tested cows; (b) *Accredited* will apply to raw milk from cows regularly inspected by a veterinary surgeon, but not tuberculin tested; (c) *Pasteurised* will describe milk which has been held at a temperature of 145°-150° F. for 30 minutes. "Tuberculin Tested" milk may also be pasteurised, in which case it must be sold as *Tuberculin Tested Milk Pasteurised*. Moreover, when tuberculin tested milk is bottled on the farm, the Order will permit it to be described as *Tuberculin Tested Milk (Certified)*.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 24 tons; delivered, 6 tons; stocks, 1,717 tons, against 2,220 tons a year ago. White, landed, nil; delivered, 35 tons; stocks, 12,457 tons, against 19,817 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 9s. per cwt. ex warehouse on Wednesday, as compared with 8s. 6d. per cwt. a week ago. "April-May" in singles to Continent and U.K., was quoted at 8s. per cwt., against 8s. per cwt. a week ago. Movements in London during the past week were as follows: Landed, 141 tons; delivered, 179 tons; stocks, 939 tons, against 1,434 tons a year ago.

SUGAR.—The London market has been quiet this week, with prices a shade easier. In New York, the spot market has exhibited a steady tendency, prices remaining unchanged. The spot price in New York on Wednesday was 3.75 cents per lb., as compared with 3.75 cents per lb. last week and 3.75 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "May delivery" at 4s. 10d. to 4s. 10½d., against 5s. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 1,841 tons, against 23,357 tons last week and 3,569 tons in the same week of last year; deliveries, 17,367 tons, against 14,370 tons last week and 14,556 tons last year; stocks, 215,050 tons, against 230,576 tons last week and 161,442 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
Apr. 16, 1935	d. 11-66	d. 14-22	d. 16-41	d. Nil	d. Nil	d. 10-24	d. 13-78
Mar. 19, 1936	d. 12-96	d. 13-75	d. 14-90	d. 11-15	d. 10-77	d. 11-97	d. 13-34
Mar. 26, "	d. 12-97	d. 14-05	d. 15-45	d. 11-06	d. 10-73	d. 12-04	d. 13-49
Apr. 2, "	d. 12-91	d. 13-33	d. 15-84	d. 10-86	d. 10-47	d. 11-98	d. 13-43
Apr. 7, "	d. 12-73	d. 14-74	d. 15-95	d. Nil	d. Nil	d. 11-78	d. 14-30
Apr. 23, "	d. 12-67	d. 14-00	d. 15-99	d. 11-00	d. 10-47	d. 11-95	d. 13-41

This week's offerings at the public auctions in Mincing Lane comprised 53,743 packages of Indian and 22,137 packages of Ceylon tea. The tone of the market in Indian teas was brisk, low price and medium kinds being in particularly active demand. A similar tendency was evident at Tuesday's Ceylon auctions, when medium teas advanced in price on strong competition. Leaf grades, however, were irregularly easier.

VEGETABLES.—Tomatoes have received more attention, following the break in the cold weather, says *The Fruitgrower's* Covent Garden report, but only moderate quantities are yet to hand. Demand for cucumbers has also improved, but increasing supplies have caused prices to ease somewhat. House-grown beans and peas remain in demand, and mushrooms are firmer; rhubarb sells well, and forced marrows are now more in evidence. All kitchen green-stuff remains very short and dear. Egyptian onions are firmer, and old carrots have also risen on short supplies; turnips are steady. New potatoes have enjoyed a better sale, Mataros being quoted at 19s. to 20s. per cwt. at the Borough Market on Tuesday. The sustained demand for old potatoes, coupled with shorter supplies, led to an all-round advance in price this week. Best siltland King Edward made from 8s. 6d. to 9s. 6d. at the Borough on Tuesday, against 8s. to 8s. 8d. last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Trade in both oilseeds and their products continues quiet, and is confined to immediate requirements. There is no disposition to do business for forward delivery owing to the unsettled international outlook and unstable economic conditions. Consequently, linseed is in only small demand, and mainly in near positions. So far as British crushers are concerned, Plate is neglected, but is receiving support from the Continent. A little trade in Indian descriptions is reported. Smaller shipments and fair arrivals have reduced the quantity of linseed afloat for Europe to 127,300 tons (including 34,700 tons from India), or 22,600 tons less than a week ago. Shipments of Plate seed are now being made to Canada. Shipments from Argentina and India in the aggregate to date form practically the same percentage of the total world's supplies as a year ago. Cottonseed is firmly held, but only a small trade in black Egyptians has been effected at ½d. 17s. 6d., May-June. For new crop ½d. 7s. 6d. was accepted, but ½d. 10s. is now asked for October-December.

Trade in linseed oil is of a hand-to-mouth character, but prices remain steady and without material change. Raw oil ex Hull mill for May-August delivery is now quoted at ½d. 26 5s, and September-December at ½d. 26 7s. 6d. per ton, naked. Export demand for cotton oil has fallen off, though heavy shipments under old contracts continue to be made from Hull to the United States. Crude Egyptian ex Hull is offered at ½d. 24 5s., and refined at ½d. 26 15s.; but demand is negligible. Oilcakes, however, are steady and in fair request.

FURS.—On Thursday and Friday of last week a sale of Australian furs was held by Messrs Lampson and Company and Messrs Anning and Cobb, the well-known London fur-auction houses. The collection on offer was relatively small, and the tendency at the sales was firm. The prices realised showed little change compared with those ruling in January and February of this year. The general Spring series opened in London on Monday last, with the sale of the Hudson's Bay Company. The attendance was quite good, all European importing countries, except Italy, being represented. Leipzig buyers were numerous, but the number of Paris merchants was smaller than in January and February. Visitors from the United States were, however, more numerous than at the previous sales. Supplies on offer were again rather scarce; moreover, a considerable proportion of the skins were withdrawn in anticipation of higher prices. The principal price changes, compared with the January sales, were as follows: Beaver, 25 per cent. higher; musquash (a small and unrepresentative collection), 7.5 per cent. higher; otter, 15 per cent. higher; fisher unchanged to 5 per cent. lower.

RUBBER.—The International Rubber Regulation Committee sprung a surprise on the market by deciding, at their Tuesday meeting, to raise the quotas for the second half of the year from 60 per cent. to 65 per cent. of the basic tonnages. The market expressed its disappointment by reducing prices; there was, however, little liquidation and the offers forthcoming were readily absorbed, partly by short covering and partly by trade orders. The change in the quota is discussed in a Note of the Week.

The spot price in New York on Wednesday was 15½ cents per lb., compared with 15½ cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., against 7½d. last week. In forward positions, business has been done at 7½d. to 7½d. for July-September shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 141,354 tons, against 143,337 tons a week earlier. A year ago stocks amounted to 165,272 tons.

TIMBER.—Imports of building and joinery woods from European and Canadian sources in March were a little above the corresponding period of 1935. Stocks on the London and provincial markets, on

the other hand, are considerably less. Spot prices are firming up, largely in response to shippers' optimistic views of the forward market. But there is still a margin between shippers' and British importers' ideas, and instances are quoted of some of the latter buying parcels from their trade competitors here in preference to ordering from abroad. Buying has been principally for spring and summer delivery. British orders for Russian timber for this year have been almost wholly placed, so that the lull in further large commitments is giving time for importers to distribute their wholesale purchases and thereby judge whether shippers' rates are justified. Demand for softwoods should continue active.

Hardwoods also continue firm in price at shipping centres generally, but on the spot sellers find it difficult to dispose of stocks a replacement values. American shippers are especially optimistic but there are such good supplies here of U.S.A., Canadian, Polish and Japanese woods that first-hand purchasers need not hasten to buy until the high forward rates have been well tried out. Small available stocks at shipping centres and increasing demand cause steep prices to be firm. There is little change in mahogany 10; prices over the past month, and demand still centres on the better qualities. Imports of plywood are heavy, but demand remains good.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, April 29th				The prices in the following are revised with the assistance of an eminent firm in each department.			
CEREALS AND MEAT				POTATOES—			
GRAIN, Etc.	s. d.	s. d.	s. d.	King Edward per cwt.	8 6	9 6	
Wheat—				SPICES—			
No. 2, N. Man. 496 lb.	32 6	33 0		Pepper, per lb.—			
Eng. Gaz. av., per cwt.	6 7			Black Lampung	0 2½		
Barley, Eng. Gaz. av.	7 4			White Muntok	0 4½		
Oats	5 11			Cinnamon—1st sort, per lb.	0 8		
Maize, La Plata, landed, 480 lb.	19 9			Cloves—Zanzibar per lb.	0 7½		
Flour, Lon. stan. ex mill, 280 lb.	27 9			Ginger—per cwt.—	62 6		
Rice, No. 2 Burma, per cwt.	8 0			African	62 6	90 0	
Tapioca, per cwt.—				Jamaica, ord. to good	1 2	2 4	
Fair Flake, Singapore				Mace	1 0		
MEAT—				Nutmegs, 65's	1 0		
Beef, per 8 lbs.—				SUGAR—			
English long sides	3 8	4 4		(Duty, 11/8 per cwt.)			
Argentine chilled hinds	3 8	4 0		Centrifugals, 96% prpt. shippn., c.i.f. U.K./Cont.	4 10½		
Mutton, per 8 lbs.—				B.W.I., crystallised	17 0	13 8	
English wethers	4 8	5 6		Java, white, c. & f. India	Nominal.		
N.Z. frozen	3 4	4 0		Oct.-Dec.			
Lamb, per 8 lbs.—				Refined—London—			
N.Z. frozen	4 8	5 4		Yellow Crystals	18 1½		
Pork, English, per 8 lbs.	4 10	5 4		Cubes	22 4½	22 10½	
OTHER FOODS				Crushed	20 14	20 7½	
English, per cwt.	85 0	88 0		Granulated	18 6	22 1½	
h	84 0	84 0		Home Grown	18 3	18 9	
h	85 0			TEA—			
MS				Indian—per lb.—			
Canadian	92 0	94 0		Pekoe	1 0	1 1½	
American	92 0	94 0		Broken Pekoe	0 11½	1 4	
UTTER—				Orange Pekoe	1 0½	1 8½	
Australian	87 0			Broken Orange Pekoe	1 0	2 0½	
New Zealand	88 0			Ceylon—per lb.—			
Danish	102 0			Pekoe	1 0	2 2½	
CHEESE—				Broken Pekoe	1 0½	1 5½	
Canadian	64 0			Orange Pekoe	1 1	2 2½	
New Zealand	53 6	54 0		Broken Orange	1 0½	2 3½	
English Cheddars	80 0	86 0		TOBACCO—			
Dutch	43 0	48 0		(Duty, 9/8-10/6) per lb.			
COCOA—				Empire growth, 7/5½-8/3½ (per lb.)			
(Duty, British grown, 11/8; foreign, 14/- cwt.)				Virginia leaf—			
Accra, f.f. per cwt.	24 9	25 6		Common to fine	0 8	2 6	
Trinidad	38 0	48 0		Rhodesian leaf	0 8	1 10	
Grenada	33 0	36 6		Nyasaland leaf	0 7	1 4	
COFFEE—				" strips	0 9	1 6	
(Duty, British grown, 4/8; foreign, 14/- cwt.)				East Indian leaf	0 5	1 4	
Santos sup. c. & f. cwt.	38 0	55 0		" strips	0 6	1 6	
Colombian, good	46 0	50 0		TEXTILES			
Costa Rica, med. to good	52 0	75 0		COTTON—			
East Indian " "	45 0	68 0		Mid-American	6-52		
Kenya, medium " "	48 0	62 0		Sakellariadis, f.g.f.	9-00		
BEGGS—				Yarns, 32's twist	10½		
English	10 0	10 6		60's twist	15½		
Danish	8 6	8 9		FLAX—			
FRUIT—Oranges—				Lyvonian ZK	57 0	£ s. d.	
Dania	12 0	20 0		Pernau HD.	58 0		
Jaffa	12 0	16 0		Slanetz Medium 1st sort	68 0	70 0	
Lemons, Malaga .. cases	20 0	20 0		HRMP			
" Sicilian .. boxes	22 0	33 0		Italian P.C. per ton	nominal		
Apples: Amer. (var.) bris.	25 0	30 0		Manilla, Apr.-June " J 2 "	25 10	26 10	
" (var.) boxes	11 0	13 0		Sisal, African	25 0		
" Australian ..	9 0	13 6		JUTE—			
Onions—				Native 1st mks. per ton			
Valencia, case	7 6	8 0		c.i.f. H.A.R.B.	£19/3/9		
Egyptian, bags				May-June			
Grapes, Almeria barrels				Daisies 2/3 c.i.f. Dundee	£19/12/6		
Grapefruit, Jamaica ..	16 0	18 0		May-June			
" Amer.				SILK—			
LARD—				Canton	4 6	6 9	
Irish bladders	64 0	72 0		Tussah	3 6	4 6	
U.S. per cwt.	60 6	61 6		Japan	6 9	7 6	
				Italian—raw, fr. Milan	7 8	11 0	

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

UNITED STATES

(New York quotations, unless otherwise stated)

	May 1, 1935	Apr. 1, 1936	Apr. 22, 1936	Apr. 29, 1936		May 1, 1935	Apr. 1, 1936	Apr. 22, 1936	Apr. 29, 1936
Wheat, No. 2, Winter, nearest future, Chicago, per bushel....	97½	96½	101½	97½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.....	3.30	3.75	3.75	3.75
Maize, nearest future, Chicago, per bushel	89½	60½	64½	63	Cotton, middling, spot, per lb.	12.15	11.56	11.85	11.60
Oats, nearest future, Chicago, per bushel	47½	25½	27½	25½	Rubber, smoked sheet, spot, per lb.....	11½	15½	15½	15½
Rye, nearest future, Chicago, per bushel	56½	52½	53½	50½	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel.....	94	104	104	104
Barley, nearest future, Chicago, per bushel	(a)	(a)	(a)	37	Copper, "Electrolytic," Domestic, spot, per lb.....	7.50	8.85	8.95	8.92½
Coffee, Rio No. 7, cash, per lb.	6½	6½	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.....	7.70	9.07½	9.20	9.15
" Santos No. 4, cash, per lb.	8½	8½	8½	8½	Spelter, East St. Louis, spot, per lb.....	4.10	4.90	4.90	4.90
Cocoa, Accra, nearest future, per lb.....	4.50	5.02	5.03	5.06	Lead, spot, per lb.	3.75	4.60	4.60	4.60
					Tin, "Straits," spot, per lb.....	50.90	47.55	46.75	46.62½

(a) Nominal.

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

MONDAY, MAY 4—ARMAMENT METAL COMPANIES (concluded).
This article outlines the position and prospects in the markets
for MANGANESE and VANADIUM—two leading armament and
engineering steel alloy metals—and investigates the various Com-
panies producing them.

Important Notice

This issue will include a Special 36-page Supplement on
BELGIUM,

which will be presented gratis. This fully illustrated Supplement
contains a full review of Belgium's economic experience in every
section of her industrial and financial life since the van Zeeland
Government took the step of devaluing the Belga just over a year
ago.

TUESDAY, MAY 5—PROSPECTS IN THE KAFFIR MARKET. Our
Special Mining Correspondent "MINOTAUR" this week returns,
after a considerable interval, to review the prospects in the Kaffir
Market in the light of new factors of recent origin—the new tax-
ation basis, the French election scare and the European political
uncertainties.

WEDNESDAY, THURSDAY and FRIDAY, MAY 6, 7 and 8—COM-
PANIES AND THEIR PROFIT-EARNING CAPACITY: No. 14
Continued. THE AUTOMOBILE INDUSTRY (Articles 4 and 6).

Following our general survey of the Motor Industry during the
present week, we now turn to examine the position and prospects
of the individual Companies, starting next week with the accessory
manufacturers. These will be covered as follows:—

Wednesday, May 6—GENERAL EQUIPMENT

including J. Lucas
Simms Motor Units and
S. Smith (M.A.)

Thursday, May 7—BODIES—RADIATORS—GLASS

including Briggs Bodies
Sereck Radiators
Triplex
Splintex

Friday, May 8—TYRES

including Dunlop
Goodyear
Avon

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THE ECONOMIST

Vol. CXXIII

SATURDAY, MAY 9, 1936

No. 4837

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THE END OF A CHAPTER

The flight of the Emperor of Ethiopia from his capital brings not only Abyssinia, but all Europe and the world, to the end of a chapter. Haile Selassie had no other alternatives than exile or a futile death. His long resistance, inadequately equipped, had proved fruitless; Italian gas and Italian bombs did their work only too well; and thousands of black men—Ethiopians and Askaris alike—have been butchered to make a Roman holiday.

Yet Signor Mussolini's victory is no mere triumph over Ethiopia. It is a triumph over the League of Nations—or rather over the fifty Governments which compose it. Especially is it a triumph over the British and French Governments, which between them have either rendered the League's system of security impotent, or allowed it to become so. If Waterloo was won on the playing-fields of Eton, Addis Ababa has been lost between London and Paris.

But if this is the note on which a lamentable chapter of post-war history ends, it is not the end of the story. For another chapter must now open. Let us, then, appraise the present state of affairs.

First, the Emperor of Ethiopia has not abdicated his sovereign rights. Secondly, the League Council is to meet next Monday, when it must not only take cognizance of the Italian military successes, but also consider its attitude to the *fait accompli* which, Signor Mussolini has said, now faces it. The Italian dictator has openly declared that he will annex Abyssinia in defiance alike of the League and of pre-war treaties. The various Governments which compose the "sanctions front" are thus faced with the complete failure of their concerted, if half-hearted, measures to prevent the rape of Abyssinia. Now these Governments are the League in action; consequently upon them rests the responsibility for deciding not only their attitude to Italy, but also, therewith, whether the League can ever hope to prove effective in despoiling the aggressor of ill-gotten gains. To this end the Governments of the "sanctions" Powers should demand such procedure and terms for peace as will be compatible with the League's principles. If Signor Mussolini, in the flush of victory, sticks to his proclamation that Abyssinia is now Italian territory, the

British Government must surely follow the advice of General Smuts and General Hertzog this week, and invite its colleagues not only to keep on sanctions, "for years if necessary," but to intensify them. Only so can the fundamental principles of the League be saved from complete stultification. The "sanctions" Powers should demand that the Emperor be allowed to put forward his case at Geneva, in person if he so desires; that the League be satisfied, by its own inquiry, of the credentials of any provisional Abyssinian Government; and that it should approve any terms of peace.

It is only on some such conditions that the League Powers can honourably agree to Italy's remaining a League Member. It is the League which has been defeated in Abyssinia; and, if the League is to continue to hold out guarantees of international conduct, and to command the adherence of the Powers, it cannot passively acquiesce, by lifting sanctions, in the rape of a small by a big State-Member. If it does so, the revulsion of feeling produced in this country by such a moral *débâcle* will be immediate and overwhelming. The British people will scarcely be restrained from consigning the Continent to its doom at the hands of any violent aggressor. Only two of the European Great Powers fall under this suspicion: Italy and Germany. Their aims and ambitions may clash in Central Europe; or they may put their heads together. But the British people will not connive (even if France and other Powers connive) at Italy's violent annexation of Ethiopia merely to secure Italian support for the purely European interests of League Powers—and still less for Italy's own interests in Central Europe. The "Stresa Front" can command no moral allegiance from the British people to-day.

Only one melancholy compensation remains for the failure of the League to save Abyssinia from conquest. It has forced this country to review its attitude towards a system which is an element in our own vital security. As Sir Archibald Sinclair, Dr. Dalton and Mr Geoffrey Mander have pointed out in the Commons this week, the League's failure was mainly due to the British Government's avowed unwillingness to incur the risk of war in

DOMINION OF CANADA

THREE PER CENT. LOAN, C.P.R. THREE-AND-A-HALF PER CENT. LAND GRANT LOAN, 1938, AND THREE-AND-A-HALF PER CENT. REGISTERED STOCK, 1930-50.

For the purpose of preparing the interest Warrants due 1st July, 1936, the BALANCES will be STRUCK on the evening of the 2nd June, 1936, after which date the stocks will be transferred ex-dividend. Coupons must be left for examination between the hours of 10 and 2 o'clock (Saturdays excepted) three clear days prior to payment being made.

Forms for listing coupons may be had on application on and after the 17th June, 1936.

For BANK OF MONTREAL, Financial Agents of the Government of the Dominion of Canada.

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1st May, 1936.

PROVINCE OF ONTARIO

THREE-AND-A-HALF PER CENT. REGISTERED STOCK, 1946, AND FOUR-AND-A-HALF PER CENT. REGISTERED STOCK, 1945-65.

For the purpose of preparing the interest Warrants due 1st July, 1936, the BALANCES will be STRUCK on the evening of the 2nd June, 1936, after which date the Stock will be transferred ex-dividend.

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defence of League principles. We are now faced with the necessity of choosing one of three possible foreign policies: isolation; more effective co-operation in enabling the League to restrain an aggressor; and specific alliances.

What Italy and Germany have already succeeded in doing proves that, sooner or later, the isolation policy will end in a clash between our own interests and those of either or both of these countries. We may then have a war thrust upon us. It is significant that no one in the debate on Wednesday was found to advocate a policy of thoroughgoing isolation.

As to the second of these policies, the failure of the League Powers to prevent the annexation of Manchuria by Japan and of Abyssinia by Italy—both within the space of four years—has emphasised the crucial weakness of the League: namely, that its clear commitments have no correspondingly clear provisions for their execution in particular cases. If the League Council fails on Monday either to command respect for its principles from Signor Mussolini or to agree on measures to compel that respect, we have only these alternatives: to recognise the need to refashion the League, or to withdraw from it. Our vital interests no less than the moral sense of the nation demand that we at least attempt the former.

This refashioning must not—as some desire—limit commitments and turn the League into a debating society. It must strengthen the League by giving it both the law and the power to enforce it. If this is impossible of achievement—if, in short, facts prove that the world is unripe for collective security—it were better to cut our loss and leave the League. For an association which makes a pretence of affording security, but does not, is a positive danger—a snare to those who most believe in it, and a device which weights the scales in favour of the unjust rather than the just. Its evident feebleness would be likely to increase rather than to diminish the risk of a Continental war.

Indeed, an emasculated League would have no advantage over a system of specific alliances. And it would certainly give rise to such a system. Indeed, in Wednesday's debate Sir Austen Chamberlain, who urged the lifting of sanctions on the ground that their continuance might lead to war at a moment when we need Italy's help in Europe, frankly proposed a system of "regional pacts of guarantee" in substitution for the general League guarantee which has failed so disastrously over Abyssinia; while Mr Bernays advocated the creation of a Channel State consisting of Holland, Belgium, France and ourselves. Many other speakers in the last few weeks, both inside and outside Parliament, have also urged specific alliances and clear-cut undertakings of military action by this country.

These proposals have only one merit. Britain, Europe and the world would be clear—as they were not clear before the war, and as the League has not been clear since—over the issues upon which this country would definitely be prepared to fight. But if they are all that is left, they leave Europe ranged in rival camps, with nothing to arrest the steady drift into war which such a grouping must tend to set in motion. There is only one way in which this drift can be arrested, and that is by the alternative which quite clearly commands the majority opinion of Great Britain—namely, a strengthened League. Into its framework must be fitted the regional agreements of which Sir Austen and Mr Bernays spoke,—provided they are supplementary to, and not in substitution for, general obligations to assist in enforcing respect for the League's principles. Only to the extent that regional agreements can be adjusted to the framework of the League—on the model of Locarno—can they prove one of its most valuable weapons.

Restoration of the League's authority will be immeasurably more difficult if the League Members cravenly profess impotence to influence the ultimate outcome of this, the greatest of the League's test cases. The change of Government in France, no less than the striking evidences of support from other countries of Europe and from the Dominions, show that, if His Majesty's Government make a stand, this final humiliation may yet be averted. It is imperative that Mr Eden should be instructed to invite the Council on Monday to stand firm. He should not be told to leave the initiative to others. This country is in no mind to see Britain's foreign policy allowed to drift before whatever may happen to be the prevailing wind.

FRANCE'S NEW RULERS

WITH the announcement of the results of the second ballot which was taken last Sunday, the meaning of the General Election which has just been held in France is beginning to appear. Already two plain facts stand out. In the first place, the electors have voted as much on foreign as on domestic issues; in the second place, the extremists have gained—and this at both ends of the political gamut—at the expense of the middle parties.

On the extreme Left wing, the most sensational gain, in absolute numbers of seats and *a fortiori* in proportion to strength in the last Chamber, has been that of the Communists. From 10, their numbers have risen to 72. At the same time, the Socialists have advanced from 97 seats to 146, which makes them the strongest single party in the new Chamber. When we add the Dissident Communists, who are now ten strong instead of eleven, we find that the Marxists now hold, between them, 228 seats in all (instead of only 118) out of a total of 615. Meanwhile, on the extreme right, the Independent Conservatives have risen from six to eleven, and M. Marin's Republican and Democratic Union from 76 to 88; while their hardly less reactionary friends, who rejoice in the name of "Popular Democrats," have held their own at 23; so that the total forces of the extreme right stand to-day at 122 (against a previous figure of 105). On the other hand, the Right Centre has shrunk from 164 to 115, and the Left Centre (i.e. the Socialist-Radicals and Independent Socialists, together with M. Paul-Boncour's Socialist and Republican Union) has shrunk from 224 to 150. In particular, the Socialist-Radicals have suffered the largest loss of any single party. Their numbers have fallen from 158 to 115, and they have forfeited the position of being the strongest single party to the Socialists.

What do these changes tell us about the mind of the French electorate? It looks as though the electors had been intending to protest, through their votes on this occasion, against the riling experience—to which they have been treated so often, and especially during the last four years—of voting for the Left and then being governed by the Right, as a result of the Centre's vacillations towards the Right. This time, the French elector has shown a marked predilection not only for the straight Left but also for the straight Right, in preference to Centre parties of either complexion. And it is the Left Centre, still more than the Right Centre, that has felt the elector's displeasure. This was to be expected; for after all, it is neither unnatural nor shocking that the Right Centre should play into the hands of the Right. It is the policy of the Left Centre, and particularly of the Socialist-Radicals, in the last Chamber which has been most open to the charge of being a betrayal of the electoral mandate. Again and again they have played the Right's game, and this from unheroic motives of *bourgeois* timidity. Above all it is the successive Budgetary cuts, culminating in M. Laval's "*décrets de misère*," which have stirred popular resentment. The electorate has shown its disapproval of the Radicals' conduct by meting out to them a rather severe punishment; but it remains to be seen whether, after all, the strength of the Socialist-Radicals has now been reduced to a point at which it will be impossible for them to play their old game again. Even as the second largest, instead of the largest, single party in the Chamber, they may still find themselves holding the key position, especially if they work closely together with the two smaller parties to the left of them and to the right of the Socialists.

The position is this: the Socialists have decided to break with their old tradition by taking office at last—even in a Chamber in which they themselves do not command an absolute majority. This decision means, in the circumstances, a readiness to go into coalition. But the Socialists cannot coalesce with the Communists because the Communists have now taken up the policy, which the Socialists have just dropped, of not taking office. The Socialists, therefore, must look to the Left Centre for partners; and the Left Centre, with their 150 seats against the Socialists' 146, can bargain with the Socialists on equal terms. Together, they may form a Government on a Marxist-Radical compromise policy; but even with their united forces of 296,

they will not command a majority in a Chamber of 615 deputies. They will therefore have to obtain the support of some group outside the coalition; and this support can be solicited alternatively either from the 82 Communists or from the 115 deputies of the Right Centre. Either of these arrangements will necessitate compromising still further a policy that will already have been compromised; and at this point the question arises whether the Socialists can find a working basis for co-operation with the Right Centre, or the Radical-Socialists a working basis for co-operation with the Communists.

Which, then, is the more probable? A Socialist-Left Centre coalition leaning on the Communists? Or a Left Centre-Socialist coalition leaning on the Right Centre? The answer to this question turns on the temper and attitude of the Communists. Will they scare and alienate the Radical-Socialists, or will they discreetly make up to them? We fancy that the Communists will take the latter of these two alternative courses, and this for two reasons: their exotic Russian political affiliations are forcing them to go patriotic, while their native French social heritage is inclining them to go *bourgeois*.

The *bourgeois* vein in the French Communists, which has come out during the recent election campaign, will hardly have surprised British observers who are familiar with the history of the labour movement in this country. In countries like France and Great Britain, in which the *bourgeois* tradition springs from the local soil, it is an extraordinarily tenacious social plant, and it is next to impossible for younger growths to escape from its shadow. The French Communists, in fact, appear to be as *Bourgeois-Republican* as the British Labour Party is *Bourgeois-Royalist*; and they are being spared any painful tug-of-war between this native tendency and the admonitions of their Muscovite pontiffs. For the last thing that Moscow wants, in the present international situation, is to goad the French Communists into revolutionary courses. To-day the Soviet Union treasures France, not as an arena for revolution, but as a military ally; and the French Communists, after the first shock of surprise at Moscow's disconcertingly realist attitude, have thankfully accepted the permission to present themselves as both patriots and *bourgeois* to their fellow-countrymen. Waving the tricolour and singing the Marseillaise, the French Communists, if they chose, might almost force a gate-crashing entry into the exclusive enclosure of the "Popular Democrats." *A fortiori*, if they direct their fraternal salute towards the Socialist-Radicals, M. Herriot and his friends can hardly refuse to return it.

On the home front, the policy of such a Left coalition Government is likely to be almost as moderate as that of the Labour Party in Great Britain in 1924. A Front Populaire regime will nationalise the armaments industry, but not the iron and steel industry as a whole; and they will not "nationalise" the Banque de France, but will certainly reform its constitution. Nor will they voluntarily devalue the franc, since the French public is still against it. Instead they will probably hope for an enforced devaluation before the Chamber meets at the beginning of June. (The economic situation in France is discussed on page 310.)

And what about foreign policy? For ourselves and for all other foreign onlookers, this is, of course, the principal question; and in a world in so grievous a plight—a plight in which we are catching at straws—we are tempted to hope for the millennium from a change of Government in France. Such hopes should be soberly kept in check if we wish to avoid being grievously disappointed. On the other hand, a Front Populaire regime in France is likely to depart from its predecessor's policy of making the Italo-French entente the keystone of French foreign policy, since Signor Mussolini, being the patron saint of the French Extreme Right, is *persona ingratis* to the Left. The new French Government may also be expected to set about repairing the damage that M. Laval has done to French relations with Great Britain; and it will naturally seek to strengthen French relations with Russia (which M. Herriot is keen on, as well as the Socialists and the Communists)—but without prejudice to a serious attempt to come to an understanding with Hitler. All this is to the good. The auguries for the future of Europe have certainly been improved by the results of the French elections.

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THE ANATOMY OF EMPLOYMENT—I

A LITTLE good may be the offspring of a great evil, and the enduring calamity of widespread British unemployment has at least given this country the most detailed returns of workers by hand or brain of any nation in the world. We take a census of population only every ten years and a complete census of industrial production every five. But the Ministry of Labour conducts a census of all workers between 16 and 64 registered under the Unemployment Insurance Act regularly every year and a census of unemployed workers every month. No extenuation can be pleaded, therefore, for ignorance on the part of statesmen, legislators or industrialists of the anatomy of our gravest social problem.

The measurement of employment is a somewhat more difficult statistical operation than the ascertainment of monthly unemployment percentages. The latter are the resultant of two distinct factors—the progress of industry and the increase in the working population. The admirable wealth of detail, again, with which the Ministry of Labour presents its figures is itself a handicap to those who would see the wood rather than the trees. In the following article—in which are set out the results of a comprehensive inquiry into changes in employment (as distinct from unemployment) during the last six eventful years—we have combined the hundred industrial groups of the *Ministry of Labour Gazette* into 43 larger categories. We have obtained figures of the employed population by subtracting the numbers unemployed from the total insured workers in July—the only month for which accurate data under the latter heading are available—in three "key" years; namely 1929, the period of maximum industrial activity before the great depression; 1932, when national prosperity reached its nadir; and 1935, when recovery had made considerable headway. Although certain legislative and administrative changes (e.g. the introduction of the "Means Test" in 1931) may have affected the comparability of the official returns to some extent, the broad conclusions which they suggest can be regarded as reasonably accurate for general purposes.

Between July, 1929, and July, 1935, the number of insured workers employed in Great Britain increased by 150,000 (or 1½ per cent.), from 10,916,000 to 11,066,000. This figure, however, was the net result of a rise of 842,000 (13½ per cent.) in the workers employed in 25 out of 43 industrial groups, and a decline of 692,000 (nearly 15 per cent.) in the remaining 18 groups. The "progressive" trades accounted for 57 per cent. of the total employed workers in 1929 and 64 per cent. in 1935. The "recessionary" trades were responsible for 43 per cent. and 36 per cent. in the two periods, respectively.

Which of the "expanding" industries registered the largest net increases in employed workers? The answer is

suggested by the following table:—

LARGEST GAINS BETWEEN 1929 AND 1935

Industrial Groups	No. of Insured Workers in Employment (thousands)		Per cent. Inc.	Industrial Groups	No. of Insured Workers in Employment (thousands)		Per cent. Inc.
	1929	1935			1929	1935	
Electrical Trades	186.5	201.7	33.8	Distributive trades	1587.9	1806.2	13.7
Recreative industries	391.2	489.6	25.1	Building (skilled)	376.7	422.7	12.1
Professional services	118.1	145.6	23.3	Commerce and finance	223.0	249.6	11.9
Gas, water, electricity	153.3	180.0	17.5	National & local government	364.2	404.8	11.2
Non-ferrous metals	239.0	276.4	15.6	Trades ancillary to building	172.2	191.1	10.9
Laundries and dry cleaning	130.1	149.9	15.2	Paper	115.1	127.7	10.9
Road transport	314.5	362.2	15.2				
Public works contracting	133.3	152.2	14.2	All industries showing increases*	6236.4	7078.4	13.5
Motors, cycles and aircraft	227.8	259.3	13.8				

* Including following groups with less than 10 per cent. increases in numbers employed: Building (unskilled), constructional engineering, food, fishing, furnishing trades, minor textiles, silk, and rayon, leather, glass, printing and publishing.

Fifteen groups, it will be seen, increased their employed labour force by 10 per cent. or more between 1929 and 1935. The great majority were "consumption" trades—recreative industries, the distributive trades, professional and governmental services, etc. If to these we add industries ministering, perhaps less directly, but no less effectually, to popular demand for a higher standard of living—such as building and trades ancillary thereto, gas, water and electricity, laundries, and, possibly, the electrical trades, road transport and paper—we have accounted for almost the entire list. The extent to which the expansion in employment has been due to increased "spending power" by the mass of the people is one of the most striking features of the industrial recovery of 1933-35. But what is the reverse of the picture? Which industries have lost more than 10 per cent. of their insured workers since 1929:—

LARGEST LOSSES BETWEEN 1929 AND 1935

Industrial Groups	No. of Insured Workers in Employment (thousands)		Per cent. Dec.	Industrial Groups	No. of Insured Workers in Employment (thousands)		Per cent. Dec.
	1929	1935			1929	1935	
Shipbuilding and marine engineering	210.8	123.8	41.2	General engineering	534.3	461.7	13.6
Cotton textile	474.6	342.6	27.9	Iron and steel	298.4	261.0	12.5
Linen, jute, hemp, rope and twine	119.1	82.2	26.6	Tobacco	44.3	39.2	11.4
Coal-mining	871.7	644.7	26.0	Shipping & docks	239.0	212.5	11.0
Textile bleaching and finishing	97.8	84.1	14.0	All industries showing decreases*	4680.1	3987.7	14.8

* Including following with less than 10 per cent. decreases in numbers employed: Rubber, pottery and earthenware, woodworking, chemicals, etc., wool textile, railway services, drink industries, clothing (total), and miscellaneous.

At the head of the list is shipbuilding and marine engineering, with a decrease of more than 41 per cent. in its employed labour force. The largest declines, throughout, have occurred in the "capital" and the "export" industries—coal mining, iron and steel, engineering, shipping, cotton and some of the older textiles. Certain "capital" trades, including steel and engineering, have taken on additional workers since these returns were compiled. Our figures, nevertheless, remain an eloquent explanation of the existence of Britain's "depressed areas."

Thus far, we have compared results in a year of well-established recovery with those of the best pre-depression year. In the meantime, industry has passed through the furnace of depression. Which trades showed the greatest reduction in employment between 1929 and 1932? Which have subsequently revealed most impressive powers of revival? The table in the next column includes all groups which lost more than 10 per cent. of their employed workers between 1929 and 1932.

Of the 25 groups which employed more workers in 1935 than 1929, only 8 suffered a decline of more than 10 per cent. in employment between 1929 and the worst year of depression. But out of 18 groups which employed fewer workers last year than in 1929 as many as 12 lost more than 10 per cent., and 6 lost more than 25 per cent. of their insured workers between 1929 and 1932.

INDUSTRIES WITH WIDEST FLUCTUATIONS BETWEEN PROSPERITY AND DEPRESSION (1929 = 100)

More Workers Employed in 1935 than 1929	Total Employment		Fewer Workers Employed in 1935 than 1929	Total Employment	
	1932	1935		1932	1935
Building (unskilled)	81.4	110.9	Shipbuilding and marine engineering	41.9	58.8
Trades ancillary to building	83.7	111.0	Linen, jute, hemp, rope and twine	55.2	69.0
Building (skilled)	83.8	112.2	Iron and steel	64.3	87.5
Silk and rayon	83.8	104.2	Coal mining	70.4	74.0
Constructional engineering	85.2	108.9	General engineering	72.1	86.4
Motors, cycles and aircraft	86.2	113.9	Cotton textile	73.2	72.2
Glass	87.2	102.5	Pottery and earthenware	76.8	82.5
Non-ferrous metals	87.4	115.5	Textile bleaching and finishing	82.2	86.0
			Wool textile	84.5	94.7
			Railway service	85.5	97.1
			Woodworking	86.0	93.8
			Rubber	86.2	90.5

So much for fluctuations in total numbers employed. How far has industry been able to cope with the flow of new recruits to active service during the last six years? We propose to discuss this question in a subsequent article.

GERMANY'S INDUSTRIAL PROBLEMS

It is often remarked that, in the Germany of the Weimar Republic, a temporary national prosperity had been kindled on the unstable basis of enormous debts. Now, three years after the advent of the Nazis to power, their rapid re-armament programme on public funds and mortgaged revenue expectancies has led to a serious financial crisis, not unconnected with recent events; and the whole structure of German industrial production has been distorted.

According to the German Institute for Trade Research, industrial production in Germany during 1935 almost reached the 1928 peak, the figure being only 4.5 per cent. lower. But within the two main divisions of industrial production an important tendency was noticeable. Whereas the manufacture of producers' goods has increased by 26 per cent. as compared with 1934, that of consumers' goods has further decreased by more than 2 per cent. Compared with the "low" of the crisis year—in 1932—the output of producers' goods has doubled, while that of consumers' goods has only increased by one-quarter. This wide divergence between the two branches of industrial production deserves special attention; for it is characteristic of Nazi economic and re-armament policy.

A more rapid increase in the output of producers' goods is not in itself a danger in a steadily developing economic unit. It is even a normal factor in recovery. But the situation is critical when the discrepancy between the volumes of the two branches of production becomes too great or, if due to other factors, consumption decreases. The production machine then becomes choked; the capital invested in it becomes more "barren" as demand contracts. The section of production which does not and is not meant to follow the usual process from manufacturer to consumer must be taken into account—investment by public bodies in non-reproductive schemes, and in particular, military expenditure. For that reason it has been repeatedly demanded that such expenditure should be financed out of income, i.e. through taxation, and not by means of loans, since armaments, being non-reproductive investments, do not in themselves yield a return.

If we examine the industrial "prosperity" in Germany on these standards, it would seem that the Nazi Government's programme has led finance and industry into an impasse. The Institute for Trade Research recently published the following figures:—

CAPITAL INVESTMENTS IN GERMANY (000 millions of Marks)

1928	13.8	1932	3.9
1929	13.3	1933	5.3
1930	10.4	1934	8.4
1931	6.3	1935	14.0

The increase during the last two years is extraordinary; and it should be noted that a fall in prices since the time before the depression makes this picture inexact. The Institute for Trade Research therefore states that the volume of investments during the past year reached the 1928 level—perhaps even exceeded it. That the bulk of the increase in investments must be in the manufacture of producers' goods is evident from the facts described earlier; and the Institute itself issues an instructive report on the distribution of investments between the different branches of production. It gives the following figures:—

PERCENTAGE OF TOTAL INVESTMENT

	1928	1933	1934
In Industry	19.1	10.2	11.5
„ Electricity, gas and water supply	7.4	3.9	2.7
„ Transportation	14.6	15.5	13.7
„ Agriculture, forestry, dairies, horticulture, farming, settlement, building	6.9	11.7	8.8
„ Residential building	20.5	18.2	18.1
„ Public administration	19.3	27.8	35.7
„ Other economic groups	12.2	12.7	9.5
	100.0	100.0	100.0

In the period up to 1934 a definite change can be noted: the share of industry is reduced by almost 50 per cent., the share of public bodies nearly doubled. The year 1935 is not included in this table, but the Institute gives an estimate which covers various types of goods comprising nine-tenths of total investments. It gives the following particulars for 1935: In machinery, 24 per cent.; vehicles, 7 per cent.; housing, 14 per cent.; industrial construction, 7.8 per cent.; and public, 48 per cent. About half the investments of last year were placed in what is called "Public Construction." This includes, besides motor roads and the vast Air Ministry, barracks and aerodromes, fortifications and labour camps, which are all economically unproductive. To this figure an unknown percentage of the items "Machinery" and "Vehicles" which were required for the equipment of these buildings must be added. The actual value of this expenditure as well as the proportion can be directly deduced. For the Institute estimates the total value of investment for 1935 at 11,000 million marks; so at least 5,000 millions have been invested in "Public Construction."

Moreover, as a necessary consequence, there must have been a quite inadequate replacement of production machinery in private industry, extending even to replacement of wear and tear. The Institute's report states that, even in 1934, there was not sufficient investment in industry to cover normal depreciation; and expansion had therefore not taken place. For 1935 only a very limited amount of new plant could be expected. The Institute estimates the capital still required for replacement of depreciation in German industry during recent years at about Rm. 4,000 millions. This sum would therefore just suffice to repair the wear and tear of the productive machine during the three years of the Nazi regime.

Originally, public works—"work creation"—were meant to give an impulse to business. This *Initialzündung* was then to pass on to private enterprise, and thus, later, to replace the commercial activities of public bodies. Instead events have taken quite a different course. During January the *Frankfurter Zeitung* commented on this change in several articles. The paper suggested that though individual enterprise had been repeatedly appealed to, a certain dilemma had arisen because State interference to some extent created hindrances to the scheme. The dilemma had vanished as the State became stronger, though in the opposite sense to that expected. "The State is forced by its high stakes to claim for itself, as far as possible, all capital resources, together with the margin for additional credit." Surely, in plain language, that means that the dream of *Initialzündung* is over. By direct or indirect appropriation, investment capital is forced into State activity, i.e. re-armament. In addition to the method of forced loans, two "brakes on private enterprise," as the *Frankfurter Zeitung* calls them, serve this purpose: the issue ban (*Emissionssperre*) on the capital market, which prevents the issue of new shares; and the new investment ban, which now extends to 29 branches of

trade. The *Frankfurter Zeitung* also shows, with several examples, how the effects of this investment ban spread far beyond the industries immediately concerned. Thus, the ban on the printing trade has been very disagreeably felt in the manufacture of printing machinery and paper machinery. "The different degrees of activity in the engineering trade—many branches have only half the average amount of work, others have considerably more than the average—are certainly partly due to the investment bans." The efforts of the German Government's trade department to obtain available capital by means of laws and bans have not been completely successful, as "they were opposed by the desire for distribution of risk, and, above all, by the enterprise of the industrialists even where no attractive chances could be seen in their own sphere."

If one day this State enterprise, artificially extended by inflationary means, should be curtailed, it will leave industry with very insufficient reserves. The Institute laconically says: "There will be no lack of investment possibilities in the future." Certainly not of possibilities; but probably of means. For this State-capitalist prosperity has been achieved by piling up an enormous burden of debt, a burden which has fallen on liquid capital in savings bank deposits and insurance policies, whether in the form of forced loans, Treasury Certificates, or so-called Employment Creation Bills complete with coupons for their 15- or 20-fold prolongation. To financial indebtedness has been added industrial distortion. Weakened by arbitrary and often misplaced investment, industry will be unprepared to face the time when sham prosperity will no longer be created by re-armament and State enterprise. In these circumstances it is scarcely imaginable that foreign capital will allow itself to be drawn in. It is evident that in Germany itself the dangers of such a credit inflation are being more and more persistently canvassed. The conflict between the Nazi Party and Dr. Schacht, which has just been outwardly settled by the appointment of General Göring as supreme arbiter over foreign exchange and raw material imports, lends point to a situation, the critical nature of which cannot be disguised. The moral should not be lost upon British observers of this vast experiment in financing armaments out of loans.

BUYING WITHOUT TEARS—I

(BY A CORRESPONDENT)

WHEN a manufacturer wants oil for a turbine plant, salt-glaze pipes for a new factory extension, paints for an extensive scheme of re-decoration, electrical synchronous clocks, or a host of other materials and industrial products, he knows that he can order them safely without further research if he can get a good specification and a guarantee that the goods will conform to it. To buy a clock whose essential description is merely BSS 472/1932 may indeed deflate high pressure salesmanship and the adjectival school of advertisers, but it nevertheless saves the buyer a good deal of time and money. There are now several hundred other different specifications of the British Standards Institution, a co-operative organisation supported by British Industry for its own needs. Buying by specification is, in fact, a commonplace of industrial management; and nobody is surprised that large-scale businesses employ trained experts, whose job it is to see that their firms get every ounce of value in quality and quantity for the money spent on materials and goods required in the process of production. No one, however, seems to have considered whether there is any means of extending these methods, which big business finds so necessary, to the vast numbers of individual consumers

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whose aggregate purchases far exceed those made by industry itself.

Although accurate figures are not available, it has been estimated that something of the order of £2,000 millions annually is spent in British shops and that probably three-quarters of this spending is done by women. Yet a housewife cannot buy on specifications. Rarely can she obtain any reliable information about the comparative performances of the different articles of everyday use in the home. Of what should a good soap consist, and what is the cheapest soap on the market conforming to that standard? What is a reasonable life of a vacuum cleaner? Does the fact that there are several different designs on the market mean that some are more efficient than others, and, if so, which is the best at a given price range or for a given purpose? What does an independent chemical expert think is the best and cheapest method of making hard water soft? Are some makes of electrical appliances—toasters, irons, heating stoves, etc.—more wasteful of current than others? Are any of them likely, owing to faults in construction, to give the user a possibly fatal electric shock? It is possible to obtain lubricating oil for a car at almost any price from 13s. 6d. to 37s. 6d. for a five-gallon drum. What are the things a lubricating oil should do? And is it, in fact, an economy always to buy the more expensive oil? What is it that makes a good paint? How can one be sure that shoddy stuff is not sold as a high quality product?

These questions must be at the back of the minds of hundreds of puzzled householders. None is a question which it is in any way presumptuous or impertinent to ask. None requires an impossibly elaborate amount of scientific and technical knowledge to answer. Yet everyone knows well enough that the average householder has no means whatever of getting an answer to such questions. Consequently, purchases involving millions of pounds are being made on no better criteria than those resulting from chance conversations, advertisements, probably quite irrelevant judgments about price and style, and, finally, the opinions of retail dealers. But the dealers must often, by the nature of the case, be almost as much in the dark as their clients, apart from the fact that they have their own living to earn and cannot blind themselves to the size of their trade discounts.

This is merely one aspect of the inefficiency of the present system of distribution of the products of industry. This inefficiency is already suspect in more than one quarter, and is, in fact, one of the problems lying at the roots of our current economic disorders. It is, however, a problem with more than a merely economic significance. Important though it is to make the family budget stretch further, more important still is the ultimate problem of health and welfare, and it is largely on grounds of health and welfare that better guidance for consumers is so necessary to-day. Control of the food supply in the consumer's interest has both a negative or regulatory aspect and a positive or educative side. Laws against the adulteration of tea and coffee date from the early eighteenth century in England. Although they may not have been very effective, their presence on the statute book attests the recognition by Parliament of some form of duty to prevent those who have sent its members to Westminster from being poisoned by a food supply generously dosed (as it used to be) with red lead, white lead, copper arsenite, sand, plaster of paris, clay, copper carbonate, and other chemicals.

To be sure, the Bread Acts of 1822 and 1836, which still contain the last word in the legal definition of bread, are elastic enough to rank potatoes, rye, buckwheat, peas, beans and rice with the cereal which is normally thought of as the staff of life. Indeed, the statutory restrictions on the food industry are not very onerous to-day, and a great deal depends on the common honesty of the food trades. Fortunately, this dependence is safe enough to trust as far as serious damage to health is concerned; but the consumer still has his grievances. Some are shown up every year when extracts from the reports of the Ministry of Health's inspectors are published: "double cream cheese" containing about 5 per cent., teas said to be free from tannin containing about 14 per cent. of tannin, tea adulterated with iron filings, etc. The price of security is eternal vigilance.

Has our vigilance in this sphere flagged a little since the Sale of Food and Drugs Act of 1875? To judge by America and the British Dominions it certainly has. When the United States Government tells food manufacturers that their labels must conform to the facts of medical science and actual laboratory tests it strikes not only at pseudo-scientific sales talk about vitamins but also at descriptions of various patent domestic foods, such as "cream" or "creamy" custard powder made of a coloured cereal starch; toffee said to be "made of pure butter only" which nevertheless was 50 per cent. pure coconut oil; and "home-made jam" which was really dyed preserved pulp. Proceedings against this form of swindling in England are at present almost hopeless, partly because there are no legal standards for the majority of foodstuffs, and partly because it is necessary to prove "wilful" guilt, always difficult at law, to bring these practices before a Court.

Active guidance about food is an urgent need of consumers, now that the new science of nutrition no longer makes it possible to dismiss the question of human starvation by pointing to the fact that everybody gets enough to eat. To-day new standards reign. They are, as all standards of human achievement should be, based not on averages of present attainment but on possible attainment. An impressive body of scientific evidence now declares that if human beings are given natural fresh foods, as far as possible containing sufficient vitamins and mineral salts, the standard of human health will soon reach far higher levels.

This knowledge is, of course, leaking out. But apart from the missionary zeal of a few scientific pioneers, it is being disclosed mainly by commercial manufacturers of foodstuffs and beverages who use it, or as much of it as suits them, in their publicity. So far so good; but should not the average consumer know more? When nearly half the population is declared by an expert investigation to be suffering from an inadequate and ill-balanced diet, it is no time to leave health standards to competitive warfare by the food processors. Equally unsatisfactory is the extent to which ill-health and disease are commercially exploited for private profit. Although the patent medicine trade is by no means built on the poor man's earnings alone, he, at any rate, most needs increased information about it. The sort of information he requires was carefully put together by a House of Commons Committee, who made many analyses and investigations with the help of expert advisers, and hopefully presented their report to the House. It bore the date, August 4, 1914. The smoke-screen which was then placed between the patent medicine trade and the public has not yet been blown away. Products roundly condemned in 1914 still flourish in 1936.

Such progress as has been made in protecting the consumer has mostly gone on behind the scenes and without his knowledge. The newspaper press and the advertising professions have co-operated to try to keep the evil within bounds. Lavish claims to provide cheap and rapid cures for Bright's disease, diabetes, tuberculosis, cancer and complaints which at present baffle medical science are excluded from many journals; although it is to be feared that people, unscrupulous enough to make them, still find subterranean methods of reaching their victims. Four times since the War efforts have been made to revive the demand for greater State control, but each has failed. The last attempt was made six weeks ago, on Friday, March 27, 1936, on more modest lines than those recommended in 1914. It led to a debate in the House of Commons which, after lasting for two hours and ten minutes, suddenly terminated when it was found that a quorum of 40 members was not present.

In Great Britain the State offers no protection against the patent medicine traffic. It takes from it, instead, a tax of about three quarters of a million annually. The situation is different overseas. In one other country at least, the home of liberty and rugged individualism, significant steps have already been taken by government, professional and private agencies to offer consumers—and not merely consumers of pills and potions—considerable help in tackling the kind of questions raised in this discussion. A brief review of some of these developments may not be out of place in a subsequent article.

NOTES OF THE WEEK

The Budget Leakage.—Mr Chamberlain's announcement of a judicial tribunal to inquire into the Budget leakage has had a mixed reception. He told the House on Tuesday that investigations by the chairman of Lloyd's had established a *prima facie* case for an inquiry, and that the Government had decided in favour of a judicial tribunal consisting of a High Court judge and two eminent members of the Bar. The appointment of Mr Justice Porter, Mr Gavin Simonds, K.C., and Mr Roland Oliver, K.C., was subsequently announced. The tribunal will have powers equal to those of the High Court, and its terms of reference are contained in the following resolution:—

That it is expedient that a tribunal be established for inquiring into a definite matter of urgent public importance, that is to say, whether, and, if so, in what circumstances and by what persons, any unauthorised disclosure was made of information relating to the Budget for the present year or any use made of such information for the purpose of private gain.

Despite the width of these terms of reference, however, the Labour Opposition persisted in its demand for a Select Committee of the House. It was urged, first, that the honour of the House was at stake; and, secondly, that a judicial tribunal might not be able to elucidate all the facts. Mr Chamberlain and Sir John Simon replied that in so very controversial a matter a judicial tribunal was preferable, and the Liberal Opposition in the main supported them. There are, of course, precedents for both methods, though the Select Committee has been the more usual. The Parnell forgeries, the Jameson Raid and the Marconi scandal of 1912 were all investigated by Select Committees. But the precedent of at least the last of these inquiries is not very encouraging, and the position has been somewhat changed by the Tribunals of Inquiry Act of 1921. Under the terms of that Act the proposed tribunal can have as wide powers to take evidence on oath, compel the attendance of witnesses and production of documents as the House itself. In any case the essential thing is that the truth should be discovered somehow. If the tribunal in question fails to discover it, the matter could scarcely end there.

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Foreign Loans and Politics.—Rumours which have lately been circulating in the City, suggesting efforts to prepare the ground for loans to Germany or Italy, have been intensified this week by the visit to London of Signor Pirelli, who is said to be canvassing the prospects of an Italian loan. Perhaps, when the world is really settling down to peaceful recovery, the time may come when both of these projects may materialise; but at the moment they are utterly impracticable. On commercial grounds the risk is in neither case a good one; but political considerations are the final bar. It is true that, apart from an appeal to the public, ways might be found by which substantial sums would be made available for either Germany or Italy if the Government so desired. But any such step would be deplorable not merely because loans of this kind are apt to hamper subsequent freedom of political action, but because in this case they would be in glaring contradiction to the purposes of British diplomacy. The country would be profoundly scandalised by loans which would indirectly, if not directly, assist Germany's re-armament. A loan to Italy—to repair damage to her economic situation, which we have deliberately sought to bring about—would be universally regarded as a condonation of her act of aggression. Any Government which encouraged either plan would tie a millstone round its neck which would sink it to the bottom of the electoral sea. Moreover, in this matter, public instinct is right. Experience during the past decade in Europe has shown that it is unwise to lend money in the hope that economic and political relations will straighten themselves out with the help of a little cash. Common sense and political feeling alike dictate that financial help should be the last, and not the first, step in the process of appeasement.

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The End of the War.—The flight of the Emperor from Addis Ababa was dictated by the complete disintegration of Abyssinian morale. He had tried desperately to rally his forces to defend the capital; but they melted away, and his Council of Ministers apparently showed a majority in favour of surrender. The rapid advance of the Italian mobile columns was rendered possible by the energetic labour battalions who made up the roads from Dessie only so recently broken by the retiring Abyssinians. The advance on Addis Ababa from Dessie took only ten days, and was accomplished on foot by the native Askaris, supported from the rear by white troops in lorries. They encamped about 15 miles outside Addis Ababa on Saturday; and on Tuesday Marshal Badoglio entered the capital. General Graziani's forces in the south are still held up by rains and the difficulty of the terrain; but it is expected that, following the withdrawal and dispersion of the Ethiopian army, the Italian southern army will occupy Harrar immediately and march on Addis Ababa to join the main Italian forces. While there still remains the task of "pacifying" turbulent guerilla leaders and their levies, there is no doubt that effective Ethiopian resistance is crushed. Thus the campaign has been successful in seven months—even less than the time allotted for it by Signor Mussolini, and *a fortiori* less than that prophesied by military experts, Italian as well as foreign. Two factors have greatly contributed to this speedy military success: the use of gas and aerial bombing against defenceless native levies; and the technical skill and unremitting energy of the Italian labour corps, who have displayed a constructive

real worthy of a nobler cause, and so enabled the well-equipped mobile Italian forces to surprise the ill-equipped defenders of Ethiopia. Now begins the really critical stage of Signor Mussolini's war: the provisioning of the large forces he must maintain in Ethiopia (he has, indeed, "promised" that the white troops shall remain as a nucleus of settlers and administrators), the organisation of a country which has been forced back into anarchy, and the continuous financial drain necessitated by these tasks. The reason for lifting sanctions has certainly not yet been established.

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Haile Selassie.—Last Saturday the Emperor Haile Selassie left Abyssinia, with his family and a suite of Ministers and generals. Travelling by the French-owned railway from Addis Ababa to the French territory of Jibuti, he was taken on board a British warship and conveyed to Haifa, in response to his request that he should be allowed to find asylum at Jerusalem. Evidently he found at the last moment that to retreat, fighting, until he and his remaining forces crossed into British Sudan or Kenya was physically impossible, because the morale of his troops was broken (and no wonder!) by tanks, bombs, gas and, perhaps above all, by the continued failure of Abyssinia's fellow States-members of the League to do their plighted duty by her. In these tragic circumstances, an Ethiopian King of Kings of the old school would perhaps have done what Theodore did in 1868 when Lord Napier's storming parties were at the gates of Magdala. On the other hand, a Negus who had become thoroughly imbued with the basic commercial principles of our Western civilisation would no doubt have sold out his political stock in Ethiopian sovereignty to Mussolini at least twelve months ago, and would have purchased, from a ready Italian seller, a comfortable political sinecure at the expense of the Abyssinian people's independence. But Haile Selassie is neither a Leonidas nor a Chinese war lord. Fate cast him, instead, for that most difficult of all political rôles: a mediator between things new and old. Haile Selassie's mission was to save the immemorially old independence of a backward African Christian country by bringing it up to the level (such as that now appears) of our Christendom in Europe. Everything indicates that he would have succeeded if one European Christian Power had not planned a crime, and if the rest of Christian Europe had not flinched from its duty of bringing the criminal to book. If we call the roll of the statesmen concerned in the international tragedy of the past twelve months and compare their performances, the fallen Emperor of Abyssinia stands out, in moral stature, head and shoulders above the Mussolinis and Lavals and Hoares and Baldwins. And his last message to the world as a reigning sovereign ought to cut us to the heart. "I must still hold on," he said to *The Times* correspondent in Addis Ababa as lately as April 29th, "until my tardy allies appear. And if they never come, then I say, prophetically and without bitterness: 'The West will perish.' " Haile Selassie may live to witness the Apocalypse from Jerusalem.

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The Position of Egypt.—The constitutional crisis in Egypt, which was brought on by the international crisis in the Levant, has been accentuated by the death of King Fuad. The place of a skilful, experienced and (as far as he could manage to be) autocratic sovereign will now be taken by a Council of Regency which at best will be colourless and at worst will be a football kicked about between the Wafd on the one side and the British Residency on the other. Meanwhile, the law officers of the Egyptian Crown have found that Egypt at present is without a constitution, since the reactionary constitution of 1930 has been abolished, while the late King's rescript of December, 1935, restoring the ultra-democratic constitution of 1923, becomes operative only after the new Parliament has met. So who is to open the late King's political testament, and when? And who is to nominate the nominable two-fifths of the Senate, pending the election of the elective three-fifths on May 16th? Meanwhile, the elections for the Chamber have given the Wafd the sweeping majority that was expected.

While there will have to be a second ballot in 15 constituencies, the results to hand show that the Wafd has won 163 seats and the Opposition 40, while there are 14 Independents on whom the Wafd can probably count for support. It is clear that, in spite of King Fuad's adroit manoeuvres for diminishing the Wafd's influence, this party has retained the hold over the country which it secured immediately after coming into existence at the time of the Peace Conference of Paris. Thus Egypt may look forward to having a strong and representative Government to back the delegation which is at present conducting, with the British Residency at Cairo, the preliminary negotiations for placing *Anglo-Egyptian relations on a freely-agreed treaty basis*. To-day this question of Egypt's relations with Great Britain is overshadowed by a menace from Italy, just as the question of the Philippines' relations with the United States is overshadowed by a menace from Japan. Are the Egyptians to think twice before jumping out of an English frying-pan into an Italian fire? Egypt is, indeed, in an unenviable position which she did not bring upon herself but from which, by the same token, she cannot escape by her own unaided efforts. If Italy now entrenches herself in Abyssinia, Egypt will be caught between two Italian fires (just as the Philippines will be caught between two Japanese fires if and when Japan conquers the Dutch East Indies). These questions are as vital for Great Britain as they are for Egypt.

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Britain, Germany and the Locarno Powers.—On May Day, Herr Hitler addressed a crowd of close on one million people in the Lustgarten in Berlin. While at the same time Mr Baldwin was interpreting British foreign policy in terms of the "external" principles of British Conservatism, Herr Hitler had clear, interesting and forceful things to say. "I do not," he said, shrewdly cutting at his Italian prototype, "hold it necessary to win the respect of my people by any act of renown which leaves millions of dead behind it—I have it without that. I do not need to lead millions to the slaughter-house in order that other millions may perhaps believe in me." He went on to make a telling point when he said "We have done nothing in these three years that could bring suffering to any other nation. . . . We have not stretched out a hand to take what does not belong to us; we have stayed within our frontiers." There was every sign of feeling in Herr Hitler's reference to his peace plan, and particularly, it seemed, in the tone of indignation with which he rejected the accusation that he was planning, all the time, to fall upon Austria and Czechoslovakia. It is all to the good that the question of Herr Hitler's policy towards Germany's eastern and southern neighbours is on the point of being broached in a friendly inquiry on the part of Mr Eden. But German public opinion is clearly encouraged by another dictator's defeat of the League; and Mr Eden will certainly find himself in a difficult and invidious position if he has to sit down with the Italian representative in the conference of the Locarno Powers at Geneva next week.

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American Primaries.—Several States have now held their primary elections for appointment of delegates to the party conventions where party candidates for the Presidential elections will be nominated. The results of primaries are notoriously difficult to interpret, but already certain general conclusions may be drawn. The outstanding feature is the ease with which President Roosevelt is sweeping the board for the Democratic nomination and the increasing probability of his re-election for a further term. Opposition Democrats, represented by Colonel Henry Breckenridge, were defeated by 20 to 1 in Pennsylvania and 5½ to 1 in Maryland. These majorities effectively destroy Democratic opposition, although the Republicans in Pennsylvania profess encouragement with the unexpectedly large anti-Roosevelt vote in his own party. Their rejoicing is based upon the argument that, for re-election, the President must carry at least one of the Eastern industrial States. Any sign of stronger opposition than was anticipated in any Eastern State, therefore, is seized upon as a Republican straw in the wind. There is every prospect of a long-drawn-out struggle at the Republican Con-

vention on June 6th. Governor Landon, of Kansas, seems to lead the field; but he has failed to secure the crucial support of the uninstructed delegates for California. His supporters, however, profess themselves pleased at the relative success of Mr Borah in some of the primaries, on the ground that the latter has no chance of the nomination, and that his delegates will turn for second choice to Landon, a relatively Liberal Western candidate, rather than to any Eastern Conservative. The Republican Party managers seem to be convinced that no Eastern candidate has the remotest chance of securing nomination, let alone election. Some Eastern support is essential, nevertheless; and Landon is treading delicately, saying nothing to undermine his vicarious reputation as a Liberal, and nothing to alienate support of the Conservative East. Colonel Knox has succeeded in gaining the majority of Illinois Republican votes. Most of his support, however, came from Chicago itself, and Mr Borah's strength in the rural districts of Illinois is considered effectively to have eliminated any prospects for the Colonel. Senator Vandenberg, of Michigan, is still in the running. His list of delegates is less impressive than Landon's or Borah's, but he remains among the possibles, along with other dark horses at present unknown.

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Trade Agreements.—The more important of Mr Runciman's Trade Agreements are now nearing the end of their appointed term. The Danish Agreement expires on June 20, 1936, and the Argentine Agreement in November, 1936, unless they are permitted to continue by the decision of neither party to give notice of termination. Mr Runciman announced on Thursday, however, that the British and Argentine Governments had agreed to reserve the right to terminate the latter Agreement in November. By the Danish Agreement, which came into effect in June, 1933, Great Britain guaranteed free entry to certain Danish agricultural products, except in so far as quota restriction might be necessary to assist the British marketing schemes; and Denmark, in return, gave certain concessions to British exports. In fact there has been a large reduction of British imports of Danish bacon during the period of the Agreement. Total trade between the two countries has developed as follows:—

	(£'000)	1929	1933	1934	1935
British imports from Denmark	56,211	35,429	32,886	32,043	
British exports to Denmark	10,678	11,799	13,360	13,766	

It will be seen that Denmark's imports from this country have been steadily rising during the period of the Agreement, while British imports from Denmark have been steadily falling. Actually our sales to Denmark, by value, are now nearly 30 per cent. above the 1929 level; our purchases nearly 50 per cent. below. The Argentine Agreement, which came into force in November, 1933, provided that British imports of certain Argentine agricultural products should not fall below certain levels; and in return special exchange concessions were made to this country by Argentina. Here again, however, the agreement has been followed by a large reduction in meat imports into this country. The total trade figures have been as follows:—

	(£'000)	1929	1933	1934	1935
British imports from Argentina	82,447	41,687	47,030	43,995	
British exports to Argentina	29,074	13,073	14,655	15,263	

British sales have increased, while British purchases have remained the same. It is clear from these two sets of figures that the Trade Agreements cannot be represented as having tended to increase British imports rather than British exports. Indeed, if the Agreements are to be amended they ought to be liberalised rather than tightened; so that Argentine and Denmark, by selling more to this country, may be enabled either to buy more or to pay increased services on British investments.

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Ten Years Ago.—Ten years ago this week the *Economist* was issued in the form of three mimeograph sheets for the first and, we hope, the last time in its history. The General Strike came into force on May 4, 1926, and lasted for nearly nine days. Ten years later it is possible to see it in its true perspective as the first resistance of

EXPORT

The Documentary Credit, whereby the Exporter is assured that he will receive payment immediately his goods are shipped for transit abroad, is the subject-matter of *A Brief Survey of the Financial Machinery of Exports and Imports*, copies of which may be had by asking at any local branch of the Westminster Bank

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organised trade unionism against the deflation necessitated by the re-establishment a year earlier of the pre-war gold parity of the pound. The pressure fell first on the miners, but the trade union movement as a whole felt its interests to be affected. In the immediate event the strike failed, and the money wages of the miners were reduced. In the light of ten years' experience, however, and of greater familiarity with the phenomenon of an over-valued currency, we can see that the ill-judged gesture of 1926 was not wholly without effect, though the principle of holding a pistol to the head of the community was, in itself, indefensible. In the long battle between the gold parity of the pound and the level of money wages, it was the gold parity that gave way in the end. And as a result our whole attitude to the problem of monetary "stabilisation" has undergone a profound change.

* * *

A Supplementary Naval Estimate.—A Supplementary Naval estimate for expenditure on the Navy in the current financial year—the first estimate for this year's increment of naval re-armament as envisaged in the Government's White Paper of March 3rd—was published too late to permit of comment in last week's *Economist*. The Government's proposed New Construction Programme is to cost £2,881,500 in the current year, and comprises preparations for two capital ships, five cruisers (two "Southampton" type and three of a smaller type), nine destroyers, one aircraft carrier, four submarines, six sloops, and various smaller vessels. The continuation of the "special measures" attendant on the Mediterranean situation is to cost another £2,117,000; and "Other services" receive £5,371,000, making a gross total Supplementary of £10,369,500, or £10,300,000 after deducting appropriations-in-aid. Interest attaches not so much to the increment on account of the New Construction Programme as to that for "Other services." These include £506,000 more for the Fleet Air Arm, £741,100 for dockyard personnel abroad, £953,500 for metals and £1,315,500 for scientific instruments and electrical apparatus (only part of these two items is for the new ships), £886,000 for fuel and lubricants, £455,500 for new fuelling vessels and £1,298,950 for small arms, ammunition and torpedoes. Another £1,826,000 is to be spent on the Singapore base (of which only £41,500 falls in 1936-37), which, together with other minor increases for Singapore, raises the total estimate for the work from £8,693,000 to £10,661,000. A new boys' training establishment is to be set up at a cost of £750,000 (of which only £1,000 falls in 1936-37); dock widening and oil fuelling accommodation at Gibraltar is to cost £405,500 more (of which £6,400 falls in 1936-37); and the widening and improvement of home naval dockyards and stations is to take another £793,500. Three of the four cruisers of the "Hawkins" class, with 7.5-in. guns, scheduled to be scrapped under the Washington Treaty by December 31st

next, are to be retained, re-equipped with guns of less than 6.1-in. calibre, as part of our future "Cruiser (b)" strength, and an equivalent amount of old "Cruiser (b)" tonnage is to be scrapped; the other is to become a demilitarised training ship. This Naval Supplementary, together with the £10 millions which the Chancellor estimated as the probable Supplementary for the Air Force this year, adds more than £20 millions to the already greatly increased Budget allocation for national defence, which itself showed an increase of £21 millions over last year's defence expenditure.

The Commons and the Navy.—On Monday a debate took place on the new Naval Estimate summarised above. Lord Stanley, in introducing the Supplementary Estimate, claimed that the major part of the expenditure was for repairing deficiencies in reserves and personnel. Almost at the outset Mr Winston Churchill intervened to inquire why the Government were demanding money for two new capital ships before they had the report of the Committee, presided over by the Minister for the Co-ordination of Defence, on the vulnerability of capital ships to aerial attack. Sir Francis Acland intervened to ask if the House would be committed to construction of the two capital ships if the committee later reported that capital ships, in their opinion and as a result of the current experiments, were vulnerable to air attack. Mr A. V. Alexander then asked why the money should be voted if the Government had, as yet, no definite battleship policy. Lord Stanley was forced to admit that the Government would take no steps to build the ships till the committee reported; but that they had accepted the Admiralty's view "that it is absolutely essential to start rebuilding our battle fleet at the earliest possible moment." "Every other country has done so," said Lord Stanley, "and we believe that it is the right policy." This equivocal Government attitude set the tone of the debate. Mr Churchill emerged as the most damaging, yet constructive, critic of the Government's naval policy. He suggested the re-establishment of a section of the Royal Fleet Reserve for immediate mobilisation; attacked the Government for ignoring what he claimed to be a shortage of destroyers; and tried, in vain, to elicit from the Government or the Minister for Co-ordination of Defence some indication when the report of the sub-committee of the Committee of Imperial Defence would be ready, so that the House might know on what grounds they were voting £428,000 for the two battleships. He also strongly advocated the bringing up-to-date of the Fleet Air Arm, the transference of responsibility for this arm to the Admiralty, and the establishment of a Ministry of Supply. Mr Geoffrey Mander opposed the handing over of the Fleet Air Arm to the Admiralty, on the ground that control of our Air Defences should be unitary. The debate gave the impression that it is more reasonable to hope for a naval policy from the Government's critics than from the Government itself.

Milk Prices.—The Committee of Investigation set up last autumn to settle the dispute between the Milk Marketing Board and the distributors has at last published its report. In September the Board raised the average wholesale price of milk for the year 1935-36, from 15s. 1d. to 15s. 6d. for twelve gallons, but left the minimum retail price unchanged; so that the retailers' margin was reduced. The Central Milk Distributive Committee and the Co-operative Congress Committee demanded that the price should be left at 15s. 1d., in order that any reduction in the retail margin might be used to stimulate consumption by a reduction in the retail price of liquid milk rather than increase the producers' profits. The Committee has compromised by recommending that the wholesale price be reduced to 15s. 3d. (in 1933-34 it was 13s. 9d.) for twelve gallons and the minimum retail price be left unchanged. It has also recommended a change in the formula for the calculation of the price of milk for manufacture into butter which will result in a reduction of about ½d. to 1d. per gallon in the price, compared with a reduction of 1½d. per gallon suggested by the Distributors' Committee. These compromises may bring peace in the industry until

next autumn, when the Board once more has to determine the contract prices for the coming years. But they do not solve the main question how an increasing supply of milk, stimulated by a rise in producers' prices, can be sold if the retail price cannot be lowered because distributors refuse to take a smaller profit and because the wholesale price is high. The committee found, indeed, that the majority of private distributors could not operate on a smaller margin than at present. This, of course, may be due to the duplication of services among small concerns and is not necessarily a reason for subsidising such uneconomic units. The Committee also found that average costs of production in England and Wales amounted to 9½d. per gallon and that with interest on capital and a reasonable remuneration the farmer should receive on an average 13.83d. per gallon. The average pool price in 1934-35 was 11.99d. and the present increase would raise it only to 12.26d. Unfortunately the committee does not give details of variations in costs of production in different parts of the country or between different types of producer. It is only on the basis of costs of efficient producers and distributors that a satisfactory solution can be found to the milk problem.

Idle Shipping.—Contrary to the experience of the past three years, the volume of laid-up mercantile shipping, recorded by the Chamber of Shipping, rose from 426,000 million tons at the beginning of January to 474,000 million tons at the beginning of last month:—

NUMBER AND TONNAGE LAID-UP			
No. Net tons of ships (000's)		No. Net tons of ships (000's)	
Jan. 1, 1933 ...	760 1,971	Oct. 1, 1934 ...	330 818
April 1, " ...	760 1,864	Jan. 1, 1935 ...	323 878
July 1, " ...	793 1,958	April 1, " ...	322 706
Oct. 1, " ...	612 1,589	July 1, " ...	250 586
Jan. 1, 1934 ...	482 1,239	Oct. 1, " ...	224 502
April 1, " ...	453 1,079	Jan. 1, 1936 ...	186 426
July 1, " ...	421 1,042	April 1, " ...	231 474

During the first quarter of 1936 there was an increase of 72,000 gross in the tonnage on the United Kingdom Register. Since laid-up tonnage increased by 63,000 gross during this period, the tonnage employed must have risen by about 9,000 gross. Apart from the addition of the "Queen Mary" (80,774 gross tons) to the Register, gross tonnage on commission shows a reduction of 72,000 tons.

The Belga and the Franc.—The progress made by Belgium since the devaluation a year ago is examined in two special supplements just published, one by the *Financial News* and the other by *L'Europe Nouvelle*. The outline of Belgium's general economic recovery, the fall in unemployment, and the restoration of exchange and banking stability are already well known. The *Financial News*, however, gives full and illuminating details in a series of well-informed articles. Particularly interesting are the articles on "The Evolution of Belgian Banks," by M. Fernand Baudhuin, and that on "Public Works and the Campaign against Unemployment," by M. Henri de Man, the Minister of Public Works. The supplement as a whole shows how Belgium's recovery has extended to agriculture as well as industry, and how, in particular, the Belgian Congo has experienced a remarkable revival. One may, perhaps, hope that the whole of this most instructive series of articles may be brought to the notice of those responsible for France's monetary policy. The *L'Europe Nouvelle* supplement also contains contributions from M. de Man, M. Baudhuin, M. Charles Roger and others; and M. Roger Auboin writes an editorial conclusion. M. Roger admits that some of the conclusions of the recent *L'Europe Nouvelle* supplement on devaluation (reviewed in the *Economist* of December 28th) must now be revised in the light of the Belgian experiment. The moral he draws for France, however, is not so much that devaluation is necessary as that either devaluation or deflation is inevitable. It remains, as he says, for the French people to decide which they prefer. And M. Auboin would probably agree that in the recent election—held since the publication of his supplement—the French people have voted emphatically against deflation.

OVERSEAS CORRESPONDENCE

From our Correspondents in each Centre

UNITED STATES

"BUSINESS EXCELLENT"

WITH few exceptions, current production and trade can be rated as excellent. While the exceptions are not numerous, they are important; although it is possible that they are over-emphasised in the indices. For example, non-residential building is depressed, and it figures heavily in the indices. On the other hand, every form of amusement is booming, and the amusement business, which is enormous in the aggregate, hardly finds even an indirect reflection in the indices. One can quite properly say that the business of providing amusements has become one of the most considerable types of enterprise, and one almost wholly omitted from statistical compilations; partly because of its comparatively recent growth. Such statistical indices as those of the Federal Reserve Board are valuable for their continuity; but that same continuity exposes them to defects in an economy which has decidedly shifted its emphasis from producers' goods in the 20's to consumers' goods in the 30's.

The March indices of the Federal Reserve Board are as follows:—

BUSINESS INDICES			
1923-5=100. Adjusted for Seasonal Variation			
	Mar., 1935	Feb., 1936	Mar., 1936
Industrial production (total)	88	94	94
Manufactures	86	92	94
Minerals	97	110	94
Construction contracts	26	52	47
Residential	16	25	25
All other	35	73	64
Factory employment	82.7	83.9	84.3
Factory payrolls	70.8	72.3	75.7
Freight car loadings	65	70	66
Department store sales	82	80	88

The somewhat negative appearance of the changes from February to March is partly attributable to the rather heavy seasonal correction. The late winter which persisted through March was adverse to open-air undertakings. April also, by the way, has been rather colder than usual, but probably not enough to count as an adverse seasonal factor.

The unadjusted figures of the elements of the index of manufactures for March give a clearer picture.

MANUFACTURES		
	Mar., 1935	Mar., 1936
Iron and steel	81	94
Textiles	100	102
Food products	75	86
Automobiles	130	125
Leather and shoes	113	109
Cement	34	42
Petroleum refining	153	172 (Feb.)
Tobacco manufactures	124	132

The food products index is damped by its heavy weight of meat and the omission of items which form a larger part of the present American diet; textiles are understated by the omission of rayon. But the figures above are sufficient to support the assertion that the consumers' goods industries (and they are by far the more numerous) are in a condition of prosperity, if not of actual boom. The earnings statements of the first quarter were generally more than satisfactory. A great majority of corporations so far reporting have shown substantially larger earnings than in the first quarter of 1935. There is some reason to believe that the Bonus influence is beginning to be felt. While the Bonus Bonds cannot be hypothecated even after receipt, the prospect of a windfall cash payment of \$500 (approximate average for about 3,500,000 individuals) on or about June 15th can be anticipated in a variety of ways.

A tax bill has been reported, and will probably pass the House in its present form. It is subject to amendment in the Senate. The bill does not closely follow the usual interpretation of the President's message on the subject. It sub-

stitutes a complicated system of taxation for a relatively simple system (the bill runs to 236 pages); and the additional revenue to be obtained under the altered taxes is problematical; none of the forecasts reaches the figure of \$620 millions additional revenue set by the President. The salient feature of the bill is the special taxation imposed on holding companies, which in instances would be so high as to be destructive.

The foreign trade figures for March continued the recent trends.

MERCHANDISE TRADE (\$000,000)				
Exports				
	1933	1934	1935	1936
	\$	\$	\$	\$
January	121	172	176	198
February	102	163	163	182
March	95	158	185	195
	318	493	524	575
Imports				
January	96	136	167	187
February	84	153	152	193
March	95	158	177	200
	275	447	496	580

This table shows two facts: that American foreign trade has approximately doubled since the first quarter of 1933, and that imports have risen rather more than exports. This tendency was noticeable a year ago.

The gold movement for the month was negligible; exports were \$2 millions and imports \$8 millions. For the quarter the net import was \$35 millions, compared with \$272 millions in the first quarter of 1935. The silver imports shrank to \$8 millions for March, but at \$83 millions net for the quarter they were double the gold imports. With the merchandise balance almost even, and only a nominal movement of the precious metals, the visible balance is more nearly in equilibrium than for a long time.

The sudden drying-up of the gold flow in the first quarter coincided with a marked reduction in foreign interest in the American stock markets. All through 1935, Wall Street talked of the heavy demand from England for American securities; there has been an absence of such comment for the past three months.

CONTROL OF THE STOCK EXCHANGE

The activity of the Securities Exchange Commission in controlling the stock market through its margin requirements is worth some attention. The S.E.C. recently raised the margin requirement on customers' loans from 45 per cent. to 55 per cent. When the equity in the account is less than 55 per cent. the account is immobilised, but is not necessarily called. The Stock Exchange authorises its members to carry accounts down to 30 per cent. of the debit balance or 23 per cent. of the total cost; at that point more margin may be demanded or the account sold. Under the original rulings, there was no stated limitation of the amount of margin required from brokers in their borrowing from banks on the customers' account; but a recent ruling prescribed that after May 1st, no bank could lend a broker more than 60 per cent. of the value of collateral deposited to cover a street loan. Following this, the Stock Exchange ruled that members might employ their own capital in carrying customers whose accounts were too weak to provide the margin required by the banks, but were still within the limit of the Stock Exchange regulation. The 55 per cent. margin requirement is of too recent application to have demonstrated its effects, but it goes far towards discouraging margin trading.

The Legislature of New Jersey, after an unsuccessful attempt to devise State taxes to meet its relief charges, recently adjourned, leaving the burden of relief to the municipalities. In instances the municipalities declined to accept the responsibility. Thereupon a band of some 200 unemployed, calling themselves the Army of Unoccupation, seized the State Capitol in Trenton, and have since camped

in it. As a result, the Governor has been obliged to call a special session of the Legislature, and meanwhile the group in Trenton is being reinforced by marchers from neighbouring cities. The episode is reminiscent of the Bonus Marchers who invaded Washington in 1932 and were finally expelled with some violence. In some States, the entire cost of relief is borne by the Federal Treasury; in others (as New Jersey) the States have made large contributions. State taxes in New Jersey are not light and the reluctance of the Legislature to increase them reflects both that fact and a degree of resentment over the handling of the relief problem.

NEW YORK, April 28.

FRANCE

THE NEW GOVERNMENT'S INTENTIONS

THE second ballot in the Election largely confirmed the results of the first. The Communists and the Socialists have triumphed in the Election—principally because there has been added to the number of their normal supporters a multitude of people who had been hit by the deflation of the past two years. The Conservatives have maintained their position remarkably, and it is the Radicals who have lost ground. They have paid the penalty for their incapacity to obtain from the Conservatives, with whom in the past they were allied in the "Union Nationale" Governments, the reforms which the crisis rendered indispensable. As a result the Radicals are no more the strongest party in the Chamber, and the Socialists, who have succeeded to this position, are expecting power.

But what will be their programme? The "Popular Front" went to the election with the "Rassemblement Populaire" as their programme. This is a minimum programme, and is really a statement of aims rather than a programme of Government. These aims consist of:—

(1) The revival of purchasing power, reduced during the crisis, by the creation of a national relief fund, the reduction of working hours, the creation of a pension fund for old workers, the expansion of public works, the revalorisation of agricultural prices, the reduction of the cost of living, a "humanisation" of certain of the Laval decree-laws, etc.

(2) The reform of the credit system by means of a new control of banking, an improvement of the public returns made by banks and commercial companies, and a reform of the Bank of France through the suppression of the "Régents," the nomination of a council representing producers (agriculture, industry and trade), and the creation of new Bank of France stock.

(3) Financial reorganisation and fiscal reform, with an alleviation of taxes which should aid the revival of business.

The task is now to translate these aims into a practical programme. This will necessitate hard bargaining between the political leaders of the next Government, both among themselves and between them and the officials of the Bank of France, whose co-operation is necessary for the application of the new economic plan. Such contact, however, is rendered even more urgent by the precarious situation of the Treasury, the large efflux of capital, the withdrawals of deposits from the public savings banks and private banks, and the hoarding of gold, dollars and pounds.

THE FRANC PROBLEM

This being the case, there seem to be two immediate difficulties facing the new Government. First, it may try, at least for a time, to continue the monetary policy of its predecessor, with minor modifications. This policy implies fidelity to the present parity of the franc and guarantees for capital in order to stop the efflux of gold and to enable the Treasury to launch loans. The difficulty here, however, for the Left leaders is to obtain the assent of their victorious troops, since the election has just declared the popular wish for something new. The other main difficulty is that the French economic situation seems very unlikely to show rapid recovery on its own account, while audacious methods would be criticised even by the mass of small owners who have voted for a party of doctrine rather than the parties of property—because they were afraid of being altogether

dispossessed by the crisis. These Communists of to-day would turn immediately to the Right if the actions of the Popular Front Government should menace their liberties or their property.

Radical measures thus seem to be improbable, unless a financial panic should necessitate them. The alternative would thus appear to be:—

(A) To copy the English or American model, to impose an embargo on gold, but to maintain contact with external prices: this system would mean devaluation, which has been rejected by all political parties, the Popular Front included.

(B) To embark on the authoritarian path of the German and Italian economies, which would lead first to a suppression of political liberties and probably a still greater financial panic, since it would at once wound French political sentiment and the French economic system.

Accordingly, the present efforts of the "Front Populaire" leaders, of the existing Government, of private bankers, and even of the Conservative Press, are concentrated on the attempt to calm public opinion. The Government has announced that in conformity with law and custom it will remain in office until June 1st, when the new Chamber of Deputies meets. M. Régnier, the Finance Minister, declares that it is not necessary to take exceptional measures to control the outflow of gold, since the Bank of France possesses a sufficient margin of gold reserves and of technical resources to defend the franc. "As long as I am in office" (says M. Régnier) "no steps will be taken with regard to the imposition of a gold embargo." Finally, the financial Press is taking great pains to select from the former utterances of such Socialist leaders as M. Auriol, the probable next Minister of Finance, certain sentences which the most orthodox economists would not disavow. And M. Auriol is taking pains not to retract them.

PARIS, May 7.

GERMANY

THE SCHACHT CRISIS

THE Schacht crisis continued last week, and according to report will not be settled before the end of this week. Although this event is the most important in domestic politics since the massacre of June 30, 1934, and may have even more important consequences, the Press has not been allowed to refer to it. The secrecy, however, did not prevent financiers who knew a little and conjectured a great deal from turning the matter to account. Assuming that the future of the Reichsmark is the most important issue involved, they bought as "real values" industrial shares and city houses. The prices of both rose; for sellers of the latter significantly refused to allow part of the purchase money to remain on mortgage, as is normally done.

If Dr. Schacht goes, some of his policies will certainly be abandoned, though perhaps not as quickly as his enemies hope. Devaluation, for instance, could not be put through summarily. A relatively simple matter in countries which maintain free foreign payments and freedom to import, it would here be very complicated, would involve numerous domestic business questions, and would require a revision of the foreign debt and commercial settlements.

It now seems certain that Dr. Schacht himself initiated the transfer to General Göring of final authority over questions of raw materials and foreign exchange; and that before the transfer was announced an informal committee for these matters existed, with General Göring as chairman. Dr. Schacht's initiative obviously implied that his policies were to be maintained. This meant that General Göring would merely be an executor, who would enforce against Dr. Schacht's party enemies, and against rival interests, the measures which Dr. Schacht, acting alone, might have been unable to enforce. The first Bourse view, that Dr. Schacht had been strengthened, not weakened, was therefore plausible.

But immediately afterwards it became known that Dr. Schacht was dissatisfied; and it seems that he threatened, or demanded to be allowed, to resign, and later submitted

conditions for remaining which were not at once conceded. According to one account, the authority given to General Göring (in Dr. Schacht's absence from Berlin) was not in all respects the authority which had been expected; according to another account, Dr. Schacht was incensed by the wording of the official announcement, which implied that he had been shorn of power in important matters. The laconic announcement concealed the fact that the more efficient execution of Dr. Schacht's system was the real aim. Many persons therefore believed that Dr. Schacht's policy had been repudiated, and the man in the street assumed that Dr. Schacht had been humiliated. The suspicion arose that the announcement had been prepared by Dr. Schacht's enemies, who, having failed in their intrigue to get rid of him, had resolved to gain at least a newspaper victory. The rumour that one of Dr. Schacht's conditions for remaining was the issue of a new and truthful announcement was therefore believed.

TALK OF DEVALUATION

Independently of the general Schacht crisis, the question of devaluation was bound to arise soon. The Göring arrangement had nothing to do with this. If there was to be no devaluation, Dr. Schacht would have to find means for the future subsidising of exports. For this there is no known means except a renewal of the so-called "self-help" for industry, secretly initiated at the beginning of 1935. This measure is supposed to have brought Rm. 600 millions, which is apparently exhausted, and a sum of Rm. 800 to Rm. 1,000 millions is mentioned as now necessary. In big industry the opinion predominates that devaluation is preferable to recurring subsidy levies. A confidential manufacturers' meeting in March and another this month, pronounced, though not unanimously, in this sense. Probably the desire of a part of industry for the reduction of the mark's nominal value derives from pleasant memories of the great extinction of debenture and mortgage debts by the depreciation of 1919-23. This liberation from debt, however, took the form of a rise in money prices. With the mark to-day a mere internal currency, and prices already excessively high, it is hard to foresee the effect on prices of a moderate devaluation. In Berlin prices of certain non-regulated foodstuffs, in particular, vegetables, have risen so much that they are already beyond the means of even fairly well-to-do citizens.

Industry in March was occupied to 65.4 per cent. of potential working places, against 63.3 per cent. in February; the production-goods trades were occupied to 68.5 per cent. of capacity, against 65.3 per cent.; and the consumption-goods trades to 61.1 per cent., against 60.6 per cent. With the exception of building, which improved from 47.1 to 60.5 per cent., no individual industry showed any great improvement in March. Coal output in the first quarter of the year was 39,175,000 tons. The trade Press writes favourably on the prospects of an international coal agreement. Ingot steel output in March was 1,557,800 tons, against 1,489,600 tons in February. The *per diem* output, as in all recent months, was little changed; but output in the first quarter of the year, at 4,632,200 tons, was 22 per cent. above that of the same quarter of 1935.

The engineering and machine-manufacturing trades are well occupied with both home and foreign orders. Exports of machinery have lately been around 20 per cent. above the lowest level of 1935. The motor-car branch is active, and exports are rapidly rising. There has been an increase in exports of cars to Belgium, Spain, Holland, Denmark, Hungary, South Africa, Brazil and Argentina.

Further results of the wages inquiry of December, 1935, have been published. The average gross hourly wage in the metal-consuming manufactured trades (in selected concerns employing 552,000 men) was 83.8 pfennig, the average gross weekly earning Rm. 41.15 pfennig, and the average weekly deduction for taxes and social insurance Rm. 5.70 pfennig. For skilled workers the gross average hourly wage was 96.4 pfennig, and the earned weekly wages Rm. 47.81 pfennig. In building (116,400 workers) the average gross hourly wage was 72.4 pfennig. In building the average wage has of late risen considerably, a consequence of pressure to complete buildings in a hurry.

The money market situation at the month-end was normal. The day-loan rate rose to 3½-3¾ per cent., but

early this week was ½ per cent. lower. Month-end pressure on the Reichsbank, however, was heavy; credits and investments increased by Rm. 563 millions, as against Rm. 360 in the same week of 1935. The notes of the Bavarian State Bank, the Bank of Saxony, and the Württemberg Bank of Issue (so-called private note banks) were withdrawn from circulation on April 2nd. The gold of these banks, some Rm. 70 millions, which is also the amount of the Reichsbank's own gold reserve, is provisionally held by the Gold Discount Bank as trustees.

BERLIN, May 5.

DENMARK

REFORMING THE NATIONAL BANK

THE Rigsdag has passed a Government Bill putting an end to the serious lock-out which has lasted since February 22nd and affected more than 100,000 workers. All the wage disputes in question have been referred to compulsory arbitration.

Before the finish of the Rigsdag session the Minister of Finance was empowered to negotiate for a foreign long-term loan with a maximum of 65 million kroner. It is expected that the loan will be raised in Sweden, the only country at present where there are no hindrances to such a loan. The bonds will be of the 4 per cent. type and repaid in the course of 20 to 25 years. No issue price has been fixed yet. The important question of the transformation of the note-issuing bank into a self-governing institution was also settled by a Bill passed by the Rigsdag just before the end of the session. The change will take place as from May 1st, and the name of the bank will henceforth be "Denmark's Nationalbank." The minimum gold-cover of the note circulation will only be 25 per cent., and up to 5 per cent. of the note circulation may be covered by balances held in foreign centres. Eight members of the Rigsdag—two from each of the leading

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political parties—have been elected to the Board of the new bank.

The latest published balance sheet of the Nationalbank shows that the foreign exchange position has improved considerably in the past year. As at March 31, 1936, liabilities to foreign customers were only 51.3 million kroner, against 105.1 million kroner at the same date of 1935.

A GIGANTIC BRIDGE SCHEME

After the success of the Little Belt bridge a gigantic scheme to span the Oeresund between Sweden and Copenhagen and the Great Belt between the islands of Zealand and Funen is being sponsored by the three leading constructional engineering firms of this country. Connecting motor roads would be built. The total cost of bridges and roads is at present calculated at 565 million kroner, and the construction and building of roads and bridges would provide work for 12,000 men during a decade. The scheme would be financed by various loans and taxes and by the road fund. If the whole scheme is carried out, it will provide direct connection by road between the Scandinavian countries and the rest of the European continent. At present there is some probability that the bridge spanning the Great Belt may be begun in the not too distant future.

The foreign trade figures for the month of March show an export surplus of 13.1 million kroner. For the first quarter of the year the following comparison may be made with 1935:—

	1935 Million kr.	1936 Million kr.
Total imports	332	329.9
Total exports (of Danish produce)	285.3	310.7

The new trade treaty with Germany has increased trade with this country; and a considerable export of horses, cattle and live pigs from Denmark is going on. Trade with Great Britain has also grown considerably, as the following figures show:—

	First quarter of 1935 1936	
	Million kr.	Million kr.
Total imports from:		
Great Britain	118.2	126.3
Germany	67.5	76.3
Total exports to:		
Great Britain	169.5	178.6
Germany	56.0	64.9

The flight from the franc is having certain repercussions on the Copenhagen Stock Exchange; international shares quoted there are steadily rising owing to buying on French account. The number of unemployed as at April 17th was 103,182. This is 1.6 per cent. above the figure of the corresponding date last year.

COPENHAGEN, May 1.

SWITZERLAND

A RECOVERY IN EXPORTS

Swiss foreign trade returns for the first quarter of 1936, though showing a smaller total than in the corresponding period of 1935, are better than was forecast. During the first quarter this year imports totalled 268,501,649 francs, compared with 293,162,507 francs last year, a drop which was partly due to import quotas and partly to reduced purchases of raw materials and manufactured products. Exports totalled 192,406,925 francs, compared with 200,045,951 francs in 1935. But while exports in January and February, 1936, were 7,003,610 francs and 2,953,957 francs respectively lower than during the corresponding months of 1935, in March they were 2,316,816 francs higher. The watchmaking industry is continuing slowly but steadily to improve, and its exports are now greater than in 1935. There has also been a small improvement in the machine industry. The import surplus, which was 93,116,553 in the first quarter of 1935, was this year only 76,094,721 francs.

Trade with Great Britain was satisfactory. Imports from Great Britain at 17,474,705 francs were 1,364,735 francs less than in the first quarter of 1935; and exports were 19,773,969 francs, or 3,007,450 francs more than in 1935. Trade with the principal countries was as follows (in

millions of francs) during the first quarter of each year:—

	Imports from		Exports to	
	1935	1936	1935	1936
Germany	74.4	70.3	48.8	40.6
France	50.0	43.3	26.3	26.0
Great Britain	18.7	17.3	16.6	19.7
Italy	22.3	13.0	21.2	14.1
U.S.A.	15.7	15.1	10.6	11.2

Great Britain has thus secured—both in imports and exports—the third place, formerly held by Italy, whose imports and exports have been reduced by about 42 and 33 per cent. respectively owing to the application of sanctions.

Banking has been more active as a result of renewed activity in the Swiss Bourses and of a new influx of foreign capital—mostly French—into the banks. Since January last the average value of twelve Federal Government securities has risen by nearly 2 per cent., while that of ninety industrial, transport and banking securities has risen by about 7 per cent.

The number of unemployed, which was 124,000 in January, fell to 119,700 in February and to 98,362 in March, and there was a further drop in April, another sign that economic conditions are improving.

RE-ARMAMENT IN THE RHINELAND

The reoccupation by Germany of the Rhine demilitarised zone is causing much concern in Switzerland. On the one hand, it suggests that the value of treaties—and the neutrality and existence of Switzerland are based on treaties—is very small; on the other hand, the presence of German troops on the Swiss frontier and the building of fortifications constitute a direct menace to Switzerland. It is for that reason that the Federal Government has decided to hasten the completion of the re-armament scheme adopted last year, which involves an expenditure of 85 million francs, mainly devoted to the re-equipment of the artillery, the development of aviation and the erection of fortifications along the northern frontier. One part of the programme has already been completed, but the fortifications will not be terminated before the end of the year. But, in present circumstances, the programme is regarded as insufficient, and the Government is now contemplating a complete reorganisation and modernisation of national defence involving an expenditure of 235 million francs.

The Government intends to spend a further 25 million francs on fortifications, while the remaining 110 million francs are to be expended on armaments. As the Swiss Constitution does not allow the creation of permanent army units, a new organisation will be created to man the fortifications at once in case of danger. At the same time, light units armed with light artillery and machine guns will be formed for the defence of the frontier. Anti-aircraft and anti-gas defence are to be developed.

The 235 million francs needed for this purpose are to be obtained by means of a State loan at 2½ per cent. Some 176 millions francs out of the 235 million francs are to be spent in Switzerland and will benefit home industries and help in combating unemployment. The Swiss trade unions and many sections of the Socialist Party are supporting the scheme, as they have now pronounced themselves in favour of stronger defences; although last year they opposed the Bill for the reorganisation of the Army and re-armament. They will propose that the loan be increased up to 500 million francs. The remaining 265 million francs would then be devoted to public works. It is accordingly certain that in its next session Parliament will adopt the Government's proposal, though the sacrifice will be heavy for a country whose population hardly exceeds 4,000,000.

GENEVA, May 1.

ROUMANIA

AN INCREASE IN REVENUE

It is now fairly certain that the public revenue under the Ordinary Budget of the financial year ending on March 31st last will exceed the estimates of 20,686.8 million lei. In fact, the Treasury receipts from ordinary sources are expected to reach the total of 19,583.7 million lei. Special revenues of 800 million lei were obtained from the issue of

new metallic currency, and an amount of 700 million lei was appropriated from the Extraordinary Budget. This brings the total income under the Ordinary Budget up to 21,083.7 million lei. Expenditure amounted to 20,967.8 million lei. A surplus of about 100 million lei appears therefore assured for the first time for several years. Compared with the previous year the ordinary revenue increased by 8.1 per cent. This result is partly attributed to improved methods of tax collection, but it also reflects the better economic conditions prevailing in the country. On the other hand, Customs revenue dropped by about 28 per cent. owing to the restrictions imposed on foreign trade. Revenue during 1935-36 for the separate National Defence Budget is valued, in the absence of definite figures for the last month, at 1,912.6 million lei, which is 87 million lei below the estimates.

Under the Extraordinary Budget for 1935-36, which deals with the arrears both in income and expenditure from previous years, total revenues are expected to reach 3,049 million lei; the total outstanding amount indicated in the Budget was 14,278 million lei, subsequently corrected to 11,817 million lei. Some 700 million lei of the revenues were appropriated for the Ordinary Budget as shown above, whilst 2,346.2 million lei was utilised for payment of old debts. A further part of the old debts, about 1,600 million lei, was liquidated by compensations and adjustments, and 5,643.5 million lei was paid by the issue of the 3 per cent. Consolidated Loan bonds authorised last summer for this purpose. A sum of 991 million lei is yet to be liquidated by similar bonds. The total issue will therefore be for the moment 6,634.5 million lei, out of a total of 8,000 million lei for which provision has been made.

Special attention has been directed by the Minister of Finance to the liquidation of the large floating debt, given as 19,990 million lei, outstanding at the beginning of the financial year. A reduction of 15,890 million lei has actually been effected. The funded debt of the State on April 1, 1936, amounted to: External, 79,389,226,348 lei; internal, 28,653,308,617 lei; total, 108,042,534,065 lei. The increase in the internal debt is to a large extent due to the consolidation of the floating debt.

The practice of establishing a separate Budget for the arrears from previous years has been dropped in drawing up the Budget for the current financial year beginning on April 1, 1936, which was placed before Parliament and passed at the end of last month. On the other hand, the separate Budget for National Defence has been retained. The estimates of the latter amount to 2,600 million lei, an increase of 600 million lei over last year's estimates and of about 700 million lei over the actual receipts during last year. The General Budget for the current year is balanced at 22,972,419,500 lei.

POSSIBLE FURTHER EXCHANGE DEPRECIATION

The payment agreement with France concluded in February last is not yet in operation, as the negotiations for the sale of petroleum royalties appear to be meeting with obstacles. With Great Britain negotiations are said to be proceedings and a new delegation from the Board of Trade is expected here. Meanwhile, hardly any transfers for the payment of commercial arrears due to England under the old agreement are coming through, and grants of remittances for current debts are very few and far between. It is only under certain special "compensation" contracts that the supply of some essential raw material can be obtained. The transfer of blocked lei has lately engaged the attention of some enterprising firms and is actually being effected by means of surplus exports, but at rates which mean heavy loss to the owners of the lei. German marks, Italian lire, Austrian schillings, Hungarian pengös and Czech crowns are allowed to be negotiated in the open market, provided they result from exports and are bought for approved commercial transactions. The considerable reduction in imports, however, has brought about a substantial drop in the rates ruling in the so-called "black market." There are reports that the authorities are considering the advisability of raising the premium paid on foreign exchange by the National Bank, at present 38 per cent., so as to kill the "black market" entirely and further encourage exports.

BUDAPEST, May 1.

JAPAN

NEW CHEAP MONEY POLICY

TOKYO is still under martial law and it is not known when it will be lifted. But business is being conducted as usual, and the general economic trend has not appreciably changed. Output of cotton yarn in March totalled 117,470,000 lbs., or a decrease of 690,000 lbs. over February, while rayon yarn production in March recorded the highest monthly total at 20,010,000 lbs., or 1,592,000 lbs. more than in the preceding month. The Bank of Japan's wholesale index number for March registered a further slight fall of 0.15 per cent. on the month. Security prices, on the other hand, have reacted very unfavourably on the fears of heavy increases in taxation and of stricter and wider State control over industry and finance.

The new Government's cheap money policy was launched on April 7th by the reduction in the Bank of Japan's official minimum to 3.28 per cent. from 3.65 per cent., at which it had stood since July 3, 1933. The following day the Government announced a scheme for converting the 5 per cent. Loan amounting to 381 million yen on May 1st to the reduced rate of 3½ per cent. The Tokyo and Osaka clearing banks followed the lead of the central bank and lowered, as from April 10th, the deposit rate from 3.7 per cent. to 3.3 per cent. in the case of big banks and from 4 per cent. to 3.5 per cent. in the case of lesser banks.

LARGE INCREASE IN IMPORTS

Reversing the trend in recent months, imports during March show a considerable increase over last year, due principally to larger imports of textile materials. The total of imports, 282,446,000 yen, compares with 220,195,000 yen for March, 1935, an increase of 62,251,000 yen, or 28.3 per cent. Exports, at 218,501,000 yen, rose by only 4,712,000 yen, or 2.2 per cent. The growth in lesser exports was largely offset by the substantial decline in cotton manufactures and other textile goods. For the first three months imports show an increase of 68,197,000 yen, or 9.6 per cent., to 779,224,000 yen over the corresponding quarter of 1935, and exports a rise of 26,076,000 yen, or 4.6 per cent., to 587,438,000 yen. Thus the import surplus amounted to 191,786,000 yen, against 149,664,000 yen.

The gross operating receipts of the Imperial Government Railway for the fiscal year ended on March 31st show that passenger train receipts were 299.3 million yen and goods train receipts 221.9 million yen, making a total of 521.2 million yen. This was the largest total ever recorded and 25.7 million yen larger than the actual receipts of the preceding year. The South Manchuria Railway also reported considerably larger earnings for 1935-36, and its gross income totalled 136.5 million yen, against 131 million yen in 1934-35.

According to Mitsui Gomei Kaisha's half-yearly analysis of the profit and loss accounts of Japanese joint-stock banks and industrial undertakings, aggregate net profits of 250 banks for the second half of 1935 totalled 80,052,000 yen, a decrease of 810,000 yen upon the first half of the year. The total net earnings of 1,000 industrial companies for the December half-year amounted to 415,415,000 yen, representing an increase of 19,523,000 yen over those earned by the same concerns in the preceding half-year. The great majority of trades, particularly shipbuilding, machinery and tools, mining, chemicals, trading companies, electricity supply, and railways and tramways, show substantial increases in profits; but textiles, breweries, iron and steel, rubber and warehouses disclose smaller earnings. The following table gives the comparison for profits in the last three half-years:—

	No. of Co.'s	(In thousand yen)		First half-year 1935	Second half-year 1935
		Second half-year 1934	First half-year 1935		
Banks	250	81,272	80,863		
Industrial companies ...	1,000	373,526	395,892		
Total	1,250	454,798	476,755		

Out of the total, fifty-six industrial companies reported a loss for the December half-year, and aggregate net losses amounted to 2,150,000 yen; compared with fifty-five companies having the combined loss of 2,315,000 yen in the June half-year.

TOKYO, April 10.

NEW ZEALAND

BETTER TRADE AND RISING PRICES

INTERNAL trade, stimulated by the higher receipts for exports, continues to improve. Sales tax receipts achieved new high records for each of the four months ending with January, 1936; and bank debits, railway revenue, building permits, mortgage business, and land transfers are all appreciably higher than a year ago. Unemployment shows more than the normal seasonal decline. The season has been exceptionally wet. The rainfall in February, usually a dry month, beat all previous records, and heavy floods occurred in many districts. This rain has helped the pastoral industries by stimulating the growth of grass later in the season than usual; but it has done much damage to crops, and both milling wheat and potatoes may fall short of requirements.

Ruling prices for butter and wool have been well above those of last season, though meat prices are slightly lower. For the seven months ended in January, compared with the same period a year ago, butter exports were 6 per cent. higher in quantity and 46 per cent. higher in value, and cheese exports lower by 18 per cent. in quantity and 8½ per cent. lower in value. Exports of lamb declined by 16 per cent. in volume and 17 per cent. in value. Up to the end of February 448,752 bales of wool, yielding £N.Z.6,052,111 and averaging 9½d. per lb., had been sold at the local auctions, against 259,149 bales, yielding £N.Z.2,781,051, or 6½d. a lb., for the same period a year earlier. The market appears to be steadily improving, and it is estimated that total realisations for wool over the full season will be about £N.Z.11,000,000, or nearly £N.Z.4,000,000 more than last year. Imports continue to respond to the improvement in internal business, and for the year ending January last amounted to £36,287,544, compared with £N.Z.31,707,149 in the preceding year. The trade balance has been decidedly favourable since the export season opened, and in consequence overseas funds held by New Zealand banks increased from £N.Z.33,976,157 on October 28th last to £N.Z.38,369,539 on January 27th.

THE LABOUR GOVERNMENT AND THE CENTRAL BANK

The new Cabinet has been busy since the election preparing for the parliamentary session, which opened on March 25th. The recent Government removed certain public activities, including the administration of the railways, of transport, and of Government advances to settlers, out of State control, and appointed boards of control with wide powers. Now these departments are to be brought under ministerial control again. The Reserve Bank, which is governed by directors appointed partly by the State and partly by shareholders, is to be made a State bank, probably by Government appointment of all the directors and Government purchases of the £500,000 shares held by

shareholders. Dairy farmers are also promised guaranteed prices for next season, and though nothing definite is known, it is anticipated that the Government will purchase the produce at standard prices in New Zealand, and will undertake the task of marketing it abroad, meeting the loss when overseas prices are low, and making a gain when market prices are higher than the standard adopted. Critics consider such a plan will last only as long as market prices remain above standard prices.

Since the amendment to the Arbitration and Conciliation Act in 1931 it has been compulsory to take labour disputes to the Conciliation Councils, but optional whether matters still in dispute should go to the Arbitration Court. The Government now promises to restore compulsory arbitration. The 40-hour week is also likely to be introduced in some occupations, and the Government expects that shorter hours, combined with increased activity in public works, will reduce unemployment substantially.

CHRISTCHURCH, April 15.

LETTER TO THE EDITOR

ROAD ACCIDENTS AND PETROL CONSUMPTION

TO THE EDITOR OF THE ECONOMIST

SIR,—In the House of Commons Mr Neville Chamberlain suggested recently that there was a direct ratio between the roads constructed, the number of mechanical vehicles upon them and the number of fatal and non-fatal accidents.

We are perhaps not entitled to expect imagination from our Chancellors of the Exchequer, but at least we should be able to look for some respect for the significance of figures and for the accurate use of them.

The following table shows the relation between the numbers of killed and injured on the roads, those killed and the total petrol consumption, which is an accurate enough guide to the amount of motor traffic on the road, standardised on the year 1928:—

Killed and Injured on the Roads and Total Petrol Consumption				
		Killed and Injured	Killed	Petrol Consumption
1928	..	..	100	100
1929	..	..	103.9	109.1
1930	..	..	108.3	119
1931	..	..	122.1	127
1932	..	..	124.6	133
1933	..	..	130.7	139
1934	..	..	139.8	150
1935	..	..	131.8	161

These figures show how far from the truth is the assumption behind Mr Chamberlain's statement.

Yours faithfully,

H. E. CRAWFORD.

BOOKS AND PUBLICATIONS

INTERNATIONAL CAPITAL MOVEMENTS

THESE are the first two books to treat the theory of international capital movements comprehensively as a separate subject. Up till now it has been included in books on international trade. Each author naturally draws upon former theories, but while Herr Nurkse contents himself with quotations, Mr Iversen gives a systematic and complete exposition of practically all theories on international capital movements. Both volumes, however, are constructed clearly and systematically; and they both incline towards the modern theory according to which international transfers of purchasing power are of primary im-

* "Internationale Kapitalbewegungen." By Regnar Nurkse. Publications of the Austrian Institute for Trade Research. Julius Springer, Vienna. 247 pages. Rm. 7.80.

* "Aspects of the Theory of International Capital Movements," by Carl Iversen. Levin and Munksgaard, Copenhagen; Oxford University Press, London. 536 pages. 15s. 6d.

portance as a causal factor in the adjustment of international accounts.

Herr Nurkse, who is a member of the League Secretariat, works out his analysis rather independently of other authors. His interest is primarily focussed upon the phenomena of real transfer, i.e. of the movements of goods and services initiated by international capital movements and their effects upon prices and production. Mr Iversen examines rather closely the phenomena of monetary transfer that occur when short-run credit movements interrupt long-run tendencies, and adjustments are consequently postponed until serious frictions or even a breakdown of the international monetary system ensues. Mr Iversen also reviews the controversy over the Reparations transfer problem.

Together, the two books bring out clearly the defects of the classical and neo-classical theories. According to these accounts, whenever international capital movements take place under the gold standard, movements of gold will result, and, either directly or indirectly, through their

effects on the credit structure, will produce changes in the comparative price levels of the lending and the borrowing countries, which will turn the terms of trade against the former and in favour of the latter. The defects of this theory are its neglect of the immediate effects of the transfer of purchasing power and its assumption that an increase of exports is impossible unless prices and costs are depressed in the lending country relatively to the borrowing country. Accordingly, the more modern theory brings out clearly the fact, which is also more in accordance with practical experience, that the borrowing country can buy more at the same prices and the lending country supply the additional exports needed for the "real" transfer of the loan. How exactly the adjustment of international payments will be effected, must of course depend on the actual conditions of supply and demand.

The modern theory also throws much greater light on conditions in non-gold countries. Mr Iversen shows, for instance, that complementary short-term credit movements facilitate the transfer process in the case of managed currencies just as much as in the case of gold currencies. Herr Nurkse is reluctant to admit this, though at the end of his book he mentions the operation of the Exchange Equalisation Fund—which is a case in point. Herr Nurkse rightly points out the dangers arising from the differences which may prevail between the forms taken by internationally moving funds and the real economic transaction they represent. He points out the difficulties experienced by borrowing countries when short-term credits are used for long-term investment, and the import of capital fluctuates violently, while the borrowing country is obliged to make payments at a fixed rate and irrespectively of changes in the business cycle.

Neither Mr Iversen nor Herr Nurkse seem to investigate quite adequately the conditions under which the repayment of loans takes place. Both assume that these conditions are practically the same as in the case of the original export of capital. Here again the modern theory may prove illuminating on several points. The most important of these seem to be that the borrowing country often meets difficulties in putting at the disposal of the original creditor country purchasing power which can be as easily transferred as the original capital sum. One might almost say that the modern theory of capital movements applies more accurately to the original lending operation and the neo-classical theory to the process of interest payment and amortisation.

SHORTER NOTICES

"Raw Materials and Colonies." Information Department Papers. No. 18. The Royal Institute of International Affairs. 68 pages. 2s. 6d.

To the series of pamphlets recently published on the problem of raw materials and Colonies, Chatham House here adds another and most valuable contribution. It does not attempt to reach practical conclusions, but it is perhaps the most comprehensive survey available of the relevant facts and figures. A whole series of statistical tables tells us virtually all we need to know about the production and trade in raw materials, the exports of industrial countries to Colonies, the tariff policies followed in Colonial Empires, the various schemes for restriction of production, and the principal remedies proposed by responsible authorities.

The factual survey first shows that, "apart from rubber and tin, there are no important raw materials which are even preponderantly produced in colonial areas." The political unit most nearly self-sufficient in raw materials is the United States, followed by the British Empire (if it is a political unit) and the U.S.S.R.—which is rapidly coming to the front as a leading world producer of raw materials. British Malaya and the Netherlands East Indies are the only colonies of first-class importance as producers of raw materials; and the only raw material of which African Colonies have a quasi-monopoly is palm oil. The African Mandated Territories are unimportant. "In fact, the problem of access could never be solved by transfer unless whole continents were transferred: the only real possibility of improvement lies in a greater freedom of trade."

"Planning Under Capitalism. The Problem of Planning in Great Britain." By A. W. Rathen, B.Sc. (Econ.). (London) P. S. King and Son, Ltd. 199 pages. 9s.

Mr Rathen has had the praiseworthy idea of combining in one book a theoretical defence of "planning" and a description of some of its manifestations in Great Britain. The result is a book of very unequal merits. The theoretical part is excellently done. The chapter which lists the reasons why it has become essential to superimpose some degree of "purposive direction" upon the free economy is particularly clear and thoughtful. The factors which Mr Rathen discusses are, on the side of the demand for goods, the advent of a stationary population, changes in the distribution of income, and the growing instability of demand following upon a rising standard of living. On the supply side, there are the rising productivity of industry, the loss of plasticity in wage rates and the growth of mass production, with its corollary of high overhead costs. Not everybody will agree with the precise degree of importance that Mr Rathen attaches to each of these factors, but they make a formidable array and provide a complete answer to those who are puzzled why an economic system which worked tolerably well until a couple of decades ago should suddenly start working badly. This line of argument does not, as Mr Rathen tends to assume, exclude either the Socialist explanation or, still less, the Socialist solution. But it does at least provide an alternative explanation.

Whether "capitalist planning" also provides an alternative cure, is the inquiry which occupies the second half of the book. Unfortunately, Mr Rathen is too indiscriminating a critic to inspire a great deal of confidence in his thesis. He describes in turn the legislative attempts to reorganise the coal, electricity and agricultural industries. But he relies too closely on purely official sources; he is inclined to accept any form of "control" as economically beneficial; and he is far too quick to take a vague expression of legislative intention as a precise accomplished fact.

BOOKS RECEIVED

British Economic Foreign Policy. By J. Henry Richardson. (London) Allen and Unwin. 250 pages. 10s. 6d. net.

The Distribution of National Capital. By G. W. Daniels and H. Campion. (Manchester) Manchester University Press, 8-10 Wright Street. 62 pages. 3s. 6d. net.

Bibliography of Social Studies. Compiled by the Association for Education in Citizenship. (London) H. Milford. 111 pages. 3s. 6d. net.

Our Centenary Year, 1936. (Liverpool) The Liverpool and London and Globe Insurance Company, Ltd., Publications Department, 1 Dale Street. 160 pages. No price given.

They Followed the Leader: A Cautionary Tale in Pictures. By Stuart Boyle. (London) Lawrence and Wishart, Ltd. 3s. 6d. net.

The Sweden Year-Book, 1936. (Stockholm) Almqvist and Wiksells Boktryckeri, A.B., and (London) Swedish Travel Bureau, 21 Coventry Street, W.1. 367 pages. 5s. 6d. net.

The Incorporated Secretaries Association Year Book, 1936. (London) Incorporated Secretaries Association, 21 Bedford Square, W.C.1. 446 pages. 5s. net.

British Armaments and World Peace. (Cambridge) Cambridge University Anti-War Committee. 48 pages. 3d. net.

Handbook to British Malaya, 1935. Compiled by R. L. German. (London) Malayan Information Agency, 57 Charing Cross, S.W.1. 233 pages. 2s. 6d. net.

Selected Works of Lenin. Vols. I and II. Edited by J. Fineberg. (London) Lawrence & Wishart. Vol. I. 560 pages. 5s. net. Vol. II. 568 pages. 5s. net.

Economics for Examinees. Fourth Edition. By A. Watkins and E. M. Taylor. (London) Macdonald and Evans, 8 John Street, W.C.1. 173 pages. 5s. 6d. net.

THE COMPETITIVE DISTRIBUTION OF WEALTH

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MONEY AND BANKING

THE FRANC IN EXTREMIS

THIS week the life of the franc has been hanging by a hair. On Tuesday it looked as if the hair would snap and that exchange restrictions would be imposed of a kind that would put an end to the life of the franc, on the free gold standard, as the world has known it for the past eight years. For the moment the franc has been preserved; and the French authorities are trying one more application of the orthodox remedy of raising the Bank rate. Yet in spite of the Finance Minister's declaration on Tuesday evening that there was no question of imposing any measures of exchange control, few will be found to-day to believe that a mere raising of the Bank rate from 5 to 6 per cent. can save the franc.

For more than a year the disease has pursued a familiar course. The root cause is over-valuation, leading to enforced deflation—with its concomitant of depressed trade, employment and purchasing power—in a vain effort to restore equilibrium. Budget revenues have dwindled and the Treasury has for many months been virtually empty. The London credit for Frs. 3,000 millions, arranged last February, and the subsequent internal issue of Frs. 6,000 millions of Treasury bills, taken by the Banque de France, were only emergency measures which advertised the desperate need of the authorities. For a considerable period money has been flowing out of the banks into private hoards at home and abroad, and the Banque de France has been simultaneously losing gold, and re-discounting for the commercial banks, and latterly in effect for the Government. This two-way pressure on the central bank is graphically illustrated by the following table:—

	BANQUE DE FRANCE		
	Frs. millions		
	March 22, 1935	March 20, 1936	April 23, 1936
Gold	82,597	65,700	61,937
Rediscounts	3,998	11,114	14,568
Note circulation	81,490	82,681	82,557
Private deposits	16,876	7,843	7,751
Reserve ratio	80.8%	70.2%	66.8%

These returns, both for the year to March 20th last and for the subsequent weeks of crisis up to April 23rd, are sufficiently eloquent. It remains to add that the slight recovery in French trade and prices, which began at the end of last summer, was itself an indication that France was seeking relief from her pains through the drug of concealed inflation, and that this relief was purchased at the cost of a more intensified over-valuation of the franc.

At this stage the elections intervened. As we show in a leading article on page 294, they have returned the Left to power, but swung the centre of gravity of both the Left and Right groups of parties towards the extremes. Even the results of the first ballot on April 26th had an unfavourable effect on the franc. During the week ended April 30th the Banque de France's gold stocks fell to Frs. 60,678 millions, while its rediscounts rose to Frs. 15,020 millions. The note circulation rose to a new high record of Frs. 84,138 millions. The result of the second ballot last Sunday finally established the victory of the Left. Last Monday the Banque de France lost, it is estimated, Frs. 560 millions of gold and on Tuesday the best part of Frs. 800 millions. The spot rate for sterling was barely held by the British Control at just under Frs. 75½, while one month's francs went to Frs. 2½ discount and three months' francs to Frs. 4½ discount. These forward rates, respectively, corresponded to 44 and 25 per cent. per annum! Meanwhile the New York-Paris rate went to Frs. 15.19, and a new gold rush to the United States began. Shipments by the "Normandie" alone are estimated at over Frs. 225 millions, and the insurance premium on these shipments rose as high as 38.4d. per cent. Continual shipments are also being made to Brussels at very low cost by every means available, so far as the French banks feel at liberty to ship gold at all. Gold has been quoted in the London bullion market at a premium of 1s. 2d. on the franc parity price, and

much of this gold is being bought on French account for shipment to Brussels.

The position is even more serious than is superficially apparent. Hitherto, the flight of funds from France has been confined to foreign money, to naked speculation, and to the liquid balances of large French interests with international relations and commitments. A few weeks ago it was confidently said that all this money had already taken flight, and that provided the *petit bourgeois*, the owner of the small bank balance, held his ground, there was little money left to go. This week, however, there is evidence that the panic has spread to the small man, and that numbers of small bank balances are being transferred to London or Brussels. Neither the Banque de France's gold reserves nor the resources of the commercial and saving banks could stand such a drain indefinitely. Already the Banque's gold must be under Frs. 60,000 millions, of which some 4,000 millions must be regarded as ear-marked against the London credit and smaller loans lately raised in Brussels and Amsterdam. Both the peculiar character of the French banking and monetary system—with its reliance on currency as the chief medium of exchange—and also the present international political situation lend support to the view, which has been widely, though unofficially, put forward, that the French regard Frs. 55,000 millions of gold as the irreducible minimum.

The truth is that the elections and the French Constitution between them have left France with no effective Government until the new Chamber meets on June 2nd. The position of the United States just before President Roosevelt assumed power in March, 1933, presents an ominous parallel. M. Sarraut, at the end of his term of office, shows pardonable reluctance to take the plunge and devalue the franc. If he did, he and his supporters would obtain all the odium, while the Left would come in to reap the fruits of the recovery that assuredly would follow devaluation. M. Sarraut's simplest course, therefore, is to sit tight, and M. Régnier's declaration indicates that he has decided to do so. But is this practicable? Can the franc hold out till June 2nd? At best, it can only do so if the gold reserves are allowed to fall below Frs. 55,000 millions. Even this possibility might be upset by a general and prolonged flight of the *petit bourgeois* from the franc.

M. Sarraut's first alternative is to resign at once. That would impose upon France a virtual interregnum for the best part of a month. Once more a suggestive parallel can be found, for just over a year ago Belgium was faced with an interregnum of a week at a time when the belga was in a parlous plight. It is a matter of history that when M. van Zeeland took over the reins of office at the end of that week his first act was to devalue the belga—and Belgium has since never looked back. Is this experience to be repeated in France this month?

Another possibility is that M. Sarraut may decide to summon the old Chamber at once and invite it to dissolve itself. This is constitutionally possible, and, if it were done, the new Chamber could meet next week. This course would shift the whole onus of dealing with the crisis on to the shoulders of the new Chamber and the new Government, and would obviate the danger of an interregnum. It would give the Left the kicks as well as the ha'pence of devaluation or any other drastic change in monetary policy.

Meanwhile, what of the franc itself? There are several possibilities, any one of which may materialise without warning. First, restrictions on the exportation of capital may be imposed. This is now less likely than it seemed to be on Tuesday, and the Government, the Treasury and the Banque de France are all believed to be opposed to this step. Next, France may decide only to part with gold to those countries which freely ship gold to France—that is to the other members of the gold bloc and to the United States. This would at once prevent the transfer of ear-

marked gold to the British Exchange Equalisation Account. In that event the Account (which operates with the taxpayers' money and would hesitate to take the risk of buying and holding francs), would apparently be compelled either to cease its intervention and allow the pound to rise to Frs. 80, Frs. 85, or wherever the market took it, or, as a *pis aller*, to buy dollars. The latter alternative could not possibly save the franc, for the dollar would remain at a high premium against the franc, and the gold rush from France to the United States would attain prodigious dimensions. In any case, there might be a radical change in the exchange rates between the pound, the franc and the dollar, while the Banque de France's gold losses would at the best be slowed down and would also take the form of physical shipments, especially to Belgium, and so be plain to all, day by day.

Altogether, the odds against the franc are heavy indeed. If we are on the threshold of a new situation in international economics, what should our own policy be? This contingency was examined in an article in the *Economist* of January 25th, p. 171. Certain conclusions appear relevant. First, it may be urged, we should again make it perfectly clear that in no circumstances will we use the Exchange Equalisation Account for the competitive depreciation of sterling. France and other countries may legitimately ask for categorical reassurance on this point before they are committed to any decisive step. Next, we ought to hold immediate, brief and informal discussions with France on the question of the best and most equitable relation between the pound and the franc. A full-dress conference is the last thing desirable, but, if time permitted, American participation would be useful. Next, we must be ready for all eventualities in the inevitable period of world-wide economic re-adjustment. Finally, if the franc goes, Germany may well seize the opportunity for a revaluation of the mark. Dr. Schacht can hardly be left out of account, and may have to be brought into the discussion. The next few weeks may be a turning-point for the world, both politically and economically. The opportunity should be used to promote world re-adjustment and freedom, and not fresh restriction and chaos.

FINANCIAL NOTES

The Bank Return.—This week the note circulation has risen by £5.7 millions. This is rather a large increase for this time of year, and is almost certainly due to French hoarding. It is known that there has been active bidding in Paris for pound and dollar notes, and there is some evidence in London that last week there was an increase in the issue of notes of the larger denominations.

	BANK OF ENGLAND				
	May 8, 1935	Apr. 15, 1936	Apr. 22, 1936	Apr. 29, 1936	May 6, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	192.6	201.6	202.1	202.7	203.7
Note circulation	394.2	421.9	415.4	416.9	422.6
Banking Department :—					
Reserve	59.0	40.5	47.4	46.6	41.8
Public deposits	7.2	9.9	13.2	7.4	9.2
Bankers' deposits	104.6	104.9	93.1	104.7	88.3
Other deposits	38.0	36.6	38.1	39.0	36.7
Government securities ...	92.5	106.7	93.2	101.3	88.8
Discounts and advances	5.8	8.8	7.5	8.3	9.4
Other securities	10.3	13.2	13.9	12.6	11.9
Proportion	39.3%	26.7%	32.8%	30.8%	31.1%

In the banking department the heavy payments for Treasury bills made on May 1st have enabled the Government to repay the money borrowed from the Bank at the end of April, and have also depleted bankers' deposits. The latter have also been reduced by the expansion in the note circulation. Hence the contractions of £12.5 millions in Government securities and £16.4 millions in bankers' deposits.

The Money Market.—The clearing banks have experienced a fair demand for day-to-day money, and at least two of the clearing banks called moderate amounts

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during the week. As the Bank return shows, the heavy Treasury bill payments made on May 1st have reduced the supply of bank cash, while the total tender issue of Treasury bills continues to increase by £10 millions a week. The banks have bought June and July Treasury bills at ½ per cent., and have been very willing to take them.

	Apr. 16, 1936	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936
	%	%	%	%
Bank rate	2	2	2	2
Clearing banks' deposit rate ...	↓	↓	↓	↓
Short loan rate :—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	↓	↓	↓	↓
Discount rates :—				
Treasury bills	↓	↓	↓	↓
Three months' bank bills ...	11-8	11-7	11-7	11-8

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

A fair amount of French money has been seeking employment in the London discount market. There have been many inquiries for bills and also for rates at which London houses will take money on deposit. These inquiries have come both from the London offices of French banks and also direct from Paris, and were particularly in evidence on Thursday. There is no great eagerness, however, to accept French balances, as money of this kind is extremely volatile, and it is difficult both to keep it liquid and employ it profitably.

The Foreign Exchanges.—For reasons discussed in the leading article on the previous page, the London market has been dominated by the franc. There have been heavy offerings of spot and forward francs on every day of this week, and although the British Control has bought heavily on the spot market, it had to let the spot rate on Thursday rise to a fraction over Frs. 75½. There has been practically no demand for forward francs, and by Thursday afternoon one month's francs had depreciated to Frs. 2½ discount, or 40 per cent., and three months' francs to Frs. 5½ discount, or nearly 28 per cent. per annum. It is ominous that the greater discount is now on the nearer position. The Dutch and Swiss exchanges have been steady, but belgas have risen in Paris to Frs. 258.35 per 100 belgas, or to well beyond the gold export point of about Frs. 256.75. A fair amount of gold has gone from Paris to Brussels, but the French banks are not too anxious to ship openly, and a fair amount of gold has been bought in the London bullion market and shipped to Belgium. The heavy discount on the franc against the belga makes this profitable even though the London price of gold is 1s. 2d. per ounce above the franc parity price. It would also pay to ship gold from Paris for sale in London, but French banks are again being discouraged from doing so. Dollars have depreciated in London to \$4.97½, but this is purely an arbitrage movement in sympathy with the franc. The Paris-New York cross-rate is up to Frs. 15.19, or

above the export gold point, and one American bank at least is shipping gold heavily. British gold movements reported during the week ended May 7th included imports of £1,296,000 from France and exports of £1,220,000 to the United States and £335,000 to Belgium; £170,000 in sovereigns was also shipped to France, and a small quantity of other coin and bullion.

INSURANCE NOTES

Scottish Union and National.—New life business showed further substantial expansion in increasing from £3,144,000 to £3,604,000, but annuity consideration money fell from £139,000 to £88,000. The net rate of interest on the funds was 6d. per cent. smaller at £3 19s. per cent. Death claims fell by no less than £105,000 to £358,000. Fire premium income was practically unchanged at £1,012,000, but the underwriting profit increased from £89,000 to £133,000. This very satisfactory result is no doubt attributable in large measure to favourable conditions in the U.S.A. In the other branches premium income was on the aggregate greater than in 1934. It is the practice of this office to hold a reserve for unexpired risks of 50 per cent. of the premium income, but in arriving at the figures given below 40 per cent. has been taken, in accordance with our usual practice:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	88,937	8.9	133,348	13.2
Accident	1,154	3.9	1,715	6.1
Employers' liability	3,651	6.8	4,472	8.0
Miscellaneous	11,381	5.9	6,270	2.8
Marine	40,000		30,000	
	137,821		166,861	
Less items debited to profit and loss	80,196		84,031	
	57,625		82,830	

The total assets at £16,805,000 are £404,000 greater. There was some redistribution of the investments. Loans of all kinds were smaller by £217,000. British Government securities, however, increased by £164,000, and foreign and colonial government securities by more than £400,000. Debentures fell from £4,085,000 to £3,831,000, but preference and ordinary shares were greater. The dividend is again at the rate of 65 per cent. and costs £151,000 compared with interest earnings of £146,000.

British and Foreign Marine.—The activities of this company, which is a subsidiary of the Royal, are almost entirely confined to marine insurance, the transaction of which has met with consistent success. The figures relating to the last five closed years are as follows:—

	Premium Income	Transferred to Profit and Loss
1930	455,000	51,000
1931	482,000	38,000
1932	431,000	33,000
1933	372,000	6,000
1934	389,000	28,000

Premium income last year was £398,000, compared with £389,000 in 1934; first year claims, however, were £3,000 smaller at £101,000. There is also a small fire insurance branch, in which the premiums last year amounted to £25,000; the profit of £3,800 emerging has been retained in the fire account. Total assets amount to £3,439,000, and in addition to underwriting reserves, there is a reserve fund of £1,000,000 and a general contingency fund of £233,000.

Caledonian Insurance.—New life business was considerably larger at £1,686,000, and annuity consideration moneys increased from £63,000 to £122,000. Interest

earnings were practically unchanged, with the result that the net rate of interest earned on the mean funds fell by 1s. 11d. per cent. to £3 18s. 10d. per cent. Death claims were much smaller at £207,000, compared with £255,000 in 1934. In the fire and miscellaneous branches total premium income was £1,303,000, or practically the same as in the previous year. The underwriting results of the last two years are given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	40,295	5.3	82,499	11.3
Accident	1,241	12.4	731	7.8
Employers' liability	1,759	4.6	638	1.6
General	9,573	8.5	2,549	2.2
Motor	20,054	6.8	13,396	4.2
Marine	18,886	19.4	9,086	10.5
Life	72,662		108,899	
Less items debited to profit and loss account	55,793*		81,853*	
	16,869		27,046	

* Including transfer of £25,000 to general reserve.

Total assets in the life balance sheet increased from £7,608,000 to £7,861,000; there were no special changes in the classification of the investments. In the general balance sheet assets increased from £3,067,000 to £3,184,000, while the general reserve was raised from £525,000 to £550,000. In the fire account, in addition to the usual reserve of 40 per cent. of the premium income for unexpired risks, there is a reserve of £500,000, equal to a further 68 per cent. of the 1935 premiums. The market values of the Stock Exchange securities appear to be considerably in excess of the book values. The dividend is again at the rate of 75 per cent., and absorbs £90,000, contrasted with available interest earnings of £80,000.

Friends' Provident and Century.—New Life Assurances in 1935 were £2,276,000, compared with £2,301,000 in 1934 and £1,888,000 in 1933, while annuity consideration moneys increased in the year by £152,000 to the very large sum of £931,000. The company has for some years accepted deposits for fixed terms of years, the rates of interest varying with the term, and the continued popularity of this business—which is treated as part of the sinking fund account—is evidenced in an increase of £78,000 in the outstanding amount of single premiums received on the previous year's total to £704,000. Death claims fell by the substantial amount of £81,000 to £199,000. The net rate of interest earned, which increased in 1934 from £4 7s. 9d. per cent. to £4 18s. 3d. per cent., fell last year to £4 4s. 6d. per cent.; the peak figure in 1934 was due to the exceptional dividend paid in that year on the Century shares, namely £108,500, against £37,500 in 1933 and £46,500 last year. Total premiums in the fire and miscellaneous branches were somewhat greater than in 1934, but the net interest earnings fell from £48,000 to £45,000. The results of the past two years are given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Life	18,903	...	...	...
Fire	10,293	3.3	24,329	7.3
Accident	1,398	8.5	1,555	8.8
Motor	4,680	4.3	3,488	3.3
General	3,473	5.1	7,035	9.9
Employers' liability	5,935	11.8	7,932	13.6
Marine	12,181		5,060	
	56,863		46,289	
Less miscellaneous profit and loss items	25,938		9,285	
	30,925		37,004	

Total assets increased from £11,404,000 to £12,560,000, and in addition the funds of the Century amount to £5,249,000. The Century shares appear in the balance sheet as before at £1,000,000, which includes a considerable sum for goodwill.

THE STOCK EXCHANGE

ARE ORDINARY SHARES TOO HIGH?

As a catalyst of opinion in the City of London, Mr J. M. Keynes has no rival. It may be pure coincidence, but the fact remains on record that the *Financial News* ordinary share index reached its peak for 1936 on the very day, February 19th, when Mr Keynes addressed the hundred and sixth annual general meeting of the National Mutual Life Assurance Society, and protested that the prices of ordinary shares were too high. Undoubtedly, this view ran counter to contemporary Stock Exchange opinion, which was—and still is—concerned more with the “recovery” possibilities of equity shares than with their relationship to gilt-edged values, or to any other yardstick. Mr Keynes, broadly, would seem to believe that the current rate of interest is not low enough to induce the volume of new construction work—presumably other than on armaments—which is necessary to bear out the present earnings expectations of investors. Who is right, the market or the critic?

Mr Keynes's assertion may be studied against the background of the annexed chart. This shows the yield on the

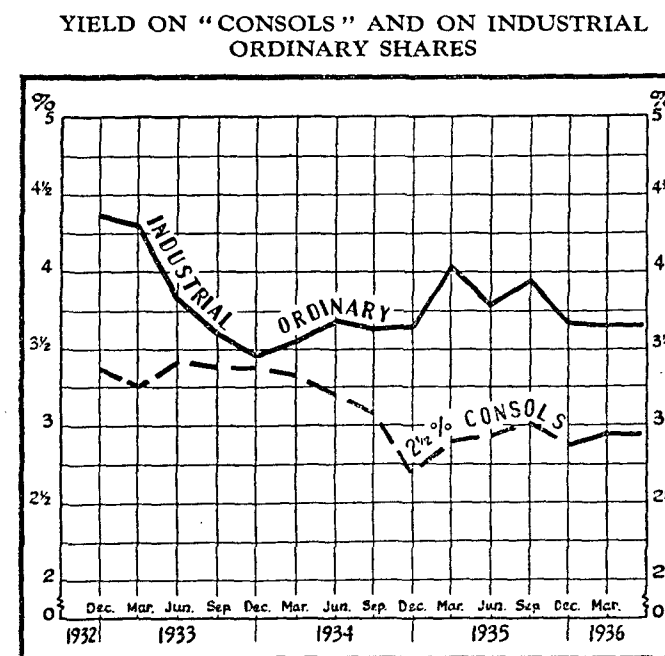
tended, on balance, to fall slightly. But the prices of ordinary shares, after lagging behind increased dividends at the beginning of last year, have since risen sufficiently to take up the whole of “recovery” and to leave the yield figure more or less where it stood at the end of 1934.

Ordinary shares, clearly, are higher to-day, relatively to gilt-edged, than they were sixteen months or three years ago. Are they unduly high? The contraction of the yield margin is not, in itself, conclusive either way. For unless gilt-edged and industrial shares have exactly the same cycle, with identical timing of changes, their relationship can scarcely be expected to be constant over a long period. It would seem that, at bottom, the market and Mr Keynes are not at one in their outlook on future possibilities. The market thinks, instinctively, in terms of a cycle, in which interest rates will gradually harden as industrial revival reaches its more advanced stages. There is no suggestion of cyclical factors in Mr Keynes's contention. If, for the sake of argument, we took the market's view, is there anything to be learned from a study of past records? The movements of fixed interest and industrial share prices (according to indices recently compiled for the London and Cambridge Economic Service) in the last comparable period of low interest rates—the ‘nineties of last century, are shown in the first of the two charts which follow:—

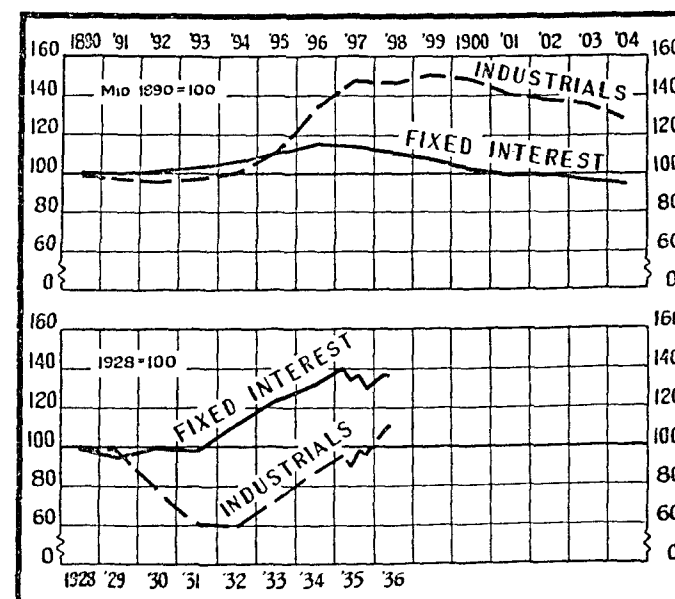
COURSE OF FIXED INTEREST AND INDUSTRIAL ORDINARY SHARE PRICES: 1890-1904, AND 1928 ONWARDS

(London and Cambridge Index)

(Annual Averages, except for 1935 and 1936, where quarterly quotations are used)



mixed bag of industrial ordinary securities included in the Actuaries' Index, in juxtaposition with the long-term interest rate, as exemplified by the yield on 2½ per cent. “Consols.” The yields in every case are based on market prices at the end of each quarter from December, 1932, when the completion of the 5 per cent. War Loan conversion operation ushered in the present regime of low interest rates. At that time the yield on “Consols” was 3.39 per cent. and on industrial ordinary shares 4.38 per cent. At the end of April, 1936, the corresponding figures were 2.94 per cent. and 3.64 per cent. Thus the margin between the two sets of figures had narrowed from practically 1 per cent. to 0.7 per cent. It is true that, at the end of 1933, the margin was less than 0.1 per cent. That, however, was in the earliest stage of industrial recovery, when ordinary share values were, quite legitimately, discounting increased dividend prospects which do not necessarily hold good, to the same degree, to-day. A year later, at the end of 1934, when gilt-edged prices were practically at their peak, “Consols” yielded 2.70 per cent. and ordinary shares 3.67 per cent. Thus the margin had widened to 0.97 per cent. Subsequently, gilt-edged values have



Between 1890 and 1893, a period of industrial depression, fixed interest securities rose and industrial shares declined in value. In the three succeeding years—the first phase of recovery—both indices moved upwards. In 1895, indeed, both showed an almost identical net rise of 11½ per cent. since 1890. But the advance of industrial shares, once initiated, was much more rapid than that of fixed interest stocks. In 1896, when the fixed interest index reached its zenith, with a net rise of 16 per cent., the ordinary share index had achieved a total gain of as much as 35 per cent. Thereafter the price of fixed interest securities fell steadily, while industrial share values continued to rise and remained “high” for another four years. It was not until

1899-1900 that ordinary shares passed their peak. Thereafter both indices declined, the fall in ordinary shares being appreciably more rapid than that in fixed interest securities. The indices suggest, therefore, that in the last epoch of low interest rates, ordinary shares actually moved in the same direction as fixed interest securities, but with (a) a time lag of something like three to four years; and (b) a much wider "swing" between high and low.

How far has history repeated itself on the present occasion? We have previously (see the *Economist*, April 21, 1934, page 880) pointed out many points of similarity between the year 1928 and succeeding years in the current sequence, and the year 1890 and its successors in the earlier low-interest period. If the two indices used in the preceding table are carried on, and shown for recent years on the basis 1928 = 100, we have the results shown in the second of the two charts on the preceding page.

Fixed-interest securities were slower in beginning their rise, in the present cycle, than in the 'nineties. Already they have risen more than in the whole of that period. They started, however, from a higher yield level, and interest rates have not reached the low points of the 'nineties, when the yield on "Consols" actually fell to 2½ per cent. Ordinary shares began by falling much more considerably, on the present occasion, but have made an impressive recovery. There has been, as in the 'nineties, a time-lag between the advance in industrials and in fixed-interest securities, but it has been much shorter. Industrial shares, in fact, touched bottom, and began to revive very soon after the establishment of cheap money. Fixed-interest security values for the last fifteen or sixteen months have been fluctuating around a mean level slightly below the peak reached in January, 1935. Meanwhile, the upward movement in ordinary shares has, on the whole, more than maintained its velocity. Equity prices have risen much less, on balance, in the eight years since 1928 than in the period between 1890 and 1898. The increase from the lowest point reached during depression, however, has been comparable in its absolute dimensions with that of the corresponding period of the 'nineties.

Are the two epochs, however, really comparable? It is here that Mr Keynes joins issue with those who argue in terms of any earlier interest "cycle." In the 'nineties Great Britain was on the gold standard, and sterling was, to all intents and purposes, an international currency. Effective rates of interest in the London market were far more powerfully affected by international considerations than they are to-day, when sterling is a "managed" currency and London an insulated financial centre. Britain is no longer a large foreign lender, and the defence of the Bank of England's gold reserve is no longer the ultimate arbiter of currency and credit policy. Is there any necessary reason why interest rates should rise and gilt-edged prices fall, in the next few years, on anything like the scale of the period after 1896-97? On the contrary, if managed interest rates are a corollary of a managed currency, may not cyclical conceptions be entirely irrelevant? That assumption appears fundamental to Mr Keynes' argument.

There is, in fact, a growing body of market opinion which holds to a *via media*. It believes that while there will still be ups and downs in industrial activity, employment, prices, interest rates and security values, these may be much less extensive in the near future than in the recent past. On this assumption we may expect a harder tendency in basic interest rates, but not a return to the levels of the years preceding 1932. In other words, the yield on "Consols" may conceivably rise above 3 per cent., but will scarcely go to or over 4 per cent.

If this be so, the way appears fairly clear for an answer to the question: "Are ordinary shares too high?" The price of every ordinary share is a compound of two distinct elements—an "interest" factor and an "equity" factor. It reflects a number of years' purchase of a supposed minimum dividend and an allowance (plus or minus) for the possibility that the rate of dividend may change. But the two elements are present in different shares in varying degrees. Generalisations may be dangerous when applied equally, say, to bank shares and to aircraft shares. In a concluding article, therefore, we propose to examine the actual prices of, and yields on, leading groups of ordinary shares in the light of the considerations discussed above.

INVESTMENT NOTES

Better Markets.—The behaviour of the leading Stock Exchanges this week has suggested that, in markets predisposed towards a favourable interpretation of their problems—in other words, rising markets—bad news often ceases to be bad when it ceases to be news. Wall Street, last week, lost its nerve when the first results of the French elections were received, in the middle of a reactionary movement due mainly to domestic and technical causes. By Thursday of last week, many quotations were below the opening level of this year. Despite the assurance, however, of a victory for the parties of the Left in France, made doubly sure by the results of last Sunday's elections, the market made quite a satisfactory recovery this week. In London, the tone, similarly, was more confident after a hesitant start. The gilt-edged market, on the whole, regained its stride in advance of the industrial sections, where speculative interest was still lacking. The general impression, however, was that adverse external factors—particularly the franc and an Italian Abyssinia—had been weighed in the balance, and appeared less significant, after all, than those domestic forces—cheap money and industrial recovery—which had sustained the market for so long. Paris, necessarily, was a law to itself. For the most part, prices registered the normal features of a flight from a currency—weakness in Government securities, cautious re-investment in equities, and brisk dealings in gold-mining shares. In the middle of the week, when the Bank of France raised its discount rate, conditions, though still unstable, showed less of panic than of dullness. It remains to be seen how far the consequences of franc devaluation have been discounted, as distinct from the probable act of devaluation itself. Clearly, however, there is sufficient underlying support in most stock markets, at the moment, to prevent any recessionary movement from attaining really dangerous momentum.

Fixed Trust Developments.—By this time the use of the term "fixed trust" is a concession to familiarity and short-lived "tradition." It has, like all trade marks, begun to date, and accuracy now demands resort to the multiple description "fixed and flexible trusts." This circumlocution was adopted in our recent Survey, and has been adopted by the newly-formed Association of Fixed and Flexible Trust Managers. The latter is the successor of the Association of Fixed Trust Managers, whose constitution was outlined in the *Economist* of March 7th, page 532. Since that time, certain existing members have introduced flexible trusts, and two of the recruited groups, "Transport" and "Aviation," each control flexible trusts. The "Dawnay Day" and "Selective" groups have entered the Association, which consists of eleven management groups, controlling 52 out of 63 trusts now in existence. Its rules of management, incorporated in the constitution of the Association, follow the earlier precedent fairly closely. The inclusion of flexible trusts appears to have effected only slight changes. All trusts, after an opening clause of definition, are referred to as fixed trusts—a terminological dilemma which might have been surmounted by the adoption of some such term as "unit trusts." The managers of flexible trusts, in effect, undertake to publish a statement of investments, although its contents are not defined. It is clearly desirable that a percentage distribution of individual securities should be given, although this has not always been provided hitherto. Some provisions are left in somewhat indefinite form as, for example, the basis of the proportion of initial loading charge to be set aside in escrow; this may apparently be varied by the Association from time to time. In the last resort, the new Code, including its sound proposals and certain inevitable compromises, is subject to the possibility of legislation when the Board of Trade Committee has reported.

The Newest Trust.—If only to solve the problem of duplication of fixed trust holdings, some higher authority appears increasingly necessary. The chairman of Spillers

stated last week that nearly 10 per cent. of the ordinary capital of the company was known to be held by fixed trusts. Nominee holdings might raise the figure towards our 17½ per cent. estimated holding if all the trusts were "full." Meanwhile, a further flexible trust has been created under the title "Capital Securities Trust," whose avowed objective is large capital appreciation over the next five years. The descriptive booklet, in fact, makes no reference to income yield expectations, and the unit price has been calculated as low as 8s. 6d. Emphasis on the speculative character of the portfolio is called for, and the initial service charge of 4½ per cent., plus a half-yearly charge of ¼th of one per cent. on the value of the fund, appears high in relation to the five-year life of the trust. This is by no means the first flexible trust to appeal to prospects of capital appreciation, and there may be a danger that, in future formations, proper investment discrimination and reasonable yield prospects may tend to take second place.

* * *

Railway Rating.—The Railway and Canal Commission on Tuesday dismissed the application for a revision of the rating assessment of the Southern Railway, whose hearings were described in the *Economist* of April 25th, page 191. Mr Justice Mackinnon emphatically declined the invitation to go back upon the Court's earlier judgment, a year and 131 days after the beginning of its hearing of evidence and a year and 75 days after the delivery of its previous judgment. His Lordship pointed out that counsel had put in an entirely new argument, on behalf of those responsible for the application, fortified by an elaborate tabular statement which the other side had had only a limited opportunity of examining. Into these figures, also, his Lordship refrained from entering. He declared, however, his own feeling that if counsel for the assessment authority had from the beginning accepted, instead of contesting, the principle which the House of Lords had subsequently held to be correct, and had applied that principle to the figures, the Commission might possibly have reached a conclusion more favourable to his clients. Thus, after many weary months of litigation, the Southern Railway's revised assessment thus becomes "firm." Presumably, the *nil* assessment previously reached by the authority in the London and North-Eastern's case now stands and, by analogy, the London, Midland and Scottish is likely to be awarded a very small, and the Great Western a much reduced assessment. If the assessments for the new quinquennium, which begins this year, are framed on the same lines, it is possible that three of the four railways may be assessed at *nil*, and the Southern at only a small amount. It would be well, however, if, after litigation had had its long and expensive innings, an opportunity were found for more conciliatory procedure. If the railways were asked what, waiving their legal rights, they might be prepared to pay, in a friendly way, it is unlikely that they would insist on complete immunity from any rating burden. Agreed settlements are by no means uncommon in rating practice. It has even been unofficially reported that the London and North-Eastern might have been prepared to envisage such a possibility when the authority fixed its assessment at *nil* last year. At that time the basic question of principle had not been decided in the highest Court, and the opportunity was not forthcoming. The sooner finality is reached in the matter the better for all concerned. It is in the general interest that there should be no avoidable delay in settling the thorny practical problems which will still remain—such as the fate of the apparently bankrupt Rebates Fund and the best means of financing the return to the railways of the large amounts due to them for past "over-payments."

* * *

Trend of Railway Receipts.—Meanwhile, it is evident that the recent trend of railway traffics has been, on the whole, a little more encouraging than was expected a few weeks ago. At the moment, comparison with last year's figures be, vitiated by the fact that the latter reflected the abnormal traffic induced by the Silver Jubilee celebrations.

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If, however, the returns for both years are expressed as percentages of the average figures for the pre-depression years 1927-30, a slight but perceptible improvement in trend is revealed:—

COURSE OF RAILWAY GROSS RECEIPTS

(Four Railways Combined: Per Cent. of Average, 1927-30)

Cumulative Figures for	First 4 Weeks	First 8 Weeks	First 12 Weeks	First 16 Weeks*	First 18 Weeks
Passengers—					
1935	82.5	83.8	83.7	84.7	86.1
1936	83.3	84.4	84.4	86.2	86.2
Merchandise—					
1935	78.2	76.8	76.4	77.1	76.2
1936	79.1	77.6	78.6	79.3	79.4
Coal and Coke—					
1935	87.9	87.4	87.9	89.2	87.6
1936	95.4	93.4	92.8	91.6	91.6
Total—					
1935	82.2	81.9	81.7	82.7	82.4
1936	84.5	84.1	84.0	84.7	84.7

* Affected by varying incidence of Easter.

All the main categories of traffic, it will be seen, are running ahead of last year. Although a return to the receipts of the pre-depression years appears a far-distant goal, it is encouraging that the combined passenger receipts of the four railways, which at the end of the first eight weeks of this year were only 84.4 per cent. of "normal," registered a percentage of 86.2 at the end of eighteen weeks. Similarly, the figures for general merchandise—the railway "recovery index"—had risen from 77.6 at the end of eight weeks to 79.4 at the end of eighteen. The returns for coal and coke alone appear to have a downward trend. The receipts of the early part of the year, however, were swollen by the threat of a coal stoppage, and subsequent experience has been more favourable than was expected. The position of each railway at the end of eighteen weeks is set out below:—

RECEIPTS FOR EIGHTEEN WEEKS

(Amounts in £000)

	London, Midland & Scottish	London & N. Eastern	Great Western	Southern	Total—Four Railways
Passengers:—					
Total, 1936	7,256	4,797	3,040	4,581	19,674
Compared 1935	+ 18	+ 11	— 7	+ 17	+ 39
% of 1927-30	84.4	88.9	79.7	91.1	86.2
Merchandise:—					
Total, 1936	8,391	5,805	3,315	1,066	18,577
Compared 1935	+ 382	+ 243	+ 115	— 4	+ 735
% of 1927-30	81.0	75.8	83.5	75.1	79.4
Coal and Coke:—					
Total, 1936	4,757	4,427	1,933	638	11,755
Compared 1935	+ 216	+ 269	+ 68	+ 55	+ 539
% of 1927-30	91.3	92.2	86.9	107.1	91.6
Total Traffic:—					
Total, 1936	20,404	15,019	8,288	6,285	49,996
Compared 1935	+ 616	+ 454	+ 176	+ 68	+ 1,314
% of 1927-30	84.4	84.3	82.9	89.2	84.7

The Southern is nearest the pre-depression level of traffic, but the London, Midland and Scottish, on the whole, appears to be making most headway at the moment. In contradistinction to the railways' experience a few months ago, goods traffic is making most of the running, and net gains in passenger traffic are, so far, of small account. Heavy seasonal demand on the passenger side, however, has yet to begin; and Easter was, meteorologically, an unfavourable railway festival. Taken all in all, an eighteen weeks' total gain of £1,314,000 (2.7 per cent.), by comparison with last year, is not to be despised.

Capital Issues in April.—Our computations of new capital issues, on the revised basis outlined in the *Economist* of January 4th (page 29), show the effect of an active month. The April total amounted to £25.6 millions, compared with nearly £20 millions in March, and only £10½ millions in April last year. The following table gives a com-

parison of the totals, on the old and new basis, for the first four months of this year and last:—

(000's omitted) Excluding Conversions

Monthly average (Old Basis)	United Kingdom	British Possessions	Foreign Countries	Total	
	£	£	£	£	
1932	13,589	2,129	24	15,742	
1933	17,520	2,429	449	20,398	
1934	11,474	2,494	125	14,093	
1935	18,388	1,270	21	19,679	
Monthly Total (Old Basis)					
	Govt.	Other			
January, 1935	1,250	11,146	711	105	13,212
January, 1936	450	30,760	2,495	Nil	33,705
February, 1935	1,200	5,535	1,569	71	8,375
February, 1936	50	15,650	1,229	180	17,109
March, 1935	550	4,753	450	6	5,759
March, 1936	200	9,808	1,058	Nil	Dr. 11,066
April, 1935	Dr. 450	3,156	467	Nil	3,173
April, 1936	Dr. 350	10,321	280	30	10,281
(New Basis)					
January, 1935	1,250	24,192	5,234	610	31,286
January, 1936	450	42,864	3,055	1,299	47,668
February, 1935	1,200	11,719	3,927	590	17,436
February, 1936	50	24,520	2,235	280	27,085
March, 1935	550	25,272	Nil	160	25,982
March, 1936	200	17,762	1,203	820	19,985
April, 1935	Dr. 450	10,292	660	Nil	10,502
April, 1936	Dr. 350	22,447	1,495	1,993	25,585

It is early to judge the effect of the revised basis on the trend of the figures, but it apparently provides a closer indication of the effective raising of new capital during the present phase of increased resort to indirect methods of obtaining resources. To forecast the serious decline of the public issue would, of course, be premature, but it is remarkable that the average industrial issue in recent months has been on the small side. It should, perhaps, be mentioned that the resumption of corporation borrowing has not affected the April total, since all four issues were for conversion purposes.

Actuaries Investment Index.—The general uncertainty which characterised the markets during the week is reflected in all sections of the Actuaries' Investment Index. The combined index for 178 industrial equities calculated on Tuesday's prices was 0.9 points lower on a week ago, at 83.0, compared with 83.9 for April 28th and 83.6 for a month ago. This is the first drop in the index since the end of March. The average yields work out at 3.68 per cent. this week, 3.64 per cent. last week and 3.63 per cent. a month ago. The following table shows movements in various sub-groups:—

Group (and No. of Companies)	Price (Dec. 31, 1928=100)			Yield (%)		
	Month Ago (Apr. 7, 1936)	Week Ago (Apr. 28, 1936)	This Week (May 5, 1936)	Month Ago (Apr. 7, 1936)	Week Ago (Apr. 28, 1936)	This Week (May 5, 1936)
Building Materials (5)	101.0	101.7	99.9	4.77	4.75	4.82
Gas (7)	132.2	132.3	132.2	4.46	4.45	4.46
Motors (5)	57.8	59.1	56.9	4.03	3.99	4.16
Oil (5)	82.8	84.8	83.3	2.65	2.61	2.61
Home Rails (4)	71.5	72.9	71.5	1.55	1.57	1.59
Stores and Catering (20)	86.0	87.4	86.4	3.43	3.55	3.59
Breweries and Distilleries (21)	144.1	146.2	144.8	3.98	3.94	3.97

The gas companies group shows only a fractional decline, while at the other end of the scale the motors group shows a drop of 2.2 points in the week.

COMPANY NOTES

Commercial Motor Companies.—In investment characteristics, commercial motor shares have relatively little in common with private motor shares. Both trades are similar in selling a product of high unit cost, a factor which diminishes the stable ingredients in "goodwill" since each purchase is a matter of individual consideration and not solely of repeat ordering. Both, moreover, are engaged in a business where technical development is rapid,

and necessitates frequent (and expensive) adjustments to design and tools. But there most of the similarity ends. The purchaser of a commercial motor chassis is little concerned with those fashion movements which produce such wide and unpredictable fluctuations in profits of private motor manufacturers. Indeed, where a fleet of vehicles is maintained, the experience of the operator's mechanics working on one make of commercial vehicle may weigh with the management in continuing with that make. The fluctuations in commercial motor profits which are shown in the accompanying table, though as wide as many in the private motor business, arise from different causes. Up to approximately 1929 the commercial motor market was expanding rapidly enough to produce good profits for a number of firms both large and small, and to make room for the steady rise of Associated Equipment to the foremost rank. After 1929, conditions changed suddenly and drastically. The rush to establish new bus routes (before the introduction of the Road Traffic Act of 1930) ceased overnight. Passenger transport undertakings were then equipped with a fleet of low average age which required less than average replacement for a number of years ahead.

(Profits in £000)

	1929	1930	1931	1932	1933	1934	1935
Albion (Dec. 31):—							
Earned for Ord.	55.0	37.2	Dr. 27.0	Dr. 19.0	Dr. 14.5	36.6	74.0
Earned %	13.4	9.4	Nil	Nil	Nil	10.0	20.1
Div. %	12½	7½	Nil	Nil	Nil	5	10
Assoc. Equip. (Sept. 30):—							
Earned for Div.	94.6	141.0	150.5	127.5	73.1*	102.0	129.2
Earned %	8.6†	10.5†	10.0†	8.5†	6.5*	8.8	11.1
Div. %	8†	10†	10†	7½†	6.7*	8½	8½
Crossley Motors (March 31):—							
Earned for Ord.	Dr. 6.7	Dr. 49.8	Dr. 22.0*	3.0	3.5	**	Dr. 15.4*
Dennis (Sept. 30):—							
Earned for Div.	336.6	286.8	135.7	74.1	74.3	104.0	117.9
Earned %	472.5	410.3	182.6	98.6	98.9	139.8	158.9
Div. %	350	283½	175	100	100	133½	150
Guy (June 30):—							
Earned for Ord.	66.2	Dr. 149.4*	**	Dr. 173.9	Dr. 69.8	Dr. 23.2	Dr. 26.8
Earned %	19.1	Nil	Nil	Nil	Nil	Nil	Nil
Div. %	15	Nil	Nil	Nil	Nil	Nil	Nil
Leyland (Sept. 30):—							
Earned for Ord.	417.2§	370.0§	200.9	65.9	Dr. 30.6	152.4	226.7
Earned %	68.2§	51.5§	29.8	9.8	Nil	21.8	32.5
Div. %	Nil	20	10	10	5	12½	17½
Maudslay (Aug. 31):—							
Earned for Ord.	20.0	Dr. 19.8	Dr. 13.8	Dr. 18.8	Dr. 3.8	Dr. 2.6	Dr. 12.3
Earned %	25.0	Nil	Nil	Nil	Nil	Nil	Nil
Div. %	10	Nil	Nil	Nil	Nil	Nil	Nil
Scammell (Dec. 31):—							
Earned for Ord.	38.7	16.1*	Dr. 5.7	Dr. 52.6	Dr. 22.6	Dr. 1.1*	Dr. 5.6
Earned %	34.3	14.0*	Nil	Nil	Nil	Nil	Nil
Div. %	20	Nil	Nil	Nil	Nil	Nil	Nil

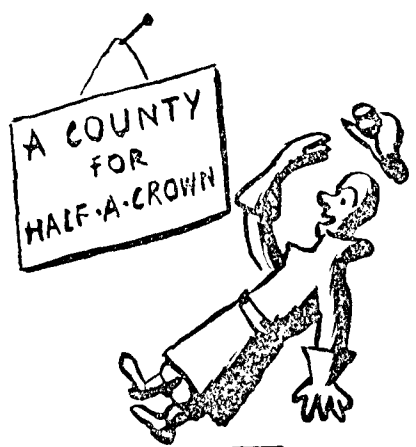
* Broken period equated to 12 months. ** No accounting period completed in this calendar year. † Tax free. § After normal pref. div.

The lack of a second-hand market for commercial vehicles, it may be noted, results in a less even "spread" in renewal demand than in the private car market. Concurrently the depression severely hampered an industry which is practically a capital goods producer, while the approach of the problems which culminated in the Road and Rail Traffic Act of 1933 caused renewed hesitation among buyers. Yet a third disturbing factor was the rise of the compression ignition engine, which necessitated expensive re-designing and re-planning on the part of the producer, and provided the consumer with an additional motive for deferring his purchase. Thus, while the market was rapidly narrowed, new manufacturers in the "Diesel" class were added to the number of producers. Finally, a new tendency (assisted but not originated by the new taxation provisions) favouring the smaller vehicle at the expense of the larger, provided openings in the existing commercial market for the van and light lorry departments of the private car manufacturers. Such a concentration of unfavourable influences severely reduced the profits of the leading concerns, and involved the smaller manufacturers in a series of losses. The A.E.C. maintained

a greater stability than the rest owing to its special connections with London Transport. The profits of the leading companies have recovered during the last two years owing to the revival in demand and the waning influence of dislocation of output and design caused by the introduction of the Diesel engine. While profit margins have probably been permanently reduced by the difficulties of 1929-33, it is unlikely that such a concentration of unfavourable influences will recur. Commercial motor concerns experience—in slightly exaggerated fashion—the phases of normal trade cycle, but they should remain relatively immune from the unpredictable fashion cycles of the private car market. Even in the depression phase of a normal cycle they should not suffer seriously as in the exceptional circumstances of 1930-34. The leading shares offer openings for active investors but are unsuited to static investment lists.

★ ★ ★

Marks and Spencer Progress.—The market's initial response to the excellent Marks and Spencer preliminary figures was grudging. Net profits rose from £1,086,598 to £1,264,406 and earnings for the ordinary capital from £811,392 to £981,697. The 21 per cent. increase in equity earnings well maintains the characteristic rate of progress for the undertaking, and prophets of the ultimate saturation point must revise their estimates for yet another year. The new record has provided a suitable occasion for an increase in the cash dividends to 40 per cent., after four years of stabilised payments of 35 per cent., while the 10 per cent. capital bonus is maintained. Earnings for the past year were equivalent to 76.5 per cent., after making increased provision for depreciation. The maintenance of earnings on this scale, on a capital which grows at a compound rate by regular share bonuses, cannot be postulated indefinitely, but there is no immediate factor to suggest an interruption to the recent trend. The latest profits provide sufficient surplus for £50,000 to properties reserve, a net increase of £200,000 in general reserve, and



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£14,000 more carried forward, as the following table shows:—

	Years to March 31st		
	1934	1935	1936
Profit.....	1,258,256	1,389,431	...
Depreciation and repairs.....	201,624	202,752	(243,120)
Loan and debenture interest	78,339	98,011	...
Fees	2,003	2,000	...
Net profit.....	976,290	1,086,598	1,264,406
Income tax	182,391	160,206	167,165
Debenture redemption	...	10,000	10,544
Preference dividends.....	105,000	105,000	105,000
Ordinary and "A" ord. shares :			
Earned.....	688,899	811,392	981,697
Paid	338,208	434,838	573,986
Earned (%).....	81.8	74.1	76.5
Paid %.....	35	35	40
Capital bonus (%)	12½	10	10
Amount required from reserve ...	120,788	130,451	143,496
Properties contingencies	30,000	150,000	50,000
General reserve	320,788	206,969	343,496
Carried forward	53,884	73,469	87,684

Since recent extensions have not yet reached the full profit-earning stage, a further increase in profits is universally expected. Like all concerns operating on narrow profit-margins, Marks and Spencer would be affected by any rise in the wholesale prices of its wares, but the consequences of a gradual rise, as in the past year, could hardly be serious. The proper valuation of a share on which regular scrip bonuses are made has never been satisfactorily elucidated, but the fact that the 5s. ordinary shares stand at 96s. 3d.—affording a cash return of little over 2 per cent.—is sufficient indication of their attraction for the super tax payer.

Stewarts and Lloyds Accounts.—The market has recovered from its first depression on the publication of the Stewarts and Lloyds' dividend and profits (discussed in the *Economist*, April 11th, page 88), but there is little in the full accounts which justifies the subsequent rise in quotations. The total profit has been reduced from £1,088,504 to £917,535—a fall of 16 per cent. for a year in which the steel industry reached a new peak. The weak position in the international tube market, following the collapse of the Cartel, is the factor responsible, and there are no short-term pointers in the report which support the prospect of immediate improvement. The full figures, analysed below, reveal that earnings for the deferred capital fell from £461,907 to £389,773, but this reduced level leaves a satisfactory defensive margin over the 5 per cent. dividend:—

	Years to December 31st		
	1933	1934	1935
Profit.....	630,877	1,088,504	917,535
Income tax	65,000	140,000	...
Fees	15,000	15,000	15,000
Depreciation	186,324	300,000	308,518
Employees' fund.....	10,000	...	...
Debenture interest	...	68,522	102,000
Preference dividends.....	101,413	103,075	102,244
Deferred and liaison defd. shares :			
Earned.....	253,140	461,907	389,773
Paid	101,752	203,505	200,223
Earned (%).....	6.2	11.3	9.8
Paid (%)	2½	5	5
Reserves	150,000	175,000†	180,000†
Carried forward	158,126	159,402‡	168,952

† Special reserve for contingencies. ‡ After charging £82,126 issue expenses.

It is the balance sheet, however, which shows the most striking changes. Interests in subsidiaries reveal an unexplained reduction from £1,780,906 to £905,845. Most of this arises from the fall in amounts due from subsidiaries from £673,601 to £14,570. Accompanying changes in the other assets—a rise of £520,000 in property and plant, £400,000 in stocks, and £370,000 in debtors present more

than the counterpart to this reduction, without, however, explaining its significance. Difficult conditions in the export markets may test the technical mettle of the concern, but should not impose an intolerable strain. Shareholders may expect to hear on Tuesday how satisfactorily the Corby plant is fulfilling expectations. For the time, this remains the company's sole weapon against market conditions abroad. The organisation in this country will be further strengthened by the formation of a new public company to acquire the share capital of British Mannesmann Tube, in which Baldwins has hitherto been substantially interested. Full particulars were not available as we went to press, but it is understood that the new company, United Tube (Holdings), will have a nominal capital of £532,000, comprising 455,000 4 per cent cumulative preference shares of £1 3s. 4d. (jointly guaranteed by Stewarts and Lloyds and Tube Investments) and 1,000 ordinary shares of the same denomination. The objective is evidently to extend the working arrangements already subsisting between Stewarts and Lloyds and Tube Investments to include the group's principal competitor. Strengthened relations between the tube industry in this country should ease some of the export difficulties. On immediate prospects, however, the deferred shares of Stewarts and Lloyds appear fully valued at 33s. 3d., for they offer no more than 3 per cent.

C. P. R. Outlook.—Sir Edward Beatty's speech at the meeting of Canadian Pacific shareholders in Montreal on Wednesday, was distinctly more encouraging than his statements in recent years, although his frank discussion of Canadian transport problems lent caution to the prospects of improvement. From the stockholders' immediate point of view, the President's statement of dividend policy is certainly most interesting. The general improvement in business and western agricultural conditions encouraged hope that a resumption of dividends "at least in respect of the preference shares" will be possible in the near future. Further, the directors will re-establish the preference payments in whole or part at the earliest date consistent with prudent administration. This statement evoked an 8 point jump in the preference shares on Thursday. Working expenses last year were swollen by maintenance work undertaken before due time to provide increased employment, and by the partial restoration of pay cuts in April, 1935. Industrial traffics provided the full increase in traffics; receipts from agricultural products were less than in any year since 1914, and contributed little more than one-fifth of the operating revenue. It is expected that the total grain movement will be considerably larger this year, if export demand continues active. The fall in passenger receipts, as the President realises, has no clear cut remedy, but experimental lower rates will be introduced in June, following the policy of the British lines, which has at least maintained their passenger receipts. In a recent discussion of Canadian Pacific prospects (see the *Economist*, March 28th, page 718) attention was drawn to "skeletons in the cupboard," consisting principally of line abandonments and assistance to controlled United States lines. The President has now made it clear that the former will not affect dividend policy; the provision of substantial amounts from "surplus," in fact, is regarded favourably on balance, since operating losses are avoided on the retired property. Different considerations are said to apply to provision for the American lines, which last year cost \$4,000,000. Detailed examination of the lines involved suggests that future assistance should be reduced, and that past assistance, in some cases, may be recouped. But the "Soo" line has large bond maturities in 1938 which affect the C.P.R. under its guarantees. While the directors regard the appropriations as properly chargeable against the accumulated profits, the further advances which this line may require cannot be ignored in determining dividend policy. Shareholders will be disappointed—though not surprised—that the general railway situation in Canada has not materially changed during the year. Sir Edward Beatty remains a convinced sponsor of unified management of the two systems, and he put the facts of road and water competition in arresting

fashion. But with an overhanging 10 per cent. wages cut, in addition to these long-standing operating problems, the preference shareholder's prospect of full-blooded recovery is still to seek.

"Liverpool Shares"—An Addition.—It has been suggested that the list of Liverpool shares in our Note of April 25th was incomplete without the inclusion of "Liverpool Daily Post and Echo"—an omission which we readily admit. The company has a record of quite remarkable stability during the depression, its earnings having fallen only from 39.1 per cent. in 1929 to 34.2 per cent. in 1930, from which year recovery of profits began. The dividend was 25 per cent. throughout. Such a record is further evidence of the prosperity which Liverpool has enjoyed, despite its large connection with such depressed trades as cotton and shipping.

Newspaper Company Results.—The latest newspaper company results in a recovery year confirm the expectation of rising earnings without providing improvements of a highly-gear order. Cautious investors have realised, for some time, that under contemporary conditions newspaper revenues are slow to expand. The drive for circulation—which is the key factor in advertisement rates—is still acute and costly. Other costs have remained fairly stable, apart from a slight advance in Canadian newsprint quotations recently. Advertising revenue has continued to improve, especially financial advertising, which remains the remunerative prerogative of the Press. A certain modesty of recovery, however, is characteristic of the companies tabulated below:—

Company (and Date of Accounts)	Total Revenue	Earned for Ordinary		Ord. Div.	Ord. Share Quotation	Yield (%)
		Amount	Per Cent.			
Allied Newspapers (Dec. 31)—						
1933	899,008	183,920	11.9	5		
1934	1,018,732	264,546	17.1	7	(£1) 35 0	4 13 0
1935	1,070,933	314,163	20.6	8		
Daily Mirror (Feb. 28)						
1934	400,181	233,344	17.2	15		
1935	422,157	238,157	17.6	15†	(5/-) 23 6	3 3 0†
1936	425,325	241,325	17.9	15†		
Odham's Press (Dec. 31)						
1933	527,235	237,976	37.3	15		
1934	559,757	219,622	33.4	15	(4/-) 11 0xd	5 9 0
1935	582,161	200,771	30.4	15		
Sunday Pictorial (Feb. 28)—						
1934	209,704	164,704	16.7	12½		
1935	212,339	167,339	16.9	12½	(£1) 45 7½	5 9 9
1936	216,696	171,696	17.5	12½		
United Newspapers (Dec. 31)—						
1933	38,170	5,892§	...	Nil		
1934	40,313	10,748§	...	Nil	15 6s	Nil
1935	40,140	12,584§	...	Nil		
Provincial Newspapers (Nov. 30)—						
1933	198,383	57,135	7.6	Nil		
1934	203,670	52,240	6.7	Nil	25 6½	5 8 9½
1935	197,202	Dr.26,692¶	7.1	Nil		

† In addition, tax free distribution of 7½ per cent. and 10 per cent. in 1935 and 1936, paid in instalments, from realised profits from investments. Yield calculated on 15 per cent. dividend only.

‡ After charging provision in respect of subsidiary companies.

§ Earned for preference dividend. None paid since 1929. Quotation for 7½ per cent. cumulative (1 preference shares).

¶ After paying 2½ years' second preference dividend. Earned rate shown after paying one year's second preference dividend. Controlled by United Newspapers. Quotation and yield on 7 per cent. first preference shares.

Allied Newspapers shows a relatively greater expansion of ordinary earnings during the past year than other concerns, although the comparison of total profits over the three years is affected by changes in internal financial arrangements during 1933. The ordinary dividend has been raised for the fourth successive year, to 8 per cent. *Daily Mirror* and its associate, *Sunday Pictorial*, have slightly improved their profits during the past year, and the results are not significant pointers to the Associated Newspaper profits. *Odham's Press*, whose publications range from "Debrett" to the "Feathered World," has earned over £20,000 more total profits, but after providing £55,000 as reserve against subsidiaries, compared with £35,158 required for similar purposes in the previous year, the amount available for ordinary dividends is lower at £200,771. The accounts could usefully be supplemented by a consolidated balance sheet and profits statement, for the position of the *Daily Herald* (1929) subsidiary is not easy to establish. This

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company, up to March last year, capitalised certain expenditure to development account, and since that date development expenditure has been provided for in the accounts of Odham's Press. The *Provincial Newspapers* report shows that the second preference arrears have been paid off, leaving the way open for ordinary dividends, subject to the need for strengthening the internal position. Ordinary dividends on the scale of the normal earnings indicated would cover the preference dividend of *United Newspapers*, which carry six years' arrears, but investors may have to wait some time for payments. The accompanying table indicates several apparently generous yields, but the market has always valued this group on a speculative basis.

General Mining Report.—A summary of the 1935 results of this concern was published some six weeks ago, and discussed in the *Economist* of April 4th, page 24. The full text of the report, however, includes certain observations by the directors on other points. A year ago the announcement was made in general terms that, in addition to the company's well-known Kaffir holdings, various interests had been acquired in new ventures which had recently been floated, whose prospects were regarded as promising. It is now noted that the corporation has "important interests in other Rand mining companies, including Crown Mines, West Witwatersrand Areas and Vogelstruisbult Gold—in the case of the two latter as participants in the original issues of capital." These acquisitions are doubtless reflected in the increase of £80,900 to £1,710,700 in the portfolio, whose market value is stated to be largely in excess of this sum. Cash, debtors and other liquid credits slightly exceed the current liabilities, including deposits. Last year's earnings, as already reported, fell somewhat below those of the preceding period. Once again general reserve receives £100,000, raising the total to £400,000; and after payment of a total of 20 per cent., as before, the carry forward is slightly lower at £115,300. Last week the ordinary shares touched the record price of £5.

Other Company Results.—The profits of 81 additional companies will be found in our usual table on page 342. The total is swollen by the large number of rubber and tea plantation reports for 1935. Several important industrial reports, however, are included. *British Oxygen* profits are over £90,000 higher at £449,828, and while the ordinary dividend rate is maintained, it is paid on a capital increased by the issue of July last year, while the final dividend accrues on the bonus issue of last month. Interests in subsidiaries have been substantially increased, and the subsidiary companies themselves have carried forward or reserved considerable profits for development. Extensive plant additions explain the increased reserve provisions in the parent company's books. *Eno Proprietaries'* accounts show a profit of £158,404. Precise comparison with the previous year is impossible, but the subsidiaries' operating profits, at £219,879, were in excess of those for the previous year, although lower, it would seem, than in 1933. *W. T. Henley's Telegraph* net profits, for the nine months to December last, compare favourably, at £186,672, with the same proportion of the preceding year's profits of £156,734. The former figure apparently includes certain receipts on a full year's basis, but trading conditions are evidently still very active. The results of *Smith's Potato Crisps* are disappointingly static at £107,549, owing to high costs of raw materials and difficulties in establishing a place in the prepared cereals industry. The *Goodlass Wall* report suggests the maintenance of moderately favourable conditions,

with increased turnover offsetting high raw materials prices. Profits are slightly higher at £184,107, and the dividend is maintained at 6 per cent. *Goodyear Tyre and Rubber* reports somewhat increased profits at £151,595, while *British Match* profits are almost unchanged at £463,942, although the dividend is revised to 7½ per cent. gross, compared with 6 per cent., tax free, a year earlier. The *Calcutta Electric* report gives evidence of steady expansion, although net profits are slightly lower owing to reduced domestic rates and distribution expenses. The 12 per cent., tax free, dividend is maintained. One of the rare exceptions in the record of reduced rubber profits is *Dunlop Plantations*. For the rubber ordinary share investor, however, the reduction in profits and dividends of such companies as *Pelmadulla*, *Bikam* and *Djember* is none the more pleasant because it was expected, and hopes are now centred upon the current year's results. Tea companies maintain an irregular profits record. There are few concerns, like *Galaha Ceylon*, which have added 50 per cent. to their profits and dividend, but *Lanuva, Ceylon Proprietary*, and *Scottish Ceylon* have fared better. In the textile group, *Dunlop Cotton* and *English Sewing Cotton* have experienced falling profits, but *Hield Brothers* report a sharp rise in profits and dividend. Trust revenues continue their recent expansion.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—*Union Bank of Scotland*, *Friends' Provident* and *Century Life Office*, *Gresham Life Assurance Society*, *Licenses and General Insurance*, *London and Lancashire Insurance*, *North British and Mercantile Insurance*, *Scottish Union and National Insurance*, *English and Caledonian Investment*, *London Electric Wire and Smiths*, *Golden Hope Rubber Estate*, *London Asiatic Rubber and Produce*, *Malacca Rubber Plantations*, *Spillers*, *Ideal Building and Land Development*, *Johnson and Phillips*, *Barry and Staines Linoleum*, *Odhams Press*, *Rand Mines*, and *Golden Hope Rubber Estates*. The chairman of the *Union Bank of Scotland* stated that liquid assets represented some 24 per cent. of deposits, and attacked what he called wild statements regarding the creation of credit by banks. Sir Frederick P. Rutter at the *London and Lancashire Insurance Company* criticised the effects of nationalist economic policies. During the past year life and endowment policies increased in number by over 1,000. Lord Ernest Hamilton, at the meeting of *Licenses and General Insurance*, drew attention to the improved results of the motor accident department. The chairman of *Friends' Provident and Century Life Office* was gratified to find a persistence in the large proportion, namely 60 per cent., which life assurance bears to the total. *Scottish Union and National Insurance Company* reports continued improvement in the results of the fire account. Sir Malcolm A. Robertson, at the *Spillers* meeting, commented on the increasing degree of control exercised by Governments in the wheat market. Mr J. S. Elias commended the increasing revenue of the *Daily Herald* from advertisements and reviewed new acquisitions during the past year by *Odhams Press*. The chairman of *London Asiatic Rubber and Produce Company* hoped for better results in 1936. *Ideal Building and Land Development Company* is no longer confining itself to developments within 12 miles of Charing Cross, and has secured land on the coast. The chairman of *Barry and Staines Linoleum* reported increased export trade, in spite of trade restrictions. *Malacca Rubber Plantations* has decided upon replanting 500 acres of new trees. Viscount Wakefield, at the *North British and Mercantile* meeting, referred with satisfaction to the low fire loss ratio and to record figures in the life department. At the *Gresham Life* meeting it was disclosed that the net rate of interest on the Society's funds fell by only 1s. 3d. to £4 8s. 9d. per cent. The chairman of *London Electric Wire* disclosed that tonnage output during the past year was a record, and export sales had been maintained. The chairman of *Johnson and Phillips* attributed the past year's progress to a larger number of orders and not from higher values of individual orders. Mr John Martin, at the *Rand Mines* meeting, discussed the place of the mining industry in the South African economy, stressing the need for investors and the Government to take account

of amortisation. The chairman of *Barry and Staines* referred to the continued benefits of new housing on the company's business. Mr E. S. Arliss reviewed the percentage distributions of the *English and Caledonian Investment Company's* portfolio. Mr Eric Macfadyen disclosed that the additional release of 5 per cent. of the quota from July next was equivalent to an increase of one-third of a penny on realised prices for *Golden Hope Rubber*.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET MAY 19	ACCOUNT MAY 21
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In a week of political and economic confusion heralded by the Abyssinian collapse and by the victory of the Left at the French polls, the London Stock Exchange, initially little moved, has subsequently become slightly firmer. The latest franc scare had been the signal for some refugee share purchases, though not on an extensive scale. Paris was, however, an active buyer of mining and oil favourites for most of the week and brought some business to the gilt-edged market. The Abyssinian débâcle was not a market factor of first importance, but it suggested immediate hopes to the speculative operator that the abandonment of sanctions would follow in due course. Thursday's heavy settlement, however, occupied most of his attention. Coupled with moderately favourable industrial news, these influences were sufficient to encourage a mild recovery of sentiment in most sections of the market, which spread to the international group as a result of the recovery in Wall Street.

The gilt-edged market opened in quiet fashion, tempered by the surrounding uncertainty, but a firmer tendency developed from Tuesday. French support accounted for some of the rise in Old Consols, which closed ¼ higher on Wednesday. The remainder of the list made the typically modest advances of ¼ for a couple of days, and while business remained quiet a further advance was recorded on Thursday. The announcement of further Corporation issues restrained support for these issues, although the evident popularity of the new terms below par was reflected in fair activity in the new scrips at significant premiums.

The improvement was reflected in the foreign bond market, after one of the most depressed weeks for some time. Price advances were not spectacular, but the general nature of the advance was heartening. Japanese issues led the way on Monday, and continued in good investment demand, reflecting occasional limelight on the Chinese group, where Honan Railway bonds advanced on the offer to resume service on a 2½ per cent. basis. Other railway issues improved in sympathy. European bonds improved on hopeful political interpretations of the end of the Abyssinian war, Austrian bonds being prominent, while German bonds and other Central European issues improved. French rentes opened weaker on the election results, but found comfort in the mid-week respite for the franc. South American issues made some recovery after a weak opening, but business was not generous.

The Railway and Canal Commission's judgment (discussed on page 315) and the small fall in the traffics compared with last year's "Jubilee" figures came to the rescue of the home rail market. Southern stocks set the pace, with Great Western in second place. Conditions in the foreign market continued idle, until slight mid-week support put prices higher. American issues showed a partial recovery after the recent fall, and Canadian Pacific preference responded with an eight-point jump to the chairman's statement of dividend policy, discussed on page 318.

Relatively quiet conditions have obtained in the industrial markets during the first part of the current week. In mid-week there was a slightly more confident tone with better news from Wall Street, and with the ending of the conquest phase of the Abyssinian campaign. Iron and steel issues were slightly firmer at the end of last week, weakened slightly early this week, and made a modest recovery later. United Steel shares improved on the new issue announcement, but weakened later, and the registration of United Tube (Holdings) had little influence on shares of *Stewarts and Lloyds* and *Tube Investments*, who are interested in

the new company, as explained on page 318. Early in the week *Handley Page* participating preference shares were a feature in the aviation group, but interest declined later. *Standard Motor* have been prominent among motor issues, on news of good trading, and *Raleigh Cycle* gained in expectation of a higher interim dividend. Hordens were prominent in the coal group.

Crompton Parkinson recovered from their weakness at the end of last week, but the electrical equipment group as a whole was easy until mid-week brought an improvement, led by *Henley's*. Weakness in the textile group was most marked on Tuesday, as in other sections, and in the later improvement *Coats* were in particular demand. In the stores group, *Woolworth's* reached a new high record, on dividend hopes. Early weakness in the brewery section was similarly overcome later in the week, although price changes were not significant. Tobacco issues have been comparatively steady throughout the week, although at times the volume of business was negligible.

Business in the miscellaneous industrials section had the same general features as the rest of the market; a slight improvement at the end of last week, followed by an irregular opening to the new account which led to firmer conditions in mid-week. Cement shares were prominent in the upward movement, with interest maintained most steadily for *Alpha Cement*. Other building material issues to improve were *Wall Paper* deferred and *British Plaster Board*. *Turner and Newall* also made a substantial improvement.

The oil share market rallied well at the end of last week, with business centred on the *Eagle* issues, and with substantial Continental support for *Shell* and *Royal Dutch* issues. This firmness continued at the opening on Monday, but weakened later in the day. Interest was revived once more when the *Trinidad Leaseholds* increased interim dividend was announced and news from America became more encouraging. The volume of business slackened off later, but *Burmah* issues improved in anticipation of higher dividends.

The general mid-week improvement was not reflected to any marked extent in the rubber share market. The pace is being set by the commodity price, and prospects of devaluation of the guilder make any immediate improvement improbable. Business in the tea share market was at very low ebb, although prices were fairly steady.

The Kaffir market has enjoyed the maximum benefits of the run on the franc, coupled with favourable development news, and the prices of many shares have reached new high records. Apart from French support, interest has been increased as a result of what is taken to be the close of the Abyssinian war, and speculative commitments have increased. In mid-week there was a certain amount of profit-taking which resulted in lower quotations for some leading issues. Business was more or less concentrated on Far Western issues, and on West Witwatersrand and *Klerksdorp* in particular. West African issues also benefited from a revival of interest, and *Taquaah* and *Abosso* issues outpaced *Ashanti Goldfields* and *Bibiani* in the rise. Among Rhodesian copper issues *Roan Antelope* and *Rhokana* were firm. Tin shares have declined in sympathy with the falling price of the commodity.

"FINANCIAL NEWS" DAILY BARGAIN INDEX

(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to May 1, 1936	April 30, 1936	May 1, 1936	May 4, 1936	May 5, 1936	May 6, 1936	May 7, 1936
Government and Municipal Loans	5,736	1,025	1,152	1,235	1,020	1,132	1,006
Transport, Communications, and Public Utilities	5,206	1,002	1,055	1,140	814	931	897
Commercial and Industrial	23,821	4,757	4,619	4,706	4,115	4,569	4,050
Banks, Insurance and Financial	3,022	515	554	570	477	588	578
Mines (including Nitrate)	6,186	1,229	1,299	1,262	1,211	1,643	1,486
Oils	1,934	400	398	455	291	330	255
Rubber, Tea and Coffee	1,593	362	258	244	249	234	211
Total	47,498	9,390	9,335	9,612	8,177	9,427	8,483
Corresponding day in 1935	...	7,612	7,635	Closed	8,851	8,020	9,141

* Including Iron and Steel and Breweries.



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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	April 30, 1936	May 1, 1936	May 4, 1936	May 5, 1936	May 6, 1936	May 7, 1936
114.5	107.4	111.3	111.6	111.4	111.5	112.1	112.3

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Mar. 16)	April 30, 1936	May 1, 1936	May 4, 1936	May 5, 1936	May 6, 1936	May 7, 1936
138.4	137.0	137.7	137.7	137.7	137.8	137.9	137.9

We are officially informed that Mr Arthur Charles Bisset and Mr Leonard Arthur Walter Pitts, trading as Bisset and Pitts, were declared defaulters upon the Stock Exchange on May 4th.

FOREIGN STOCK EXCHANGES

NEW YORK

THE past week has seen a halt in the Wall Street reaction, although it is not yet sufficiently pronounced to mark a return to the strong upward swing of the past year. Most of the causes to which the setback of the last two weeks was attributed are still in existence, but for indefinable reasons the market seems to be less pessimistic about their development. One reason advanced for the recent fall in prices was the new margin requirements which, in the opinion of the President of the Stock Exchange, Mr Gay, will practically prevent members from trading on their own accounts. The Federal Reserve Board, however, is determined to continue the regulations for further experience. Fears of a fall of the franc are temporarily lulled, but no confidence can long be maintained in its invulnerability. Paradoxically enough, after prices had been marked down for fear of devaluation, the market took it into its head this week to anticipate inflationary effects from devaluation, and reversed its policy. Steel shares have made some headway, although there was a temporary decline on estimates that steel mill activity had passed its peak; *Iron Age*, for example, gives activity this week at 68 per cent. of capacity, compared with 69 per cent. last week. In mid-week, General Motors improved after payment of an extra dividend, and rails recovered from recent weakness. Treasury issues made a similar recovery, although speculative bonds were still rather easy. Business news continues to be satisfactory, although it is expected that a seasonal recession of uncertain duration will soon be apparent. Power output is 13.2 per cent. higher than for the corresponding week of last year, and automobile output increased for the tenth week in succession; freight car loadings were 23,500 higher on the week. Company results continue to improve, and the National City Bank compilation of the profits of some 245 companies shows a 42 per cent. advance on last year's figures.

	Apr. 29, 1936	May 6, 1936	May 6, 1936	Apr. 29, 1936	May 6, 1936	May 6, 1936
	1936	1936	Eng. Equiv.†	1936	1936	Eng. Equiv.†
U.S. 2½% Treas. Bds. 1945-47	103½	103½	104½	32½	34½	34½
Aetna	68	71½	72½	31½	34½	34½
Erie	11½	12½	12½	39½	42	42½
Illinois Central	18½	20½	20½	62½	65½	66
N.Y. Central	32½	34½	34½	70½	71	71½
Pennsylvania	28½	30½	30½	6½	6½	6½
Southern Pacific	27½	31	31½	26½	29½	29½
Southern Ry.	13	14½	14½	58½	58½	58½
Union Pacific	118	124	125	103½	107½	108½
Am. Can.	123	125½	126½	48½	48½	48½
Amer. Smelting	72½	77½	78½			
Anaconda	32	34½	35			
Bethlehem Steel	45½	51	52			
Chrysler Motor	93½	96	96½			
Corn Products	72½	75½	75½			
Eastman Kodak	156½	161	162½			
Gen. Electric	35½	36½	37½			
Gen. Motors	60½	64½	65½			
Int. Harvester	77½	82½	83			
Moat Ward	37½	39½	40½			
Natl. Biscuit				151½	155½	156½
Phelps Dodge				12½	13½	13½
Pulman				4½	4½	4½
Sears Roebuck				74½	77½	77½
Un. Fruit						
U.S. Leather						
U.S. Rubber						
U.S. Steel						
Westinghouse						
Woolworth						
Am. Tel. and Tlg.						
Int. Tel. Tlg.						
Utilities P. & L.						
W. Union Tlg.						
Shell				44½	47½	46½
Shell Union				15½	17½	17½
Std. California				38½	38½	39½
Do., N.J.				57½	60	60½

† Calculated at \$4.96 to £.

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

	1935		1936 (Jan. 1 to May 6)		Be- ginning of Year 1936	Apr. 22, 1936	Apr. 29, 1936	May 6, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Apr. 8				
351 Industrials ...	74.5 (v)	112.3	112.7	127.1 (d)	112.3	122.3	112.7	117.7
33 Rails	27.4	43.0 (w)	42.8	51.1 (b)	41.5	47.5	45.5	45.5
37 Utilities	52.2	93.6	91.2	106.2 (a)	93.6	99.4	91.2	94.2
Total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	106.3	97.7	102.0
Average yield of 50 Industrial Common Stocks	3.02% (v)	4.06% (b)	High 3.60% (c)	Low 2.95%	3.22%	3.07%	3.60%	3.21%

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

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

Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	April 29, 1936	April 30, 1936	May 1, 1936	May 2, 1936	May 4, 1936	May 5, 1936	May 6, 1936
147.6	126.2	128.9	130.9	132.1	131.4	131.6	133.5	135.1

TOTAL DEALINGS IN NEW YORK

	April 30, 1936	May 1, 1936	May 2, 1936	May 4, 1936	May 5, 1936	May 6, 1936
Stock Exchange— Shares (Thous.)	2,310	1,160	400	1,070	1,170	1,130
Bonds (Value Thous. \$)	10,830	7,910	3,620	7,450	9,700	10,760
Curb— Shares (Thous.)	476	267	106	231	281	257

* Two-hour session.

PARIS

At the end of last week there was a good improvement in conditions on the Bourse, and, after an active session, most prices closed at their best on Friday. Rentes gained up to one point, and there was a fairly steady demand for industrial issues. Transatlantic issues were supported on news of the end-of-the-week recovery on Wall Street, and there was good speculative demand for Royal Dutch shares. But this week found the market upset by the final results of Sunday's second ballot in the General Election, and the flight from the franc produced very unsettled conditions. On Monday, rentes fell from 67.05 to 65.45, and recovered to 66.95. International issues improved, but closed below the highest prices. Gold-mining issues were the centre of attraction on the Coudisse. Later in the week the traditional "energetic measures" in defence of the franc allayed the market's anxiety to some extent, but dealings continue to be very erratic. The effect of the 6 per cent. Bank rate, and M. Regnier's repudiation of a gold embargo, shows no sign of being permanent. Industrials were well supported, but Royal Dutch was marked down after its recent upward burst. To add to the nervousness of the market came forecasts by the victorious Communists of heavy increases of taxation on large incomes, and on Thursday there was a sizeable flight into international securities. The market feels that its troubles are by no means over.

	Apr. 29, 1936	May 4, 1936	May 6, 1936		Apr. 29, 1936	May 4, 1936	May 6, 1936
Banque de France	6,805	6,805	6,300	Wagons Lits	47	48	46
Crédit Lyonnais	1,510	1,453	1,405	Mexican Eagle	73	78	80
Suez Canal	18,600	19,400	19,725	"Chartered"	111	116	119
Chargeurs Réunis	305	305	283	Ford	40	48	48
Rio Tinto	1,037	992	1,042	De Beers	620	643	651
Royal Dutch	24,830	26,280	26,750	"Johnnies"	282	292	295

BERLIN

There were heavy purchases of standard industrial and foreign currency shares last week, and prices rose sharply. Banking and potash shares, however experienced but little change. Leaders in the upward movement were steel shares, in particular Mannesmann and Stahlverein lignites, Farbenindustrie and I.G. Chemie among chemical issues, Schubert und Salzer and Orenstein und Koppel in the machinery manufacturing group, and Vereinigte Glanzstoffe, the latter gaining 11 points. The new week opened with a profit-taking reaction, and Tuesday witnessed a further decline, which was attributed to the uncertain currency outlook in France. Reichsmark bonds were again almost unchanged; but certificated dollars were very

firm, Dawes certificates rising temporarily to 84, or 10 points above the price in early April. Profit-taking continued on Wednesday, with a consequent setback in most sections.

	Apr. 29, 1936	May 4, 1936	May 6, 1936		Apr. 29, 1936	May 4, 1936	May 6, 1936
Reichsbank	183.75	184.00	183.00	A. E. G.	36.25	35.40	35.40
D.D. Bank	88.50	88.75	88.50	Siemens and Halske	186.75	185.90	183.25
Dresdner	88.75	88.50	88.50	A. K. U.	51.75	52.50	50.90
I.G. Farben	168.50	168.90	166.25	Hamburg-Amer.	15.25	15.10	14.90
Norddeutscher	16.60	16.50	16.00	("Hapag New")			

AMSTERDAM

There was a marked recovery on the Bourse at the end of last week, induced in part by hopes that sanctions are dead. Rubber issues were in demand, and Royal Dutch were a particularly good feature, with support from Paris. The election results in France provoked a more unsettled condition this week, and rubber issues were chief sufferers in the liquidation movement. Royal Dutch attracted keen demand, but reacted slightly in midweek. Shell Union and shipping issues were strongly supported, but rubber issues were irregular.

	Apr. 29, 1936	May 4, 1936	May 6, 1936		Apr. 29, 1936	May 4, 1936	May 6, 1936
2½% Dutch Loan	76½	76½	75½	Steel Common	35½	32½	34½
5½% German	20½	19½	19½	A. K. U.	22½	21½	22½
Unilever N.V.	103½	104½	106½	Ford Motor	202	196	205½
Philips Lamps	170½	172½	180½	Delhi Batavia Tob.	168	173	177½
Netherland Ship	38½	40½	44½	Royal Dutch	239½	249½	252½
Union				Handels Am.	211	214½	219½

CANADA

Although the end-March recession was halted at the beginning of April, the Canadian markets remained hesitant and speculative operators still remained aloof. The confused political situation in Europe and apprehensions that an abandonment of the gold standard by France would create general financial trouble have been bearish factors. At home, the comparatively disappointing business results for the first quarter dampened enthusiasm for industrial and other stocks. Liquor stocks have been particularly affected by the threats to curtail Canadian exports to the United States, while textile issues have reflected anticipations of reduced tariffs as the Budget approached. Newsprint and utility stocks have also lost ground but construction issues have in some cases made progress, discounting the Government's extensive construction programme for the relief of unemployment. Newsprint and other preferred stocks now in default remain in demand on improving prospects. The bond market has been relatively firm and the Bureau's index for the yield of long-term Dominion bonds reached its lowest point for the year on March 26th at 69.2, but rose by April 18th to 69.9. The mining market has been rather reactionary but several gold stocks have been strong on encouraging reports. The Bureau's "Investors' Index for the week ending April 16th was 123.3, as compared with 125.5, 123.1 and 123.0 for the weeks ended March 26th, April 2nd and April 9th respectively.

	Price, Mar. 25, 1936	Price, May 6, 1936	Eng. Equiv.		Price, Mar. 25, 1936	Price, May 6, 1936	Eng. Equiv.
Bell Telephone	143½	146	147½	Cockshutt Plow	8	6½	6½
Canadian Car and Foundry	6½	6	6½	Dominion Glas	112	111½	112½
Do., pref'd.	14	14½	14½	International Petro	37	38½	38½
Power Corporation	15½	13½	13½	leum	12½	10½	10½
Dome Mines	44½	56	56½	Brazil Traction	30	28½	29
Hollinger	14½	15	15½	British Columbia	4	4	4½
McIntyre	40½	45½	45½	Do., "B"	6½	6½	6½
Bank of Canada	57	56	56½	Canada Cement	49½	46½	46½
Bank of Montreal	189	185½	187	International Nickel	32	31	31½
Bank of Nova Scotia	275	282	284½	Massey Harris Com.	220	200	201½
Royal Bank of Canada	176	167	168½	Quebec Flour Mills	17	16½	16½
Canadian Bank of Commerce	157½	150½	151½	Shawinigan Water	21½	20½	20½
Canadian Pacific Ry.	12½	12½	12½	Steel Co. of Canada	62	63	63½

CAPITAL ISSUES

The past three weeks have done much to release the "log-jam" in the corporation loan market. The new terms—3 per cent. stocks, 1956-58, at 99—are apparently obtaining satisfactory response for they have been adopted for the Rochdale and South Shields issues, which were made together on Friday of this week. During the period over £11 millions stock has been offered at this rate, and the queue of borrowers has been sensibly reduced. Five

further borrowers, however, are reported to be seeking opportunities in the near future. The list of industrial borrowers, which has recently included many small concerns of limited interest to the general investor, is strengthened this week by the County of London Electric 3½ per cent. debenture issue. Its terms of redemption—optionally from 1952 and finally in 1972—are designed to appeal to the long-term investor who is less affected by changes in capital values in the interim. The stock is in the highest class of utility debentures. The remaining industrial issues largely consists of small concerns acquiring existing businesses. The mixed issues of Evans Bellhouse and Waterworth Bros. are typical examples. Both offer 6 per cent. £1 preference shares at a moderate premium and lower denominational ordinary shares at higher premiums. The former, a timber merchanting and joinery concern, has total assets of £190,432, of which £73,663 represents stock and £48,507 debtors. The former figure is apparently seasonally high. Profits have been stable according to the figures shown, but the record extends backward only 2½ years. The profits of Waterworth Bros. showed a reduction during 1935, and a fluctuating tendency earlier. A surplus of £30,882 over the value of net assets amounting to £76,618 is included in the purchase price, and preliminary expenses are estimated at £11,560. Both issues offer high equity earnings on the existing profits basis, but for the general investor who requires ready marketability they have limited attractions. This consideration applies with more force to the 6 per cent. preference shares of H. Lass. Their dividend cover is more generous than the assets cover, but the issue is too small to command a wide market. The 5s. ordinary shares of Nuro (Biggleswade) must be treated as frankly speculative at this stage. The Company has developed a secret photographic film base process, but no commercial operating results have been achieved, nor is any estimate of sales, costs and potential profits given in the prospectus. Presumably the secrecy of the process has restrained the sponsors of the issue from seeking an independent scientific report, on the lines of the Chancellor's statement some months ago. Consolidated Sisal Estates of East Africa acquires sisal estates covering 27,380 acres in Tanganyika which will be further developed. The company starts operations after a rapid improvement in sisal prices, and would appear to have reasonable speculative prospects. Statements for information only have been published by Cheltenham Corporation, which has placed the maximum £250,000 in 3 per cent. stock at 98½, less 1½ per cent. commission—the slightly less favourable terms reflect the lack of trustee status at present—by British Northrop Loom and by Wickams (C. Barker).

ISSUES OF THE WEEK

January 1 to May 2, 1936, including conversions, Old Basis, £131,548,783.	
January 1 to May 2, 1936, excluding conversions, Old Basis, £72,160,632.	
January 1 to May 2, 1936, including conversions, New Basis, £179,611,450.	
January 1 to May 2, 1936, excluding conversions, New Basis, £120,323,298.	

National Savings Certificates, Net receipts week ended May 2, 1936, Dr. £50,000.

	Nominal Capital £	Conver- sions £	New Money £
To the Public			
Consolidated Sisal Estates of East Africa, 224,000 £1 ord. shares, at 22/6	224,000	...	252,000
County of London Electric Supply, £2,500,000 3½% deb. stk., 1952-1972, at par	2,500,000	...	2,500,000
Evans Bellhouse, Ltd., 50,000 6% cum. £1 pref. shares, at 21/-	50,000	...	52,500
Do., 100,000 10/- ord. shares, at 12/-	50,000	...	60,000
Lass (H.), Ltd., 75,000 6% cum. £1 pref. shares, at 21/-	75,000	...	78,750
Nuro (Biggleswade), Ltd., 360,000 5/- ord. shares at par	90,000	...	90,000
Rochdale Corporation, £1,000,000 3% stk. 1956-58 at 99%	1,000,000	...	990,000
South Shields Corporation, £500,000 3% stk. 1956-58 at 99%	500,000	...	495,000
Waterworth Bros., Ltd., 50,000 6% cum. £1 pref. shares at 21/-	50,000	...	56,250
Do., 160,000 5/- ord. shares at 6/9	40,000	...	54,000
Total	4,579,000	...	4,628,500

	Nominal Capital £	Conver- sions £	New Money £
To Shareholders only			
Brett's Stamping, 20,000 £1 ord. shares at 30/-	20,000	...	30,000
Bushtick Mines (1934), 100,000 10/- shares at 10/3	50,000	...	51,250
Champion Reef Gold Mines of India, 130,000 10/- shares at 35/-	65,000	...	227,500
Fairry Aviation, 1,000,000 "A" ord. 10/- at 12/6	500,000	...	625,000
General Refractories, 70,000 new ord. shares £1, at 26/8	70,000	...	92,750
Kendall and Gent (1920), 90,000 6/8 shares at par	30,000	...	30,000
Phillips and Powis (1920), 500,000 3½% cum. ord. pref. 5/- at par (subscribed by Rolls Royce, Ltd.)	125,000	...	125,000
Robinson Deep, 152,479 7/6 "B" shares at 40/-	57,180	...	304,958
South Warranajah Tea Estates, 3,200 £1 ord. shares, at 30/-	3,200	...	4,800
Total	920,380	...	1,491,258

	By Stock Exchange Introduction (at opening price)		
Brown, Muff and Co., £200,000 4½% deb. stk. at 98, opened at 99½	196,000	...	199,000
Wickhams (C.) Barker, 420,000 5/- ord. at 8/3	105,000	...	173,250
Do., 100,000 6% cum. £1 pref. at 22/-	100,000	...	110,000
Total	401,000	...	482,250

By Permission to Deal
During week ended May 2, 1936

Total Capital raised—	Including Conversions	Excluding Conversions	Total Offered for Subscription—	Including Conversions	Excluding Conversions
January 1 to date—			Whole year (Old Basis)—		
1936 (New Basis) 1,842,288	127,554,136		1935	548,351,393	236,147,637
1936 (Old Basis) 136,618,541	78,230,390		1934	410,980,300	169,108,700
1935 (New Basis)* 166,396,391	91,365,473		1933	467,921,500	244,360,500
1935 (Old Basis) 112,263,683	33,771,597		1932	2,699,684,265a	188,909,963
January 1 to date—			1928	693,100,056	369,058,073
1934	224,906,732	74,565,334			
1933	131,610,039	75,865,040			
1928	...	205,824,233			

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

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	57,769,581	13,663,358	56,121,197	127,554,136
1936 (Old Basis)	50,232,330	6,038,210	21,959,850	78,230,390
1935 (New Basis)*	24,691,902	19,000,212	47,673,359	91,365,473
1935 (Old Basis)	11,931,171	11,406,253	10,434,173	33,771,597
Whole year—(Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,873,400	169,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in nineteen weeks ended May 11, 1935.

PUBLIC OFFERS

Rochdale Corporation.—Issue of 3 per cent. stock at 99 per cent., to be redeemed at par July 1, 1958, or after July 1, 1956, on three months' notice. Proceeds will be used to repay short-term loans. Population at last census, 90,278; estimated population October 1, 1933, 94,100. Rateable value, £551,466. General rate, year 1936-1937, 13s. 3d. Net debt, March 31, 1936, £5,157,321; £2,660,432 for productive undertakings; £1,701,624 for housing; £795,265 for non-productive purposes.

South Shields Corporation.—Issue of £500,000 3 per cent. stock at 99 per cent., to be redeemed at par March 15, 1958, or after March 15, 1956, on three months' notice. Proceeds will be used to replace short-term loans and for housing schemes, education, etc. Population last census, 113,455. Rateable value, £534,653. Rate in £, 14s. 6d. Surplus of assets over liabilities, March 31, 1935, £2,299,493. Net debt, March 31, 1936, £2,868,000; £495,000 for reproductive undertakings and £1,340,000 for housing.

County of London Electric Supply Company, Ltd.—Issue of £2,500,000 3½ per cent. debenture stock, 1952-72, at par. Secured by first floating charge on the undertaking. Proceeds of issue to repay bank loans and for development. Incorporated 1891, and supplies electricity to consumers and in bulk in London and home counties, subject within Administrative County of London and Barking to provisions of London Electricity (No. 1) Act, 1925. Net assets, £23,622,865. Profits, after depreciation: 1933, £1,215,103; 1934, £1,219,492; 1935, £1,227,697. Stock ranks *pari passu* with existing £5,500,000 5 per cent. debenture stock. List closed 10 a.m. May 5th. Oversubscribed.

Consolidated Sisal Estates of East Africa, Ltd.—Issue of 224,000 £1 ordinary shares at 22s. 6d. Incorporated 1936 to acquire three sisal estates in Tanganyika for £181,600. Total area 11,085 hectares, of which 4,625 (approx.) planted. Estimated profits: 1936 (8 months), £12,000; 1937, £38,500; 1938, £42,000, based on prices of forward sales already effected, and assuming balance of estimated crops sold at same prices and costs estimated by independent expert. 120,000 shares applied for on underwriting terms and allotted in full. Lists closed at 9.5 a.m. May 7th.

Waterworth Bros., Ltd.—Issue of 50,000 6 per cent. cumulative £1 preference shares at 21s. 3d., and 160,000 5s. ordinary shares at 6s. 9d. Formed to acquire fruit distributors' businesses of similar name, founded 1886 and 1899. Net assets, valued £76,618, acquired for £107,500, of which £67,500 cash and balance in ordinary shares. Profits: Waterworth Bros., years to early February: 1933, £2,567; 1934, £4,156; 1935, £5,163; John Waterworth, years to end March: 1933, £14,340; 1934, £16,626; 1935, £20,396. Lists closed 10.45 a.m. May 5th. Oversubscribed.

H. Lass, Ltd.—Issue of 75,000 6 per cent. cumulative £1 preference shares at 21s. Formed to acquire clothing manufacturers' businesses established 1905. Assets acquired, £107,848 (including £40,660 debtors guaranteed by vendor company) for £130,000, of which £55,000 cash and balance in 375,000 4s. ordinary shares. Profits of businesses acquired:

(Continued on page 326)

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

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

Prices, Year 1935		Prices, Year 1936 Jan. 1 to May 6, inclusive		Names of Security	Price, Apr. 29, 1936	Price, May 6, 1936	Rise or Fall	Yield, May 6, 1936	Prices, Year 1936 Jan. 1 to May 6, inclusive		Last two Half-yearly Dividends	Name of Security	Price, Apr. 29, 1936	Price, May 6, 1936	Rise or Fall	Yield, May 6, 1936
High-est	Low-est	High-est	Low-est						High-est	Low-est							(a) (b) (c)
British Funds																
94 1/2	80	87 1/2	83 1/2	Consols 2 1/2%	85 1/2	85 1/2	...	2 18 6	5 1/2	dis	6 1/2	dis	Nil	Nil	...	...
118 1/2	109 1/2	116 1/2	113 1/2	Do. 4% Red. at par on or after Feb. 1957 (n)	116	116	...	3 0 5	7 1/2	3 1/2	Nil	Nil	Nil	Nil	...	...
103 1/2	87 1/2	102 1/2	101	Conversion 2 1/2% 1944-49	101 1/2	102	+ 1/2	2 3 0	38 1/2	37 1/2	6 (a)	5 (b)	5 (a)	4 (b)	...	...
107 1/2	100 1/2	105 1/2	104	Do. 3% 1948-53	105	105	...	2 7 6	24 1/2	24 1/2	6 (a)	5 (b)	5 (a)	4 (b)	...	...
112 1/2	108 1/2	110 1/2	108 1/2	Do. 3 1/2% after 1961 (s)	107 1/2	107 1/2	...	3 0 0	48 1/2	47 1/2	21 (a)	3 (b)	21 (a)	3 (b)	...	...
110 1/2	108 1/2	110 1/2	108 1/2	Do. 4% 1940-44	111 1/2	111 1/2	...	2 12 6	10 1/2	10 1/2	34 (a)	4 1/2 (b)	34 (a)	4 1/2 (b)	...	...
112 1/2	115 1/2	121 1/2	118 1/2	Do. 5% 1944-44	118 1/2	118 1/2	- 1/2	2 12 6	43 1/2	43 1/2	8 (a)	8 (b)	8 (a)	8 (b)	...	...
108 1/2	98	104	102 1/2	Funding 3% 1959-69	104	104	...	2 16 0	27 1/2	25 1/2	5 (c)	5 (c)	5 (c)	5 (c)	...	...
112 1/2	111 1/2	118 1/2	116 1/2	Funding 4% 1960-90	117 1/2	117 1/2	...	2 19 3	95 1/2	80 1/2	6 (c)	6 (c)	6 (c)	6 (c)	...	...
119 1/2	110 1/2	117 1/2	115 1/2	Victory Bonds 4%	115 1/2	115 1/2	...	3 9 0	15 1/2	12 1/2	7 (a)	7 (b)	7 (a)	7 (b)	...	...
110 1/2	101 1/2	108 1/2	104	War Loan 1914-18 after 1952 (b)	105 1/2	106	+ 1/2	3 0 3	16 1/2	13 1/2	3 1/2 (b)	2 1/2 (a)	3 1/2 (b)	2 1/2 (a)	...	...
96 1/2	89	97 1/2	94	Local Loans 3%	97	97	...	3 1 0	90 1/2	85 1/2	8 1/2 (a)	8 1/2 (b)	8 1/2 (a)	8 1/2 (b)	...	...
104 1/2	99	103 1/2	102 1/2	Austria 3% 1933-53	102 1/2	102 1/2	...	2 16 0	56 1/2	53 1/2	5 (d)	5 (d)	5 (d)	5 (d)	...	...
86 1/2	66 1/2	72	72	India 2 1/2%	73	73	...	3 8 6	96 1/2	83 1/2	21 1/2 (a)	12 1/2 (b)	21 1/2 (a)	12 1/2 (b)	...	...
95 1/2	76 1/2	86 1/2	83 1/2	Do. 3%	86	86	...	3 10 6	11 1/2	10 1/2	6 1/2 (a)	6 1/2 (b)	6 1/2 (a)	6 1/2 (b)	...	...
100 1/2	90	98	98	Do. 3 1/2%	98	98	...	3 10 6	11 1/2	10 1/2	6 1/2 (a)	6 1/2 (b)	6 1/2 (a)	6 1/2 (b)	...	...
119 1/2	112 1/2	120 1/2	116	Do. 4 1/2% 1958-68	120	118 1/2	- 1/2	3 6 0	63 1/2	61 1/2	6 (a)	6 (a)	6 (a)	6 (a)	...	...
108 1/2	105	107	105	U.K. & Arg. 4% A (1947)	105 1/2	105	...	3 9 0	9 1/2	8 1/2	7 (a)	7 (b)	7 (a)	7 (b)	...	...
Dom. & Colonial Govts.																
111 1/2	106 1/2	112 1/2	110	Australia 5% 1945-75	112	112	...	3 10 6	43 1/2	42	4 (a)	11 (b)	4 (a)	11 (b)	...	...
108 1/2	100 1/2	106	103	Canada 4% 1940-60	104	104	...	2 19 6	46 1/2	42 1/2	9 (a)	9 (b)	9 (a)	9 (b)	...	...
110 1/2	112 1/2	117 1/2	114	Gold Coast 4 1/2% 1956	116	116	...	3 7 8	16 1/2	15 1/2	7 1/2 (a)	7 1/2 (b)	7 1/2 (a)	7 1/2 (b)	...	...
121 1/2	116 1/2	119 1/2	118 1/2	Nigeria 5% 1950-60	119	119	...	3 5 6	500	472	5 (a)	5 (a)	5 (a)	5 (a)	...	...
115 1/2	107 1/2	114 1/2	110 1/2	N. Zealand 5% 1946	114	114	...	3 7 6	16 1/2	15 1/2	8 1/2 (b)	8 1/2 (b)	8 1/2 (b)	8 1/2 (b)	...	...
110 1/2	103 1/2	109 1/2	107 1/2	Queensland 5% 40-80	108	108	...	3 1 6	98 1/2	90 1/2	9 (b)	9 (b)	9 (b)	9 (b)	...	...
118 1/2	113 1/2	117 1/2	114 1/2	S. Africa 5% 1945-75	117	117	...	2 17 0	93 1/2	88 1/2	9 (a)	10 (b)	9 (a)	10 (b)	...	...
Foreign Governments																
101 1/2	88	102 1/2	99 1/2	Argentina 4% Resc. 1952	101	102	- 1/2	3 18 6	6 1/2	6 1/2	5 (a)	5 (b)	5 (a)	5 (b)	...	...
101 1/2	82	97 1/2	90	Austria 7% 1957	94	92 1/2	- 1 1/2	7 16 0	15 1/2	13 1/2	9 (a)	17 (b)	9 (a)	17 (b)	...	...
101 1/2	76 1/2	83	82	Do. 4 1/2% 1954-59	87 1/2	86 1/2	- 1	5 13 0	14 1/2	12 1/2	7 1/2 (a)	12 1/2 (b)	7 1/2 (a)	12 1/2 (b)	...	...
63 1/2	51	64	57 1/2	B. Aires (Prov.) 5 1/2%	64	63	- 1	5 11 6	32 1/2	30 1/2	19 (a)	50 (b)	19 (a)	50 (b)	...	...
112 1/2	106 1/2	111 1/2	107 1/2	Belgian 7% red. by 1958	111	108 1/2	- 2 1/2	6 9 8	16 1/2	15 1/2	19 (a)	14 (b)	19 (a)	14 (b)	...	...
20	14 1/2	17 1/2	14	Bulgaria 7 1/2% Loan	15 1/2	15 1/2	...	16 2 6	28	26	20 (a)	20 (b)	20 (a)	20 (b)	...	...
84 1/2	48	77	65 1/2	Brazil 5% Fund. 1914	71 1/2	70 1/2	- 1	6 19 0	38 1/2	34 1/2	25 (a)	25 (b)	25 (a)	25 (b)	...	...
29 1/2	19 1/2	26	18 1/2	Chili 6% (1929)	17 1/2	17 1/2	...	6 2 0	13 1/2	12 1/2	3 1/2 (a)	3 1/2 (b)	3 1/2 (a)	3 1/2 (b)	...	...
91 1/2	71 1/2	83 1/2	78 1/2	China 5% (1912)	82	82	...	5 8 0	22	21	35 (a)	45 (b)	35 (a)	45 (b)	...	...
100 1/2	84 1/2	91 1/2	86 1/2	Do. 5% (1919)	92	92	...	1 11 6	22	21	35 (a)	45 (b)	35 (a)	45 (b)	...	...
110 1/2	99 1/2	112 1/2	102 1/2	Czechoslovakia 8%	106	104	- 2	2 14 7	26	22 1/2	125 (a)	125 (b)	125 (a)	125 (b)	...	...
109 1/2	93 1/2	110	98	Danish 8%	110	110	...	9 10 6	18 1/2	16 1/2	30 (a)	30 (b)	30 (a)	30 (b)	...	...
89 1/2	48	70	66	Danzig 6 1/2%	68	68	...	3 18 0	40	36 1/2	193 (b)	193 (b)	193 (b)	193 (b)	...	...
106 1/2	98	105 1/2	102 1/2	Egypt 6 1/2%	105	102 1/2	- 2 1/2	5 1 0	121 1/2	108 1/2	197 1/2 (a)	197 1/2 (b)	197 1/2 (a)	197 1/2 (b)	...	...
80 1/2	22 1/2	25 1/2	22 1/2	French 4 1/2% (British)	22 1/2	22 1/2	...	12 13 0	10 1/2	11 1/2	11 (a)	19 (b)	11 (a)	19 (b)	...	...
78	56 1/2	61	53 1/2	German 7% Dawes Ln.	55 1/2	54 1/2	- 1	13 15 0	10 1/2	9 1/2	8 1/2 (a)	8 1/2 (b)	8 1/2 (a)	8 1/2 (b)	...	...
68	38 1/2	41	34 1/2	Do. 5 1/2% (Young Ln.)	40 1/2	39	- 1 1/2	8 15 0	10 1/2	9 1/2	8 1/2 (a)	8 1/2 (b)	8 1/2 (a)	8 1/2 (b)	...	...
37 1/2	26	37 1/2	30 1/2	Greek 6% Sub. Ln.	37 1/2	37 1/2	...	5 4 1/2	18 1/2	17 1/2	3 (a)	4 1/2 (b)	3 (a)	4 1/2 (b)	...	...
45 1/2	31 1/2	36	31 1/2	Do. 7% Refugee	45 1/2	45 1/2	...	8 15 0	4 1/2	4 1/2	18 (a)	18 (b)	18 (a)	18 (b)	...	...
91 1/2	83 1/2	88	84	Hungary 7 1/2%	83 1/2	83 1/2	...	6 11 0	21 1/2	18 1/2	117 1/2 (a)	130 (b)	117 1/2 (a)	130 (b)	...	...
97	75 1/2	90 1/2	79 1/2	Japanese 5 1/2% 1936-85	89 1/2	90	+ 1/2	2 19 3	280	255	6 1/2 (b)	21 (a)	6 1/2 (b)	21 (a)	...	...
144	113	140	122	Norwegian 4 1/2% 1911	135	135	...	3 1 0	80 1/2	59	2 (c)	3 1/2 (a)	2 (c)	3 1/2 (a)	...	...
50	42	49 1/2	41	Peru 7 1/2% 1922	45	45	...	3 1 0	77 1/2	59	1 (c)	Nil(c)	1 (c)	Nil(c)	...	...
100 1/2	87	93 1/2	82	Poland 7%	86 1/2	83	- 3 1/2	8 8 8	17 1/2	13 1/2	Nil(c)	3 (c)	Nil(c)	3 (c)	...	...
16 1/2	7	13 1/2	8 1/2	Romania 4 1/2% Con. 1922	9	9 1/2	+ 1/2	2 6 0	25 1/2	24 1/2	4 (a)	6 (b)	4 (a)	6 (b)	...	...
144	106 1/2	155	123	Swedish 3 1/2% 1908	150	150	...	3 1 0	35 1/2	32 1/2	7 (b)	5 (a)	35 1/2	32 1/2	...	...
119 1/2	106 1/2	114 1/2	112	U.K. & Argentine 1933	112 1/2	113 1/2	+ 1	4 5 0	15 1/2	14 1/2	24 (a)	3 1/2 (b)	15 1/2	14 1/2	...	...
84	75	82	79	Do. C. Certs. (3% Max.)	80 1/2	80 1/2	...	3 14 0	29 1/2	27 1/2	6 (a)	6 (b)	6 (a)	6 (b)	...	...
Corporation Stocks																
37 1/2	24	27 1/2	23 1/2	Berlin 6% 1932-57	26 1/2	24 1/2	- 2	3 1 0	18 1/2	15 1/2	2 (a)	5 1/2 (b)	2 (a)	5 1/2 (b)	...	...
120 1/2	114 1/2	119 1/2	116 1/2	Birmingham 5% 1946-56	116 1/2	116 1/2	...	3 1 0	312	275	3 (a)	7 (b)	312	275	...	...
122 1/2	115 1/2	120 1/2	117 1/2	British 5% 1948-53	119	119	...	3 1 6	183	167 1/2	3 (a)	4 1/2 (b)	183	167 1/2	...	...
85 1/2	60	84	76 1/2	Danzig 7% 1935-45	83	83	...	8 7 6	310	275	5 (a)	6 (b)	310	275	...	...
125 1/2	119	121 1/2	119 1/2	E. London 5% 1960-70	119 1/2	120 1/2	+ 1/2	3 14 6	97	77	Nil(c)	1 1/2 (b)	97	77	...	...
108 1/2	104	106 1/2	103 1/2	Johannab. 5 1/2% 1937-52	104	104	...	3 8 1	252 1/2	222 1/2	2 1/2 (a)	6 (b)	252 1/2	222 1/2	...	...
86 1/2	90 1/2	96 1/2	91 1/2	L.C.C. 3%	96	96 1/2	+ 1/2	3 2 6	231	230	6 (b)	2 1/2 (a)	231	230	...	...
104	101 1/2	106 1/2	105 1/2	Seine (Dpt. of) 4 1/2% 1952	105	105	...	4 1 3	244	222 1/2	3 (a)	5 (b)	244	222 1/2	...	...
Financial Stocks																
18 1/2	16 1/2	2 (c)	2 1/2 (c)	Argentine Loan 4% 1911	17	17	...	2 16 6	30	25	Nil	Nil	30	25	...	...
6 1/2	4 1/2	6 (b)	4 1/2 (b)	Australian Estates, etc.	27	27	...	Nil	6 1/2	4 1/2	Nil	Nil	6 1/2	4 1/2	...	...
27 1/2	22 1/2	27 1/2	24 1/2	Brit. Nth. Borneo 4 1/2%	24 1/2	24 1/2	...	3 13 0	27 1/2	22 1/2	6 (a)	6 (b)	27 1/2	22 1/2	...	...
10 1/2	10 1/2	10 1/2	10 1/2	Brit. S. Africa 15 1/2%	10 1/2	10 1/2	...	3 13 0	27 1/2							

(Continued from page 323)

1933, £16,030; 1934, £12,623; 1935, £17,316. Working capital, £15,750, to provide for extensions and branch establishments. Lists were closed at 9.5 a.m., May 7th. Oversubscribed.

Nuro (Biggleswade), Ltd.—Issue of 360,000 5s. ordinary shares at par. Business incorporated 1934 to produce celluloid base for photographic film, and has acquired secret process operated abroad. Factory now producing film base and finished film, and proposed to extend plant for commercial production. Purchase price £115,000, payable £30,425 cash and balance in ordinary shares. Assets: property and plant, £72,218; formula at cost price to vendors, £17,000; stocks, £5,000; goodwill, research expenditure, etc., £20,782.

BY OFFER FOR SALE

Evans Bellhouse, Ltd.—Offer for sale of 50,000 6 per cent. cumulative £1 preference shares at 21s. and 100,000 10s. ordinary shares at 12s. Formed to acquire timber and joinery businesses of similar name established 1792 and 1837. Profits, before interest on bank overdraft: nine months to December, 1933, £14,443; 1934, £18,974; 1935, £19,655. Net assets, £61,940, after deducting £114,083 bank overdraft, including £73,663 stocks and £48,507 debtors. Issue subscribed by Cheviot Trust at par to provide for reduction of overdraft.

BY STOCK EXCHANGE INTRODUCTION

Cheltenham Corporation.—Issue of £250,000 3 per cent. stock to be redeemed at par March 1, 1936. Proceeds to repay mortgages amounting to £140,094 and £109,906 for new capital purposes. Population last census 49,418; now estimated at 52,000. Rateable value, £428,160. Rate in £, 10s. 6d. Net debt, March 31, 1936, £1,357,732, of which £560,864 was for housing, £566,088 for reproductive purposes, and £230,800 for other public services. Messrs Cohen, Laming, Hoare have purchased the stock at 98½, less commission 1½ per cent., and pay all expenses of the issue, including stamp duty.

British Northrop Loom Company, Ltd.—Issued capital, 500,000 10s. ordinary shares, of which 100,000 new shares were recently offered to shareholders at par. Formed July, 1902, to acquire rights to manufacture the Northrop automatic loom in the United Kingdom and elsewhere, except in the United States, Canada and Mexico. Total assets, October 26, 1935, £352,010. Profits, after depreciation but before providing for income tax, years: 1933, £21,564; 1934, £15,632; 1935, £15,752. Net dividends on ordinary shares: 1933, 7 per cent.; 1934, 7 per cent.; 1935, 7 per cent.

Wickhams (C. Barker), Ltd.—Issued capital, 420,000 5s. ordinary shares and 100,000 6 per cent. cumulative £1 preference shares. General draper's business incorporated as private company in 1919. Total assets, January 31, 1936, £260,399; properties, £209,500. Profits, before depreciation, years to January 31st: 1934, £25,064; 1935, £29,422; 1936, £27,051. Ordinary dividends: 1934-5, 7½ per cent.; 1935-6, 12½ per cent. During the last two years 50,000 preference and 80,000 ordinary shares have been issued at par and 40,000 5s. ordinary shares issued as fully-paid in capitalisation of reserves.

PRIVATE PLACINGS

British Celanese.—The issue by British Celanese of 500,000 7 per cent. 1st cumulative preference shares of £1 has been placed privately at 23s. 6d. each.

General Investors.—General Investors and Trustees has placed privately £50,000 3½ per cent. redeemable debenture stock, 1955-85.

BY TENDER

Dunstable Gas and Water.—Dunstable Gas and Water Company is offering for sale by tender 2,575 5 per cent. preference shares of £10 each. The offer is divided into 1,425 shares in the gas undertaking, of which the minimum price of issue is £11 15s. per share, at which the yield is £4 5s. 1d., and 1,150 shares in the water undertaking, of which the minimum price is £12 18s. per share, at which the yield is £3 17s. 6d. Tenders for both issues must be received at 658 Lordship Lane, N.22, by noon on May 25th.

CONVERSIONS AND REPAYMENTS

E.D. Realisation.—The company's 4 per cent. debenture stock having been repaid and certain of its capital assets having been realised, 60 per cent. of every holding of the 5 per cent. income debenture stock will be redeemed at 110 per cent. on June 3, 1936.

Ebbw Vale Steel, Iron and Coal.—There was distributed on May 2nd to the 6 per cent. debenture-holders the sum of £57 7s. 9d., together with accrued interest from April 1st to May 2, 1936, in respect of each debenture of £100 held by them on April 24th.

Ellerman Lines.—An extraordinary general meeting is called for May 25th to consider resolutions that: (1) Each of the existing shares of £4 be divided into four shares of £1; (2) the issued 400,000 4½ per cent. guaranteed preference shares of £1, 480,000 5½ per cent. preference shares of £1, 500,000 preferred ordinary shares of £1 and 800,000 deferred ordinary shares of £1 be converted into stock, transferable in multiples of £1; and (3) the articles of association be amended.

John Lewis and Company, Ltd.—The 4 per cent. first mortgage debenture stock will be redeemed at £105 for every £100 of stock on August 4, 1936.

Lance and Lance, Ltd.—The 4½ per cent. debenture stock will be redeemed at £105 on November 3, 1936.

New Zealand Government.—Holders of New Zealand Government £6 per cent. inscribed stock, 1936-1951, are reminded that the list of applications for conversion into New Zealand Government £3 per cent. inscribed stock, 1952-1955, will be closed on Monday evening, May 11th.

FORTHCOMING ISSUES

United Steel Companies.—The capital of United Steel Companies is to be raised from £6,650,000 to £10,000,000 by the creation of 3,350,000 shares of £1. Of these new shares, about 2,200,000 will be offered at 25s. each to holders on the register to-day, in the proportion of one share for every £3 of stock now held. The new shares will not be entitled to participate in any dividend declared in respect of the year ending June 30, 1936. The meeting to consider the capital increase proposals will be held at 21 Tothill Street, S.W.1, on May 12th, at noon.

South African Torbanite Mining and Refining Company, Ltd.—A meeting will be held on June 22nd at Johannesburg to consider increasing the capital and the raising of an additional £221,250, which the directors consider will prove productive in the near future.

Birkenhead Corporation.—Birkenhead is expected to make an issue of 3 per cent. stock. This corporation has in issue £993,175 6 per cent. redeemable stock, 1936-51, which is to be repaid. Holders will be invited to convert into the new issue.

John Lewis Properties Ltd.—This company will make an issue of £1,000,000 3½ per cent. first mortgage debenture stock at 95 per cent. on May 13th. Debenture holders of the 4 per cent. first mortgage debenture stock of John Lewis and Company Ltd., and debenture holders of the 4½ per cent. debenture stock of Lance and Lance, Ltd., are reminded that if they wish to exercise their rights to exchange the old stock for the stock now to be issued they must lodge their applications on or before 10 o'clock Wednesday, May 13th, at National Provincial Bank Ltd., 15 Bishopsgate, London, E.C.2.

Nottingham Corporation.—The Nottingham Corporation has decided to give notice to redeem on September 1st the outstanding £999,700 6 per cent. redeemable stock, 1936-51. The Finance Committee has been instructed to arrange for an issue of stock to replace the maturing issue. About £1,000,000 of 3 per cent. stock is expected to be offered, with conversion rights to 6 per cent. holders.

CALLS DUE MAY 11 TO MAY 16, 1936

The grand total of calls in May, 1936, is £11,271,054, which compares with £5,893,415 in May, 1935.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
£1	Blackburn Aircraft, 200,000 5% cum. red. pref. shares, at 21s.	5/- p.s.	May 14	11/- p.s.
Stock	Blackpool 3% Stock, 1937, £1,500,000, at £100	£50%	May 13	All
Stock	Bradford 3% Stock, 1936-38. (Issue of an amount sufficient to make up, with stock converted, £1,744,440, at £99%)	£30%	May 12	£35%
10/-	De Havilland Aircraft, 100,000 new ord. shares, at 50/- per share	10/- p.s.	May 11	10/- p.s.
Stock	Fairey Aviation, 1,000,000 "A" new ordinary shares, at 12/6	7/6	May 16	7/6
Stock	Fife County Council 3% Stock, 1936-66, £800,000 at £100	£35%	May 15	£60%
2/6	Mount Morgan, 372,000 shares, at 10/-	2/6 p.s.	May 15	7/6 p.s.
Stock	New Zealand Government. (Offer to holders of 6% Inscribed Stock, 1936-51, of conversion into 3% Inscribed Stock, 1952-65)	...	May 11	...
£1	South Wanganui Tea, 3,200 ordinary shares, at 30/-	30/-	May 11	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, April 29, 1936	Price, May 6, 1936
Anglo-Palestine Bank "A" £1	37/6	37/6	2 1/4-2 1/2	42/6-43/6
Birmingham 3%	99	39	...	2 1/2 pm
Blackburn Aircraft 5% Pref. £1	21/-	6/-	6d dis-par	7 1/2-4 1/2 dis
Broadmaker 5% Pref. £1	20/-	20/-	19/9-20/-	19/9-20/-
Bradford 3%	99	5/-	5/11-5/12	5/11-5/12
British Bauxite Ord. 5/-	6/-	6/-	5/6-5/9	5/11-5/12
British Guiana Cons. Gold 5/-	5/-	5/-	...	4/4-4/6
Cardiff 3%	99	5	...	2 1/2 dis
Central Electricity 3 1/2%	100	70	2 1/2-2 1/4 dis	2 1/2 dis
Ceylon 3%	100	25	...	3 1/2 dis
Cowburns and Scotts Ord. 4/-	4/6	4/6	3/6-4/-	3/7 1/2-4/1 1/2
Croydon 3%	99	5	...	2 1/2 pm
Electric Electric 4% Deb.	98	25	...	2 1/2-2 1/4 pm
Furnishers Ord. 2/-	3/-	3/-	...	3/11-3/4
Do. 6% Pref.	20/-	10/-	9d-3d dis	9d-3d dis
F. Hills Ord. 4/-	5/3	5/3	...	4/6-4/9
Gas Light and Coke 3 1/2% Deb.	par	60	2-2 1/2 pm	3 1/2-3 1/4 pm
Hetty (Gowns) Ord. 1/-	2/-	2/-	...	1/7 1/2-1/10 1/2
Do. 6% Pref. 4/-	4/-	4/-	...	3/7 1/2-3/10 1/2
Industrial and General Trust 3 1/2% Deb.	101	10	par-1/2 pm	1 1/2-2 1/4 pm
International Combustion Ord. 20/-	...	...	88/-89/-	96/-97/-
Marshall, Sons & Co. 5/-	5/-	5/-	4 1/2 dis-1 1/2 pm	4/7 1/2-5/1 1/2
Metropolitan Elec. Supply 3% Deb.	97	50	2 1/2-1 1/2 dis	1 1/2-1 1/4 dis
Middlesex 3%	100	20	1 1/2 dis	1 1/2 dis
Newman Industries Ord.	2/-	...	2/10 1/2-3/1 1/2	2/9-3/10
Do. 6% Pfg. Pref. Ord.	2/3	2/3	2/-2/3	2/1 1/2-2/4
Peaseley (A.) Ord. 2/-	22/6	22/6	23/7 1/2-23/10 1/2	24/7 1/2-25/1 1/2
Pressed Steel Ord. 5/-	97	47	1 1/2 pm	1 1/2 pm
Railway Finance Corp. 2 1/2%	20/-	10/-	...	9/10 1/2-10/1 1/2
Smethwick Drop Forgings 5/-	...	...	10/-10 1/2	10 1/2-10 1/2
Smith's Potato Estates 4% Deb.	100	55	1 1/2-1 1/4 pm	1 1/2 pm
Surrey 5/-	20/-	20/-	18/11-18/7 1/2	17/10 1/2-18/4 1/2
Tizer 5/-	7/-	7/-	9/3-9/6	9/3-9/6
Trussed Concrete Ord. 5/-	10/9	10/9	11/6-12/-	11/3-11/9
Do. 6% Pref. 10/-	100	60	...	6 1/2-6 1/4 dis
Walsall 3%	7/6	4/-	...	6d-3d dis
Whiteley Stevens Holdings Ord. 5/-	20/-	10/-	...	8/-8/6
Wickhams (C. B.) Ord.	20/-	...	...	22/-22/6
Do. 6% Pref.	100	10	1 1/2 dis-1/2 pm	1 1/2 dis-1/2 pm
York 3%	...	...	...	...

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended May 3, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (18 weeks) (£'000)					
(b) Week ended May 1, 1936.	(c) Week ended May 2, 1936.	Miles Open	Passen- ger, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts
Great Western	1936 3,746	179	197	104	301	480		3,040	3,315	1,933	5,248	8,288
	1935 3,748	205	192	99	291	496		3,047	3,200	1,865	5,065	8,111
(c) L. & N.	1936 6,333	278	323	233	556	834		4,787	5,805	4,427	10,232	15,019
Eastern	1935 6,339	293	313	218	531	824		4,776	5,562	4,227	9,789	14,565
L. M. & D.	1936 6,917	422	508	237	745	1,167		7,256	8,391	4,757	12,448	20,466
Scottish	1935 6,926	485	461	218	679	1,164		7,238	8,009	4,511	12,550	19,788
Southern	1936 2,154	269	71	33	104	373		4,581	1,066	638	1,704	6,285
	1935 2,172	300	65	26	91	391		4,564	1,070	583	1,653	6,216
Total	1936 19,150	1,148	1,099	607	1,706	2,854		19,664	18,577	11,755	30,332	49,996
	1935 19,185	1,283	1,031	561	1,592	2,875		19,625	16,841	11,216	29,057	46,682
(b) Belfast	1936 80	1 7	...	...	0 7	2 4		32 6	...	...	9 6	42 6
(c) Co. Down	1936 80	1 9	...	...	0 6	2 3		33 2	...	...	8 8	42 0
(b) Belfast	1935 543	8 4	...	...	10 1	19 3		142 0	...	...	168 5	310
(c) Northern	1935 543	8 5	...	...	10 1	18 6		138 0	...	...	158 7	296
(b) Great	1936 2,076	33 0	...	...	45 5	78 5		490 8	...	...	716 2	1,107
Southern	1935 2,124	36 7	...	...	41 2	77 9		485 6	...	...	677 1	1,162

COMPARISONS WITH CORRESPONDING PERIODS, 1934 AND 1935

	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 28	+ 8
Second half-year 1935, compared with second half-year, 1934:				
Gross increase or decrease.....	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year, 1935:				
18 weeks to May 3, 1936	+ 176	+ 616	+ 454	+ 68
Weekly average first half 1936	+ 9 1/2	+ 34 1/2	+ 25 1/2	+ 3 1/2
Latest week 1936 compared with 1935	- 16	+ 3	+ 10	- 18

LONDON TRANSPORT

Week ending	Takings	Compared with corresponding period of last year
May 2, 1936	£560,500	- 30,400
Aggregate 44 weeks ending May 2, 1936	£23,916,100	+ 377,300

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

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

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
				1936	+ or -	1936	+ or -
INDIAN							
Assam Bengal	1	1936	1,330	Rs. 4,13,900	- 28,423	Rs.	Rs.
Barsi L. Ry.	1	Apr. 10	292	155,500	+ 100	...	...
Bengal & N.Western	3	20	2,112	1,10,94,265	+ 99,101	21,63,699	+ 1,37,572
Bengal-Nagpur	52	Mar. 31	3,268	326,23,000	- 28,178	8,61,08,950	+ 55,29,256
Bombay, Bar. & C.I.	4	Apr. 30	3,072	338,64,000	+ 5,27,000	1,13,63,000	+ 16,71,000
Madras & S. Mahr.	1	10	3,230	21,30,000	+ 1,49,247	...	...
Rohilkhand & Kumaon	3	20	572	12,43,008	+ 12,340	4,96,471	+ 15,555
South Indian	1	2,532	21,26,054	+ 11,119	...	...	...

† 10 days. ‡ 11 days.

CANADIAN

	1936	1935	1934	1933	1932	1931	1930
Canadian National	17	Apr. 28	23,648	4,884,024	+ 303,209	55,321,542	+ 2,938,998
Canadian Pacific	17	28	17,237	3,236,000	+ 139,000	39,864,000	+ 3,439,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia).....	18	May 3	884	£ 10,860	-	£ 180	240,170	+ 16,530
Argentine N.E. ...	4/	2	753	{ £138,600	6,900	5,862,600	345,000	
				{ £8,143	461	344,401	21,558	
B.A. and Pacific ...	44	2	2,806	{ £1,698,000	95,000	63,254,000	4,566,000	
B.A. Central.....	42	Apr. 18	...	{ £99,765	4,969	3,715,962	277,326	
				{ £86,960	740	4,597,360	14,440	
B.A. Gt. Southern	4	May 2	5,084	{ £1,875,000	341,000	97,968,000	10,801,000	
				{ £110,165	20,882	5,505,200	618,841	
B.A. Western	44	2	1,930	{ £835,000	15,000	33,929,000	47,000	
				{ £49,060	1,206	1,993,211	9,065	
Central Argentine.....	4	2	3,700	{ £1,603,000	641,200	89,046,650	1,362,530	
				{ £94,183	38,531	5,231,165	60,046	
Central Uruguay	43	Apr. 25	273	{ £13,823	2,411	476,502	117,922	
C. Urg. (East Ext.)	43	25	311	{ £3,118	1,022	88,101	5,816	
C. Urg. (N. Ext.)...	43	25	185	{ £2,123	296	62,088	14,951	
C. Urg. (W. Ext.)...	43	25	211	{ £771	307	37,916	4,775	
Cordoba Central.....	44	May 2	1,218	{ £436,000	11,000	20,860,000	230,000	
				{ £25,620	810	1,225,470	7,400	
Entre Rios	44	2	810	{ £163,800	18,300	8,028,700	1,148,700	
				{ £9,624	1,144	471,649	65,648	
G. Westn. of Brazil	18	2	1,082	{ £5,600	500	159,000	9,000	
Leopoldina.....	18	2	1,918	{ M\$273,000	+ 130,000	27,461,000	+ 4,411,000	
				{ £14,374	896	313,305	12,174	
Leopoldina Termal.	18	2	1,918	{ M\$ 338,000	+ 11,000	5,954,000	+ 850,000	
Nitrate	47	Apr. 30	401	{ £5,037	2,733	53,645	8,955	
Paraguay Central...	44	May 27	2,402	{ £2,402	94,981	94,981,000	489,000	
Salvador.....	43	Apr. 25	100	{ £11,200	7,700	847,446	62,900	
				{ M\$225,000	+ 237,308	38,640,000	+ 6,864,000	
San Paulo	17	26	1531	{ £25,500	1,847	483,000	109,760	
United of Havana .	44	May 2	1,353	{ £33,500	7,794	1,038,048	5,870	

COMPANY MEETINGS, &c.

LONDON AND LANCASHIRE INSURANCE COMPANY, LIMITED

ANOTHER YEAR OF PROGRESS—INCREASED PROFIT

SIR FREDERICK PASCOE RUTTER'S REVIEW

The seventy-fourth annual meeting of shareholders of The London and Lancashire Insurance Company, Limited, was held, on the 6th instant, at the Head Offices, London.

Sir Frederick Pascoe Rutter (governor and chairman) presided over a full attendance of shareholders.

Sir Frederick, in proposing the adoption of the report and accounts, said:—As you will have read in the report, we have lost three of our most valuable and esteemed directors. Mr John Barber I had known even before he became a director in Liverpool thirty years ago. Mr R. J. Hose came to us just after the war. Typical Englishmen of the highest integrity, they could always be relied upon for perfect loyalty and support. And Lord Reading was unique. We had the great advantage of his collaboration for just ten years. His interest and intensity in our proceedings were quite in keeping with his reputation outside. Nothing escaped him, and when an emergency arose he was always ready with his wise, sound counsel and his cautious advice.

Dealing with the chief vacancy, we at once decided to appoint our esteemed director, Sir Peter Rylands, to the deputy-chairmanship. Then, you had probably seen the announcement that the Earl of Cromer, who had for many years been a director of "The Marine," had joined the board. And, now, Sir Harry McGowan has just been appointed one of our colleagues. Lord Cromer's distinction and the commanding position of Sir Harry McGowan in the great industrial world are well known to you, and I have the utmost confidence that these gentlemen will be of great strength to our board.

RESULTS

May I now direct your attention to the report and accounts which you have received, and which indicate pretty eloquently that we have done well, and evidence both progress and increased profit.

In the fire account, although the premiums show a slight reduction, due to the United States, we have reaped a profit of £443,789, or 15.78 per cent.

In the accident department, with an increase in the premiums of £160,000, the profit is £72,716, or 3.32 per cent.

The marine account must have gratified you, for the premium income has been rather more than maintained, indicating a real steadiness, and even improvement, in overseas trading, and the profit of our two companies was £185,509, or 17.82 per cent.

This is not only due to the welcome absence of serious losses in 1935, but it is also strong testimony to the capacity and acumen of our underwriters of the "Standard Marine" and "The Marine." You can quite understand that it is a matter of personal gratification to me that these two companies, which I was instrumental in acquiring respectively in the years 1907 and 1917, have, since they became associated with us, earned a net underwriting profit, after deducting all taxation, of well over £2,000,000.

You may possibly have noticed that, at the annual meeting of "The Marine," over which I presided last week, reference was made to the centenary this year of that fine old company.

Summarising, therefore, the three departments together, you will find that the premium income has increased by £148,021, making a total of £6,042,094; that the expense ratio fell from 40.92 per cent. to 40.01 per cent.; and that the net resultant profit before deducting British income tax was £702,014, or 11.62 per cent., as compared with £599,703, or 10.17 per cent., in 1934.

You will thus note that the actual underwriting, the working of the business of this company and its subsidiaries, has, during the year under review, proved highly satisfactory.

is £12 1. CONDITIONS AT HOME AND IN THE DOMINIONS

by noon on 1 in this, our home country, has done well. The small advance, and we hope to further benefit

CONVE of commercial and industrial activity.

E.D. Realisation.—indications of progress and a steady stock having been rep-iously been disturbing. All this has having been realised, 60-ns from these valuable Dominions. 5 per cent. income debenture cent. on June 3, 1936.

Speaking generally, the year has been without particular incident except perhaps as regards the conduct of workmen's compensation business, which has become more and more difficult, and which, in the case of Australia, has had a detrimental effect upon our accident results.

This is, of course, another example of the old alternative of the practicability of increased rates or of cutting liabilities, which delicate problem so often arises during the course of our operations.

But the gratifying and dominant characteristics of our 1935 account are, first, that our premium income has again reached the six million mark, and, secondly, that the underwriting profit is the largest since 1929.

DIVIDEND AND RESERVES

You will see from the account that we have resolved to transfer to the reserve fund from the balance of profit and loss account a sum of £500,000, which will make that general reserve fund the round sum of two millions.

The final dividend proposed is the same as for 1934, namely, 10s. per share less income tax, making 20s. per share less income tax for the full year.

The total reserve funds, after providing for this dividend, will now amount to £11,426,475 against £10,949,318.

There is one further pleasing feature of the accounts to which I have drawn your attention in past years, and that is the appreciation in the value of our investments.

When I addressed you two years ago this appreciation was a little over a million pounds sterling. Last year it had increased by another million. That increase has been maintained, and slightly improved, largely due to the fact that our United States investments, which at the end of 1933 showed a depreciation, have, during the past two years, revealed a substantial advance, which advance has been continued during the four months of 1936.

EFFECTS OF NATIONALISM

By degrees the growth of Nationalism—each country keen to protect its own interests—has led to a plethora of erratic exchanges, restrictive economic regulations, embargoes and other barriers to free trading, creating cumulatively an artificial condition of things which hampers us all at present, but which cannot last, because experience has taught us that ingenious expedients for restricting trade nearly always break down in the long run.

Such a situation is harmful to our own country particularly, for Great Britain's prosperity is patently dependent upon its freedom of intercourse with the Dominions and elsewhere.

All this, then, is prejudicial to our insurance business. For we have not only our own Dominions and Dependencies to consider, but we have valuable organisations and agencies in the rest of the world. We must, therefore, be thankful that on the Continent of Europe we continue to have a valuable business, predominating, of course, in those countries which may be regarded as still free.

IMPROVED CONDITIONS AT HOME

And so, contemplating the picture abroad, it is refreshing to turn to our home field and study introspectively what has happened and been done during the past three or four years. We all know that Great Britain, and indeed the British Empire, has, almost exceptionally, demonstrated positive recovery. The trade figures for both imports and exports are definite illustrations of this recovery. But, in addition, you have these two or three important facts.

• Comparing 1932 with 1935—that is to say, the history of three years—the number of unemployed in this country fell from 2,829,000 to 2,027,000, and the latest returns indicate that now the number is less than 1,900,000. The Post Office Savings Bank deposits have increased from 305 millions to 390 millions. Further—and something to which I attach considerable importance, having brought it to your notice on more than one occasion in the

past—there is the substantial increase in our invisible exports. You will, of course, bear in mind that it is precisely these invisible exports which indicate the productiveness of our business activities abroad, and which are so necessary to enable us to balance our national accounts. You may remember that the collapse of this essential source of revenue was a serious factor in precipitating the crisis of 1931.

RECOVERY IN INVISIBLE EXPORTS

Invisible exports may be understood to cover interest on foreign investments, and the proceeds from shipping, banking and insurance. It was, therefore, a matter of real concern that these invisible exports should have dropped from 414 millions in 1930 to 236 millions in 1932. Now, in 1935, they have recovered to 298 millions. Further recovery is, of course, dependent upon the progress of our overseas trade and commercial activities, but we can confidently trust that—in the absence of any great international convulsion—the recovery which we have made will be steadily, if slowly, enhanced.

INTERNATIONAL

You will kindly appreciate that I continue, thus, to give you my thoughts, for what they are worth, upon the broad wide-world political situation, because I cannot divest myself from the knowledge that we, as a company—although our stake is relatively small—run *pari passu* with the world's happenings.

We have in the course of years built up a business which has its tentacles in almost every country, in contact with almost every type of nationality, and I cannot—speaking personally—go anywhere without realising how we seem to be in touch with everybody and have the advantage of gleaning their views.

THE UNITED STATES

And now I come to the United States. The restoration of confidence in the United States was the first important thing to be accomplished if any sound reconstruction were to take place. Opinions differ as to whether the reconstruction has been sound, and many competent business men believe that the revival would have come about in any case without incurring such a heavy cost. But the fact remains that the country is now in a very much more prosperous condition than it was three years ago.

It is gratifying that, notwithstanding the political vagaries which have been so evident, the results of insurance business in the United States during 1935 may be regarded as distinctly satisfactory. For the companies generally, casualty business, although yielding but a bare profit, was better than in 1934. And the fire business was exceptionally good—in fact more lucrative than for many years past.

We, as a company, are accustomed, as you know, to make a 10 per cent. profit, sometimes even more, on our fire business; but it has scarcely ever happened that the United States has come up to this standard. In fact, we must go back sixteen years, to 1919, to find a better fire record than that of 1935. Such a result therefore has been very welcome.

The enormous developments which have taken place in the scope of insurance business involve not only strenuous work but greater responsibilities, and it will encourage those in charge to know that they have not only my, but your, implicit confidence.

COMPANY'S HUGE BUSINESS THROUGHOUT THE WORLD

In weighing up those responsibilities you will bear in mind that the aggregate income to which I have referred, although large, does not, of course, give you any definite clue as to the liabilities involved by our widespread obligations throughout the world.

It happens that some months ago this question was put to me, and I therefore had a rough calculation made as to the consequent sums insured for which the company is liable. You will appreciate that our transactions cover not only fire business, where the rates on the average are the lowest, but also casualty and marine business, where the hazard is often much greater.

Briefly, I have come to the conclusion that our total liabilities in all parts of the world and over all classes of business approximate to something just over £2,000,000,000.

If this bald statement causes any of our shareholders the loss of a little sleep I may just remark that, having regard to the past, and to the probabilities based thereon, it will not cause me personally a moment of insomnia! On the contrary, I wish those sums insured were much greater; and, if you present, and those absent, can manage to increase our liabilities by tapping any new sources of business which we can then exploit, we shall much appreciate your support.

The report and accounts were unanimously adopted.

FRIENDS' PROVIDENT AND CENTURY LIFE OFFICE

AGGREGATE FUNDS EXCEED £15,500,000

MR HAROLD J. MORLAND'S SPEECH

The annual general meeting of the Friends' Provident and Century Life Office was held, on the 6th instant, in London.

Mr Harold J. Morland, M.A., J.P., F.C.A. (the chairman), said: We have no changes to report in the directorate during the past year, but, as from to-day, we are losing Mr Alfred Moorhouse as actuary and secretary after a service of just over 50 years, since 1904 as actuary, and since 1924 as secretary. I hope that later in the meeting you will elect Mr Moorhouse to the board.

NEW ASSURANCES

The new life assurances amounted to £2,436,000, a figure only slightly in excess of the total for 1934, put comparing with £2,095,000 for the first year (1930) of the previous quinquennium. It is gratifying to find a persistence in the large proportion which life assurances, mainly whole of life, bear to the total—namely, 60 per cent.—as compared with 40 per cent. endowments and endowment assurances. The member is not restricted in his choice of tables when wishful of converting from the whole life non-profit assurance. He may change over to the same table with profits, or he may arrange to have his premiums limited in number, or he may convert to an endowment assurance so as to have the sum assured plus bonuses payable to himself should he survive to a certain age. The Friends' Provident and Century Life Policy is, therefore, one of the most advantageous "option policies" obtainable.

LIFE AND ANNUITY REVENUE ACCOUNT

The life premium income advanced by £88,000, of which £18,000 was in annual premiums, and the other £70,000 represented a larger volume of single premiums.

The interest rate yielded by the funds was at the satisfactory rate of £4 4s. 6d. per cent. after deduction of tax.

In 1934 the downward trend of premiums in the fire and accident accounts was checked; in 1935 there was a welcome advancement in most sections.

CENTURY PROFITS AND DIVIDEND

After providing for all outgoings, including £10,000 for income tax, the net profits, including interest, for 1935 amounted to £82,000; £10,000 has been added to the additional reserve in the fire account, making it up to £100,000; a dividend of 15 per cent. on the paid-up capital, costing £46,500, has been paid, and £123,000 will be carried forward, an increase of £25,000.

INVESTMENTS

The directorial and accountancy control of the investments of the Friends' Provident and the companies associated with it has been centralised since the beginning of 1934, and it is therefore appropriate for the investments to be reviewed as a whole. There was a moderate fall during 1935 in the values of British Government and other "Gilt-edged" holdings, which was more than made good by the rise in debentures and in ordinary shares, so that on balance the margin of market values over book values for the Friends' Provident and for the Century was improved. During the past two years the capital of the Century Insurance Trust, the wholly owned subsidiary of the Century, has been increased by £200,000 and is now £500,000. Advantage has been taken of the present low interest rates to issue debentures for nearly the full authorised sum of £500,000.

During 1935 the aggregate funds once more showed a substantial advance of about £2,000,000, and now exceed £15,500,000, of which £11,500,000 relates to the Friends' Provident.

SYSTEMATIC ASSURANCE PROVISION

In the Friends' Provident we provide by means of life assurance for the certainty of the ultimate termination of life and the contingency that death may occur early, before normal savings can accumulate to a satisfactory sum.

Mr Robert H. Marsh, F.C.A., seconded the adoption of the report, which was carried unanimously.

The elections of directors and appointment of auditors were made.

GRESHAM LIFE ASSURANCE SOCIETY, LIMITED

CONTINUED DEVELOPMENT AT HOME AND ABROAD

STRONG FINANCIAL POSITION

The eighty-seventh ordinary general meeting of the Gresham Life Assurance Society, Limited, was held, on the 7th inst., at the Chief Office of the Society, 188-190, Fleet Street, London, E.C.4.

The Hon. W. B. L. Barrington, Chairman, presided, and in the course of his speech said: The report and accounts which it is my privilege to present to you to-day are in respect of the first year of a new quinquennium, and I am happy to say that the figures provide ample evidence not only of the continued prosperity of the Society, but also of the progressive nature of its operations both at home and abroad.

During the twelve months under review the Society issued 7,487 life and endowment policies, assuring the sum of £3,369,803. This is a net figure after deduction of reassurances, and an increase over the previous year of no less than 1,031 policies and of £766,602 in sums assured, and it is gratifying to be able to record that all sections of the Society's business—home, foreign, and Dominion—have again contributed to the progress made. The continued development at home is a highly satisfactory feature.

The new premiums after deducting reassurances amounted to £159,982, including single premiums of £6,878. The corresponding figure for 1934 was £133,070, including single premiums of £10,793.

Forty leasehold policies were issued, assuring a sum of £49,565. The amount received as consideration for annuities granted was £145,530.

The total net premium income is now approaching the million mark, the actual amount received in 1935 being £997,836, representing an increase of £63,061 over that of the preceding year.

The total income of the Society from premiums, interest, dividends and rents was £1,438,822.

FAVOURABLE MORTALITY EXPERIENCE

Death claims amounted to £249,697; the mortality experience was again extremely favourable.

The assets of the Society show a total of £10,187,162.

VALUATION OF ASSETS

Turning now to the assets, I am glad to report that on the basis of our usual valuation as at December 31st their value was again substantially in excess of the book values appearing in the balance sheet, thus providing us with a satisfactory reserve against any reaction which may occur in the future. The investment of the Society's funds, extending as it does to the numerous foreign currencies in which the Society transacts its business, presents problems of particular interest and difficulty, and these engage the constant attention of the directors. During the year conversion operations to a lower yield basis have continued both at home and abroad, and there has been little change in the unremunerative yield prevailing on fresh investments. I trust therefore that you will regard the rate of £4 8s. 9d. per cent. which was realised on the society's funds as quite satisfactory, representing as it does a fall of only 1s. 3d. per cent. on the yield earned in the previous year. This is a net rate; that is, after deduction of income tax.

During the year the manager and secretary, accompanied by the superintendent of foreign branches, visited our branches in France and Spain, and our business in these countries has been reorganised with very satisfactory results. It is especially pleasing to see the manner in which the French business has developed, and our congratulations must be extended to M. Renflet, the manager, and to M. de Font-Réaulx, the assistant manager, on the remarkable success which has attended their efforts.

The superintendent of foreign branches, Mr Highton, has recently returned from an extended tour to India, Burma and Ceylon, where the society transacts a considerable business, and his visit will, we hope, prove of the greatest value to the society in the improvement and development of its interests in those territories.

Notwithstanding the prevailing unsettled state of world conditions we have made progress even in those countries where by reason of political events our business might have been adversely affected, and reviewing the year as a whole I think we have every reason to congratulate ourselves on the results attained.

For this success we have largely to thank the officials and staff, and I would like to take this opportunity of congratulating and

offering our thanks to our manager and secretary, Mr Stebbing, our chief officials, and all the other members of our staff who have so ably assisted him. In this expression I particularly desire once again to include all our branch managers and agency representatives and connections at home and abroad, whose services are greatly appreciated and to whose loyal co-operation and support we are much indebted.

As regards our managing director—Mr Workman—I can only say that the qualities which he possesses, coupled with his great experience, make him invaluable to your society in these difficult times.

The report and accounts were unanimously adopted.

LICENSES AND GENERAL INSURANCE COMPANY, LIMITED

FURTHER PROGRESS

The forty-sixth ordinary general meeting of the Licenses and General Insurance Company, Limited, was held, on the 6th instant, at 24, 26 and 28 Moorgate, London.

Lord Ernest Hamilton (the chairman), in the course of his speech, said: The progress of the company this year is a reflection of the improved trading conditions which have been evident throughout the country these past months. Our company has shown response to prevailing conditions during 1935. This enables us to see the total income again over the half million mark, from which it unfortunately receded during the years of depression.

On the former occasion when we touched this limit we had then come to the conclusion that the percentage of reinsurance was too high. You will also remember we rigidly set ourselves the task of pruning in the expectation that income thus surrendered would be replaced by direct business. Our hopes have been fulfilled, and the premium income, or portfolio of risks, is now in a much sounder and healthier condition, while the connections of the company have been improved and enhanced. Further, without being in any way over-confident, I think I am justified in saying that the feel of the business—its buoyancy, its general outlook—is such as to lead us to anticipate that the forward movement will go on.

In the fire department the income has not registered any great change. If anything, it is a little down, but producing a not unhealthy record of claims at 54 per cent. finds us able to transfer to profit and loss a sum of £4,021.

The personal accident department last year affected us adversely. On this occasion there is an improvement, and while the income has not advanced there is, however, a change in the final position, enabling a transfer to be made to profit and loss of £1,078.

Employers' liability tells a similar tale to that of former years. Here we have a quiet account of selected business, with no peaks of a hazardous nature, and it is not, therefore, surprising that the profit realised each year should remain on a fairly constant level.

Then we come to the motor account, and I am more than pleased to call your attention to the difference which is apparent in this particular section. The income has advanced and there is a drop in the claims ratio of a good thirteen points, which is also to the good. Generally, I view the account in a happier vein than formerly. The business is better spread, and although the major part of this year is to come, and there is always a chance that the later months may not continue so happily, for the moment 1936 has opened quite favourably.

The marine account once more releases a profit—this time £2,736 8s. 11d. It is not a very large sum annually, but as in the case of employers' liability account for a good many years past now, we have been accustomed to see a contribution of this nature.

In the profit and loss account, out of an available balance of £35,920 15s. 11d., we have placed an additional £5,000 to the general reserve fund, bringing it up to a total sum of £125,000, and after providing for the final dividend we are able to carry forward a sum of £19,781 19s. 5d. This you will appreciate is practically 25 per cent. in excess of the full year's dividend requirements, and, as such, forms in some respects a dividend reserve fund.

In the new life department, we were able to commence business rather more than a month ago. The flow of business which is coming to us would seem to be of such a character as would appear to warrant the venture. I have every hope that when next year's report is before you, you will see concrete evidence of an initial success.

The report and accounts were unanimously adopted.

THE UNION BANK OF SCOTLAND, LIMITED

IMPROVED TRADE IN SCOTLAND

The annual meeting of shareholders of The Union Bank of Scotland, Limited, was held, on the 6th instant, in Glasgow, Sir A. Steven Bilsland, Bt., M.C. (chairman of the bank) presiding.

The Chairman, in submitting the directors' report, drew attention to the increase of fully £2,000,000 in deposits as compared with last year. The large rise of £1,450,000 in acceptances, guarantees, etc., was mainly due to temporary guarantees on behalf of clients, although the much more profitable item of acceptances also showed an increase. Notes in circulation continued the upward trend shown in recent years, no doubt due to improving trade with more money circulating in the form of wages.

On the assets side, cash and money available immediately or within a few days showed an increase of £600,000, at £7,611,000. This represented 24 per cent. of deposits and 22 per cent. of the liability on deposits plus notes in circulation—a very liquid position. Loans and overdrafts had been fully £500,000 under the average for the previous year. The decline in advances over the past few years was a very practical reply to the wild statements regarding the creation of credit which had been made in recent times. A demand for facilities could not be created by the banks but must come from outside.

The profit for the year, at £316,620, showed a modest increase of £3,000. The usual allocations had been made, but on this occasion £25,000 only had been placed to contingencies. A similar sum had been set aside to extend the benefits of the staff superannuation scheme.

Scotland was showing signs of emerging from the depression which had hit her harder than most other parts of the country. A stranger would gain a false impression of Scotland during the past 10 years unless he took into account two of the principal causes for the intensity of the depression here in comparison with the more fortunate areas in England. These causes were that we depended mainly on those heavy industries which everywhere had felt the depression most, and that they had always depended more, proportionately, on the export market than had England. In the West of Scotland the centre of gravity had been chiefly in shipbuilding, with a large number of smaller industries relying on the shipyards for their orders. Their error had been to have too many eggs in one basket and, partly for that reason, they had missed the development of the new and lighter industries.

But while they expected their heavy industries to benefit both from the renewed activity in naval orders and from the increase and some redistribution of manufacture for the air services, it was essential that they should also turn their initiative and skill to the development of those lighter industries for which, geographically, they were best suited. There was evidence that some progress along this direction was being made and he did not doubt that they had the initiative to extend it. Scotland had justified a reputation for initiative and it would be absurd to suggest that the whole character of the nation had altered in a single generation. Against any disadvantages of geographical position they could claim the cheapest coal in Britain, efficient and cheap services of electric power and water, and a reservoir of labour of a quality which compared very favourably with any in the United Kingdom. While these advantages might well attract enterprise from beyond their borders, he hoped that facilities would soon be available of the character provided in industrial estates which Scotland had so far lacked, to aid Scottish enterprise to develop new Scottish industries.

The Chairman dealt briefly with statements made during the past year on behalf of a body calling itself the Scottish Bankers' Association, which purported to deal with the "deplorable conditions of employment" of Scottish bank clerks, and which had received some currency in the Press. The Union Bank did not recognise the Scottish Bankers' Association as having any right to speak for its staff. There was complete harmony between the board, the management and the staff, and the last-mentioned had at all times free access to the appropriate officials to whom they could express their views regarding any grievance. It was essential that the board should hold the balance between the public interest and the interest of the staff and the shareholders. The fact that the interest of the staff had not suffered would be realised when it was pointed out that, although the rate of purely banking profit was almost half that earned in immediately pre-war years, the amount expended by the bank last year in respect of salaries and allowances was nearly three times what it was in 1914.

The report was unanimously adopted and a dividend at the rate of 18 per cent. per annum declared.

ENGLISH AND CALEDONIAN INVESTMENT COMPANY, LIMITED

IMPROVED POSITION

MR EDWARD S. ARLISS'S REVIEW

The ninth annual general meeting of English and Caledonian Investment Company, Limited, was held, on the 7th instant, at the Registered Office, 23, Blomfield Street, London, E.C.

Mr Edward S. Arliss (Chairman of the company) said: The task of submitting the accounts is a pleasant one in that they show a substantial improvement in the capital position and an appreciable increase in revenue, both indicative of the better conditions experienced in industry and trade during the past twelve months.

The investments held at March 31st last stand at a book figure of £891,691, an increase of about £50,000 on the figure at March 31, 1935. This increase is explained largely by the net increase in the borrowings during the year. The value of the investments at March 31st last was £867,162, which falls short of the book figure by £24,529, a depreciation of 2.75 per cent. This contrasts with a depreciation of 13.65 per cent., computed on a similar basis, at March 31st, 1935. The improvement in the capital position is perhaps indicated more clearly when its effect is shown on the break-up value of the ordinary stock. A year ago the break-up value of the ordinary stock, after paying the preference dividend for the full year, was £51 12s. 4d. per £100 of stock, whereas, on a similar basis, the break-up value of the ordinary stock at March 31, 1936, was £98 12s. 1d. per £100 of stock.

CLASSIFICATION OF INVESTMENTS

The number of investments held in the company's portfolio has increased during the year from 192, of an average book value of £4,700, to 208, of an average book value of £4,300. The classification of the investments as regards security is as follows:—British Government and India stocks, 7.80 per cent.; debentures, bonds and foreign government stocks, 11.92 per cent.; preference shares, 24.87 per cent.; and ordinary shares, 55.41 per cent.

Of the invested capital 70 per cent. is within the British Empire, and it is interesting to note that on the investments held within the Empire there is a net appreciation of 2.45 per cent., compared with an over-all depreciation of 2.75 per cent.

On the liabilities side the first item calling for comment is the 3½ per cent. redeemable debenture stock, of which £100,000 nominal was issued at par during the year. As a portion of this stock was not placed until late in the company's year the accounts now before you do not reflect the full benefit of the use of this additional money. The general reserve has been increased to £12,500 by the appropriation of £2,500 from revenue.

The total income for the year is £40,928, an increase of approximately £3,400 over the income for the previous year. This increase is for the most part explained by the increase in the invested capital, although improvements in the return on certain of our investments have contributed to this result.

After deducting the several charges appearing in the profit and loss account, including debenture interest, which is higher by £2,400 on account of the issue of 3½ per cent. debenture stock the net profit for the year under review is £24,393, against £23,335 for the previous year. After allowing for income tax requiring £4,426, and a full year's preference dividend, requiring £11,813, there remains available a sum of £8,154, which is equivalent to rather more than 5 per cent. (less tax) on the ordinary stock. Last year 4.28 per cent. (less tax) was earned on the ordinary stock.

CONSERVATIVE DIVIDEND POLICY

The sum of £5,654 now remains available, and the directors propose that a dividend of 3½ per cent. be paid on the ordinary stock, requiring, less tax, £5,469, thus leaving a balance of £3,86 to be carried forward, against £3,678 brought forward from last year.

As regards the prospects for this year, I think it may reasonably be hoped that in the absence of unfavourable political developments in the international sphere, we shall be able to report further improvement in the company's affairs at our next annual meeting.

The report and accounts were unanimously adopted.

BARRY AND STAINES LINOLEUM, LIMITED

SUCCESSFUL YEAR—INCREASED DIVIDEND

The annual general meeting of Barry and Staines Linoleum, Limited, was held, on the 5th instant, at Winchester House, Old Broad Street, London, Mr William Sutton, J.P. (the chairman), presiding.

The Chairman, in the course of his speech, said:—During the period covered by the report and accounts now before you we have had the full advantage of the increased prices which came into operation in May, 1934, and the success of this year's trading is shown by the very satisfactory figures to which I will later make reference.

The combined turnover of the Kirkcaldy and Staines companies shows a substantial increase, due to the all-round improvement in the general home trade and the continuance of the extensive schemes, both municipal and private, for the provision of better housing. In many of our foreign markets, however, vexatious import and currency restrictions continue to hamper our efforts, but I am glad to say that although much lost ground has still to be recovered, our total export trade has shown a satisfactory increase.

THE ACCOUNTS

If you look at the profit and loss account, you will see that the sum described as "dividends received from subsidiary companies" and "amounts charged to these companies in respect of management expenses" amounts this year to £216,726, an increase over last year's figure of £23,251; while the balance carried to the balance sheet at £212,337 is £25,716 in excess of the comparative figure of last year. This increase in profits enables the board, after transferring to special reserve the same amounts as last year, £25,000, to recommend the payment of a dividend of 12½ per cent., less tax, as against 10 per cent., less tax, paid last year.

I will now refer you to the figures in the consolidated balance sheet. On the debit side you will see that the figure representing reserves and profit and loss balances stands at £1,464,252, as against last year's figure of £1,334,000. Of this increase of £130,252 nearly £30,000 represents the re-transfer to reserves of provisions in respect of the Canadian business which are no longer required. Notwithstanding the transfer of this sum to reserves you will observe that "creditors and credit balances, accrued charges and provisions" stands at £306,476, £24,813 in excess of last year. This is accounted for in part by the provision of a further substantial amount to meet the liability for income tax upon the increased profits of this year.

Passing to the credit side of the consolidated balance sheet, you will see that our credit position at the banks has been greatly strengthened inasmuch as the amount £271,201 is £153,635 larger than the same item last year.

Investments have been increased during the year by £34,822, of which nearly £20,000 is in Government securities.

Debtors and debit balances show a decrease of £28,554, and stock-in-trade is also down by £64,000. Both of these decreases I think may be attributed to the better financial position of industry in general.

Freehold and leasehold land and buildings is up by some £47,000 consequent upon reconstruction of buildings and the additional accommodation already referred to; while plant and machinery is, notwithstanding substantial additional expenditure made during the year, down by nearly £12,000, due to some special depreciation written off.

I am confident that the shareholders will be gratified by the figures now presented to them, showing as they do an increased dividend and the further strengthening of the financial position of the company, as evidenced by the figures which I have just referred to.

At the beginning of another year the general international situation is again unsettled, making more than ever advisable the adoption of a cautious attitude in making a forecast for the current year, and, in addition, certain of our markets have been affected by increased import duties.

CONFIDENCE IN THE FUTURE

With the improvement in the heavy industries and in general trade there is every reason to expect that the linoleum industry should benefit by the increased purchasing power of the people, and our companies can confidently look forward to obtaining their share of any such increase of trade. Unless serious trouble affecting business takes place, we have reason to anticipate placing a satisfactory statement before you at our next annual meeting.

The report and accounts were adopted.

MALACCA RUBBER PLANTATIONS, LIMITED

ENCOURAGING PROSPECTS

The thirtieth annual general meeting of this company was held, on the 5th instant, at 19 Fenchurch Street, London.

Mr Charles Emerson (the chairman), in the course of his speech, said that the profit and loss account showed a trading profit for the year of £44,842, but of that £6,202 was absorbed by debenture interest, an incubus from which they would now be clear. They recommended the payment of the 7½ per cent. preference dividend and a dividend of 2½ per cent. on the ordinary shares.

For the year now in progress prospects appeared to be encouraging. The market for the raw material was firm and there seemed no reason why it should fall away to any marked extent. The scheme for the regulation of supplies was now working satisfactorily and, despite the fevered condition of international politics at the moment and the consequent deplorable dislocation of trade, stocks were shortening at a satisfactory rate. It was not unreasonable, therefore, to hope for some increase in their ordinary profits, and they knew that whatever revenue they might receive from their investments would no longer be swallowed up by debenture interest but would be available to swell their disposable balance at the next account.

As to the properties, the company had a total acreage of 25,612, of which 21,842 was under rubber, 20,642 being mature. Their par capitalisation was considerably less than when the company commenced its career.

The time being now ripe, and the financial side of the company's structure being sound, they had decided on a larger operation and proposed during the current year to cut out and replant some 500 acres. Replanting would be done with the advantage of the experience that the industry had acquired of recent years, and definite lines had been laid down. It would appear to be reasonably certain that the replanted areas would, when in bearing, produce considerably heavier crops than those which they replaced. For the rest, they were making every possible effort to prolong the effective life of the trees on the plantations by methods of manuring and cultivation. That was a matter which was specially important now that extensions were forbidden, and it was receiving unremitting attention.

The report and accounts were unanimously adopted.

LONDON ASIATIC RUBBER AND PRODUCE COMPANY, LIMITED

DIVIDEND OF 7 PER CENT.—IMPROVED OUTLOOK

The twenty-eighth ordinary general meeting of this company was held, on the 4th instant, at 19 Fenchurch Street, London.

Mr H. J. Welch (the chairman), in the course of his speech, said that the company's surplus liquid assets on December 31st amounted to £2 18s. per planted acre, and the net cost at which their 29,224 acres of planted areas and the buildings, machinery and equipment stood in the balance sheet was only £26 5s. per planted acre.

The trading results for 1935 of rubber companies in general were less favourable than those for the year 1934. The average London price of rubber during 1935 was below, but that obtained by this company a little above, the average for 1934 as a whole, including the early months of that year during which prices were depressed. Expenditure also was on a higher level, but they were able to effect some further economies in other directions, so that in the result the net increase in the f.o.b. cost was just under ½d. per pound. In the circumstances he thought they might congratulate themselves that the credit balance shown by the profit and loss account for 1935 stood at £55,449, against £69,837 for 1934. The directors were pleased to be able to recommend a dividend of 7 per cent. for the year.

There was at present every reason to expect that the results for 1936 would be better than those for 1935. They estimated to produce their restricted crop at a slightly lower cost than last year. Prices of the last few months showed improvement, and the world's surplus stocks of rubber had declined and were declining.

The company's permissible exports under the exportable percentage fixed for this year amounted to about 7,362,500 lbs. Each 1d. per pound upon these exports was equal to over 3½ per cent. upon the issued capital.

They had forward sales for 1936 of 361 tons and for 1937 of 120 tons. Of these 231 tons for 1936 had been sold at an average price equivalent to 7.8d. per pound London landed terms. The balance of 130 tons for 1936 and the whole of the 120 tons for 1937 had been sold for local consumption without export licences at varying prices below, but depending upon, the London average prices of each month prior to delivery.

The report and accounts were unanimously adopted.

NORTH BRITISH AND MERCANTILE INSURANCE COMPANY, LIMITED

PROGRESS IN ALL DEPARTMENTS

The one hundred and twenty-sixth annual general meeting of the North British and Mercantile Insurance Company, Limited, was held, on the 7th instant, in Edinburgh.

The Rt. Hon. the Viscount Wakefield of Hythe (the chairman), in the course of his speech, said:—Last year I referred to the wide recovery which had taken place in the domestic trade and industry of this country during the year 1934. I also indicated that the prospects for 1935 were bright but that the improvement was likely to be largely in respect of our home trade. These anticipations were realised in the year now under review. While the continued recovery has been mainly in the home market, there was also a fair revival in external trade during 1935.

FIRE DEPARTMENT

In the Fire Department, so far as premiums go, we record an increase of £16,734 over the previous year and register for 1935 an income of £3,382,866. The improvement is slight in relation to our total premium income, but in these difficult days we are happy to see movement in the upward direction, and we welcome the improvement even although it may not represent a large percentage.

Our experience in regard to fire losses was in 1934 extremely favourable, as these were barely 39.40 per cent. of the premiums for that year. The figures for 1935 show a further reduction of fire loss ratio to 37.32 per cent., and it is the lowest ratio of fire losses the company has experienced since 1862, the year when the "North British" of Edinburgh joined forces with the "Mercantile" of London and so fused became the "North British and Mercantile" of to-day.

We have increased our fire business and, notwithstanding that the expense rate has risen, our profit, after providing for the increased reserve necessary, is £461,648, as against £457,904 for 1934. Having regard to the difficulties and problems which confront us, we can regard our results as being eminently satisfactory.

ACCIDENT AND MARINE

The accounts of the Railway Passengers Company, which constitutes our Accident or Casualty Department, once more provide pleasant reading. The premiums for the past year amounted to £1,212,227, showing an increase of £87,602 over the 1934 figure. The underwriting profit was £148,209, while the net interest income from investments was £102,171, the combined figure being therefore £250,380. These results are distinctly cheering, especially as both premium income and underwriting profit are in excess of the corresponding figures for the previous year. The premiums are the highest on record in the history of the company, while the underwriting profit has only been exceeded upon one occasion.

Ocean Marine Insurance Company, Limited: Our marine premiums show some increase for 1935 as compared with the previous year. These were helped during the last few months of the year by a small amount of additional premium charged for the risks of war and strikes. The amounts we have placed to reserves for winding up of the year 1933 and previous years have proved to be quite adequate. For 1934 we still carried forward the whole balance of the account.

We have transferred to profit and loss account the sum of £40,000, as we are satisfied that the reserves we have in hand are ample to meet any liabilities we may have.

The Fine Art and General Insurance Company, Limited, has again produced a satisfactory account, the combined profits and interest totalling £95,291, against the previous year's figure of £92,688.

RECORD LIFE FIGURES

In the Life Department, the end of the year 1935 also marked the end of another quinquennial period, and an investigation has accordingly been made by the actuary into the result of those five years' operations and the position as at December 31st last. The life business transacted during the period has been the largest in any quinquennium in the company's history, the new sums assured amounting to no less than £23,206,366. The figure for 1935 alone was £5,506,835, which is a record for any single year. A compound reversionary bonus is declared of £1 16s. per cent.

per annum. It is reassuring to know that while the valuation basis has been materially strengthened and a satisfactory rate of bonus declared, there has been no weakening of any of our other usual reserves, while the sum carried forward, at £169,000, exceeds the amount brought forward from the previous valuation.

Our accounts for the past year might truly be described as the best ever produced by the "North British and Mercantile." We propose to pay a dividend of 6s. 3d. on the new share capital in respect of 1935. This dividend would represent a rate of 25s. per share on the ordinary capital as it was before the sub-division was brought into effect, and compares with 24s. per share as paid for 1933 and 1934.

The dividend will be payable as to 3s. 2d. per share on May 15th and 3s. 1d. on November 11th. The amount, less tax, required for this dividend and the preference dividend will take approximately £585,277, while the net interest of our various companies amounts to £582,558. The company continues to pursue an active and successful policy in all departments of its business, and we are fortunate in being shareholders in such a magnificent concern. The report was adopted.

GOLDEN HOPE RUBBER ESTATE, LIMITED

ENCOURAGING OUTLOOK

At the annual general meeting of the Golden Hope Rubber Estate, Limited, held on May 7th, the Chairman, Mr Eric Macfadyen, said that world stocks of rubber, after remaining stationary during the first half of 1935, had since then been declining at about 20,000 tons a month. At the end of February they were about 560,000 tons, or seven months' supply, against 10½ months' supply at the worst point of the slump. The world's annual absorption of rubber might well exceed 1,000,000 tons, for the first time, in 1936, and the International Agreement, which controlled 95 per cent. of the supply, was working smoothly. The decision to release an additional 5 per cent. of quotas as from July next was an encouraging indication of the outlook. For this particular company, at present, that release meant about as much as a third of a penny per lb. on the price realised.

He had visited the estates last autumn. Since his previous visit in 1929 the company's planted area had grown from 5,404 to 9,701 acres, and its issued capital from £230,000 to £364,490. During this expansion it had notably improved the proportion of young modern rubber, much of it budgrafted. Of the planted area, 12 per cent. was not more than seven years old, and the earliest budgrafts to come into bearing were fully answering expectations. A plantation was a slowly wasting asset, for which the right form of amortisation, especially during the opportunity afforded by the present regime, was to replant obsolescent areas, and the company had made a beginning of such replanting, including 88 acres in 1935. Great progress had been made in the development of a suitable green cover for the soil, by means of natural and introduced cover plants, to maintain a soil temperature and other conditions favourable to the soil micro-organisms and accumulation of humus: a system which demands considerable botanical knowledge from the planters and makes their work harder than it was formerly, apart from the great increase in the areas which they are now required to superintend.

The company's financial position fully justified payment of the 3 per cent. dividend recommended.

The motions for the adoption of the accounts and payment of the dividend were passed *nem. con.*

OFFER TO NEW READERS

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

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SCOTTISH UNION AND NATIONAL INSURANCE COMPANY

RECORD NEW LIFE BUSINESS

PROGRESS IN OTHER DEPARTMENTS

Mr William Carnegie (chairman) presided at the 111th annual general meeting of the shareholders of the Scottish Union and National Insurance Company, held at Edinburgh on the 6th instant.

In moving the adoption of the report and accounts for the year 1935 he stated:—

Our company has secured its full share in the high tide of life assurance business. In 1935 4,342 new policies were issued—a larger number than in any preceding year. The gross new sums assured of £4,011,700 and the corresponding net figure of £3,604,000 both again constitute a record in the history of the company. The net life premiums of £805,000 also show a high-water mark. It is satisfactory to think that the public is realising more and more that life assurance—free as it is from the dangers of depreciation—is an ideal method of making provision for dependants. May I suggest that fuller advantage might be taken of the scheme under which, while the policy monies are payable on death, the premiums are limited to the working period of life. Statisticians tell us that the average lifetime is longer than it used to be, but a limited-payment policy restricts the premiums to a definite number. In these days of high death duties the provision of the amount by an annual payment year by year under a life assurance policy, without the risk of having to sell investments at a loss, is almost a necessity.

FIRE ACCOUNT

I have now pleasure in turning to the fire account. A year ago my predecessor in the chair announced a turn in the tide after several years of diminishing premiums and heavy losses. He expressed the hope that the flow would continue in the right direction for years to come. I am in the position, happily, of reporting further improvement. It is true that the fire premium income is practically the same as a year ago, but the claims' experience is much better, being 39.49 per cent. against 41.93 per cent. in the previous year, a saving here of nearly £25,000. The profit transferred to the profit and loss account is £193,000, or nearly £52,000 more than was transferred a year ago. These fine results in the fire account are mainly due to the satisfactory experience secured on our business in the territory controlled by our United States branch.

ACCIDENT, EMPLOYERS' LIABILITY AND MISCELLANEOUS ACCOUNTS

The accident, employers' liability and miscellaneous accounts together show premiums amounting to over £312,000, being an increase of £37,000 over the previous year's figures. The combined results of these three accounts enable a transfer of £6,500 to be made to the profit and loss account, notwithstanding the loss of £3,300 which, unfortunately, has been experienced in the employers' liability account. Once again it has to be recorded that the profit of the miscellaneous account would have been greater but for the continued unsatisfactory experience of the motor department. The directors considered it advisable to strengthen the special reserve in the miscellaneous account, and a sum of £30,000 was transferred from the profit and loss account for this purpose, bringing the special reserve up to £50,000.

The marine account shows an increase in the premiums of over £5,600, but the profit transferred to profit and loss account is £30,000, which is £10,000 less than the amount transferred a year ago.

PROFIT AND DIVIDEND

Turning now to the profit and loss account, the interest, dividends and rents appearing therein at £79,300 are some £650 less than last year. The profits realised total £233,000, but require to be reduced by the transfer of £3,300 to the employers' liability insurance account. The resultant figure of £229,700 compares with £194,000 a year ago, or an improvement of nearly £36,000. A sum of £100,000 is taken back into profit and loss account from the contingency fund. This sum represents 50 per cent. of the contingency fund which was set up some four or five years ago at a time when exchange difficulties were more prominent than they are to-day.

It is proposed to pay the same rate of dividend as was paid last year. This will absorb £151,125, leaving a carry-forward of

£514,000—an increase of £144,000. The carry-forward will fall to be adjusted in next year's account owing to the increase in the rate of income tax. The total net interest appearing in the accounts (other than life and annuity and sinking fund interest) is £146,100, being £600 higher than 1934 and only £4,960 short of the amount required to pay the dividend.

BALANCE SHEET

Looking now at the balance sheet, you will observe that the total assets of the company amount to £16,805,000, which is more than £400,000 greater than a year ago. It will be a matter of gratification to the shareholders to note the steady advancement of the company. The market value of the Stock Exchange securities as at December 31, 1935, is, in the aggregate, substantially in excess of the balance-sheet figures.

In conclusion, I would wish to express the directors' appreciation of the services rendered to the company by our general manager and the other officials at head office, London office and branches. Mr Nicoll's energy and ability are applied to the utmost in the best interests of the company and its expansion and success prove the efficiency of his management. We also highly appreciate the good work and the loyalty of all our staff, agents and other representatives at home and abroad.

The report and accounts were adopted.

SPILLERS, LIMITED

ANOTHER SATISFACTORY YEAR

SIR MALCOLM ROBERTSON ON WHEAT MARKET PROBLEMS

The Rt. Hon. Sir Malcolm A. Robertson, chairman of Spillers, Limited, presided at the annual general meeting of the company, held on Saturday, 2nd instant, at Cardiff.

He preceded his remarks on the balance sheet by extending a cordial welcome on behalf of the stockholders to Mr Forbes, on his first attendance at a general meeting of the company since taking his seat on the board. Having explained the increase in the Co-partnership capital required in respect of the bonus for the last financial year, he referred to the fact that the small number of the 5½ per cent. Ten-year Sinking Fund Notes outstanding at January 31, 1935, had been redeemed, and that item accordingly disappeared from the balance sheet. There was a slight alteration in the layout on the assets side of the balance sheet, where the interests in subsidiary companies had been grouped separately from the general investments of the company. At the date of the balance sheet there was a call outstanding, but not due, on a British Government security amounting to £930,000. That item was accordingly shown separately under the heading investments. The call had since been met and the security in question was now fully paid. Freehold and leasehold properties were slightly less than last year, which was due to the fact that the expenditure on capital account during the year was less than the annual depreciation written off together with the £50,000 appropriated from profits as an additional provision for obsolescence.

WHEAT MARKET PROBLEMS

The wheat market during the year had presented the usual, as well as a few new problems. There had been sharp fluctuations, but owing to the succession of poor crops in North America, accompanied by a crop failure in the Argentine, the general price level at the end of the company's financial year was substantially higher than that twelve months earlier. With regard to the comment he made the previous year, that Canada had been holding her wheat above the world level of prices, the position was now altered. Manitoba wheat during the year rose only 2s. per quarter, compared with over 8s. for European and Australian wheats, and as much as 11s. 6d. for Plate. As a result, Canada was now regaining her place as an exporter of wheat to Europe, and her carry-over should be substantially reduced from the formidable figure at which it had stood for the past few years.

GOVERNMENT CONTROL

The feature of the wheat market which merited the most serious consideration was the increasing degree of control being exercised by Governments of the countries of origin. At the present time, in addition to Canada and the Argentine, and, of course, Russia, the Governments of most of the Principal European growing countries were exercising a degree of control—in some cases complete control—over the marketing of crops, which rendered the

accurate forecasting of world markets even more difficult than it was before those conditions obtained. Meanwhile, the policy of the company remained unchanged. Wheat was bought according to requirements, and thus the element of speculation was reduced to a minimum.

EMERGENCY FOOD SUPPLY

Various statements had been made both in Parliament and in the Press regarding the food supply of the country in time of emergency. It had been alleged, for instance, that the total stock of wheat in port granaries on March 1st amounted to about ten days' to a fortnight's supply of flour. That figure, however, referred only to stocks of wheat in port granaries, no account being taken of wheat and flour held by millers, importers and bakers. With those stocks added, a more reliable estimate would be about three months' supply. It was to be presumed that that question would be a matter for consideration by the new Minister of Defence. Should it be proposed to take any steps to insure a margin of safety in the event of emergency, it was to be hoped that the appropriate Minister would consult the milling industry.

During the year, the company had acquired the whole of the issued share capital of S. and T. Trounson, Limited, of Redruth, Truro and Falmouth, who operated grist plants and distributed grain and provender in Cornwall. In addition, negotiations were concluded, immediately after the issue of the report to the stockholders, which led to the acquisition by the company of the issued share capital of E. C. Robson and Sons, Limited, flour millers, of Sunderland.

PROGRESS IN ANIMAL AND POULTRY FOODS DEPARTMENT

The company's animal and poultry foods department again showed satisfactory progress, record deliveries having been achieved in all sections. A large number of successes had been achieved by users of the company's foods at the principal agricultural and other shows throughout the country. The company's animal foods advisory department continued to play an important part in connection with the expansion of the company's trade. Spillers' Dog Foods were never more popular, and sales had established a new high record during the past year.

THE MILLS

With regard to the building of the new mill at Newcastle, a large part of the piling had been completed, and everything was going forward according to plan. The new mill would be in operation, it was hoped, within two years. In addition, a vigorous policy was being pursued of keeping the whole of the company's mills and factories efficient and up to date.

Mr Walter Allen had retired from the board of the company at the end of January last, following the completion of fifty years' service to the company, including twenty years as a director. His outstanding abilities as a practical miller, and his unrivalled experience, had rendered his services invaluable.

Sir John Meadows Frost, a director of the company from 1920 to 1927 had, to the greatest regret of his former colleagues, died during the year under review. His long experience in the milling trade had rendered his counsel of the utmost value to his co-directors.

The report and accounts were adopted.

FOR BANKING IN FINLAND

KANSALLIS - OSAKE - PANKKI

ESTABLISHED 1889

Head Office: HELSINGFORS

OUR NETWORK OF BRANCHES
BY FAR THE LARGEST IN
FINLAND, COMPRISING

189 BRANCHES

ENSURES PROMPT AND EFFICIENT
EXECUTION OF YOUR

COLLECTIONS AND PAYMENT ORDERS

LONDON ELECTRIC WIRE COMPANY AND SMITHS, LIMITED

RECORD OUTPUT

The twenty-seventh annual general meeting of this company was held, on the 7th instant, at Hotel Victoria, London.

Mr W. J. Terry (chairman and joint managing director) said that the profit for the year 1935 amounted to £108,335, which was an improvement of £31,920 as compared with 1934. The price of their raw materials during 1935 had shown a rising tendency, which was to be expected with improved trade. The price of copper, in which they were mainly interested, had been approximately 20 per cent. higher at the end of the year than at the end of the previous year. However, if the price of copper fluctuated only within narrow limits of its present level, there should be no slackening of demand. During the whole of last year improved trading conditions had continued and their sales had shown a steady improvement throughout the year. Their tonnage output had created a new record for the company and, had there not been intensive competition in respect of a number of their manufactures, the directors would have been in the happy position of being able to report a record profit as well as a record output.

The company had fully maintained its reputation for the high standard of its products and efficient service. As to the future, if normal conditions continued and the recent improvement in trade was maintained, substantial benefit should accrue to all sections of the electrical industry.

In the opinion of the directors, the result of the year ended December 31, 1935, warranted an increased dividend on the ordinary shares. They therefore recommended that the final ordinary dividend be raised to 5 per cent., less tax, making a dividend at the rate of 6¼ per cent. for the year under review, against 5 per cent. for the previous year, and leaving an amount of £40,391 to be carried forward. It was the intention of the directors this year to raise the interim ordinary dividend, usually paid at the end of June, to 2 per cent. instead of 1½ per cent. as in recent years. In making that announcement, they did not want it to be inferred that there would be any increase in the total ordinary dividend for the current year.

The report was unanimously adopted.

ODHAMS PRESS, LIMITED

CONTINUED PROGRESS

The sixteenth annual general meeting of Odhams Press Limited was held, on the 5th instant, at the Connaught Rooms, London, W.C.

Mr J. S. Elias, chairman and managing director, said that the net profit for the year, after deducting debenture and other interest, together with adequate provision for depreciation, amounted to £349,403. The general reserve after taking into account the £65,000 set aside out of the profits for 1934, amounted to £385,000. It was proposed to set aside £65,000 from the earnings of 1935, bringing the general reserve up to the substantial total of £450,000. It was the policy of the board to keep the plant in the highest state of efficiency, and he had no hesitation in saying that the company's equipment was among the most up-to-date of any newspaper and general printing works in the country.

The shareholders would remember that he reported last year that the company had secured the exclusive rights for the British Isles of a new printing process known as the Speedry Alco-Gravure method of colour printing. The directors finally decided that the best method of dealing with that new acquisition was to form a subsidiary company, with the result that Odhams (Watford), Limited, was incorporated, and an issue of £450,000 of capital was successfully launched during the year under review.

The company had acquired during the year the whole of the share capital in English Newspapers, Limited, which owned the copyrights of the periodicals *Film Weekly* and *Woman's Fair*.

With regard to the *Daily Herald*, he was pleased to be able to say that in spite of intensive competition, that newspaper still maintained a net sale considerably in excess of 2,000,000 copies a day, a sale which had been maintained now for nearly three years. That newspaper also continued to gain favour with the great national advertisers, and its revenue from that source was substantially increasing. Both *The People* and *John Bull* had also maintained their circulation and influence. The company's other publications and properties were well maintained, and its general business was satisfactory.

The report was unanimously adopted, and a final dividend of 10 per cent., making 15 per cent. for the year, was declared.

RAND MINES, LIMITED

A SUCCESSFUL YEAR

MR JOHN MARTIN'S ADDRESS

The forty-first ordinary general meeting of the Rand Mines, Limited, was held, on the 7th instant, at the Corner House, Johannesburg.

Mr John Martin (the chairman) said that the report and accounts disclosed a satisfactory position. They had had a successful year. Dividend distributions were the highest for twenty years; the financial and investment basis of the company was exceptionally strong and the outlook for the future was good.

The profit for the year was £900,499 without including profits derived from the sale of investments, which amounted to £232,972. The market value of their gold-mining interests at the end of 1935 represented 87.5 per cent. of the market value of their total investments at that date, while of their gold-mining interests 86.5 per cent. were dividend-producing. The company was largely interested in various gold-mining companies that had not yet reached the stage of production.

EXPANSION OF THE INDUSTRY

The expansion of the gold-mining industry had continued satisfactorily during 1935. The extent of that expansion was perhaps not fully realised, but the fact that 23 main vertical shafts were being sunk in new mines and 13 in producing mines was evidence of the huge development taking place. There had been a significant increase in the tonnage crushed by the industry, and the fact that, compared with 1932, the tonnage milled in 1935 had increased by nearly 9,500,000, or more than 26 per cent., was abundant evidence of the practical effect given by the industry to its enunciation in January, 1933, of a mining policy aiming at the fullest exploitation of low-grade ore and the utmost acceleration of development.

The Government mining engineer had stated that on a conservative estimate the lives of the mines existing in 1932 had, in consequence of the changed conditions, been increased on the average by well over 150 per cent. It was undoubted that the prospective lives of the producing mines had been materially extended, but it was nevertheless necessary to bear in mind that they were wasting assets, that there was a period to the lives of every one of them, and that the amortisation factor must not be ignored or discounted by the public, the investor or the Government.

The present prosperity of the industry seemed to have raised a presumption that additional burdens could be placed upon it, or well-merited relief denied to it, with impunity. The consequences which followed were often deferred or obscured, but they were, nevertheless, inevitable, and, as past experience had shown, they were dearly paid for.

He was an optimist in visualising the future of the gold-mining industry, but there was clear need for prudence in dealing with all its affairs. There rested upon the mines the need and the responsibility for securing a continuance of that level of working efficiency and economy that had established so good a standard in the past. There was need that investors should guard against entertaining extravagant expectations. There was upon Parliament and the Government an essential need for recognising that the very dependence of South Africa on the industry demanded that a limit should be set to the direct and indirect contributions to the State—already unprecedently heavy—that were periodically imposed upon the mines. Otherwise a process of economic erosion would be set in motion.

It was gratifying to observe from the recent Budget speech by the Minister of Finance how clearly it was recognised by the Government that, in the words of Mr Havenga, the mining industry "is now, and must be for many years, the mainstay of our economic system" and how fully the value of low-grade ore resources and potentialities was appreciated.

The new mining taxation proposals were an improvement on the old system. The new system was coherent, intelligible and comparatively straightforward, and would undoubtedly eliminate the worst of the anomalies previously produced.

THE OUTLOOK

He might be expected to express some opinion on the prospects of the metal of which their companies were such important producers. It was difficult in the present state of the world to make a forecast as to the future price of gold or the future position of gold in the monetary systems of the world. The year 1935 had been a year of progress in spite of serious financial and political developments. There had been progress towards stability of currencies. The progress in world recovery, shown by the progress of industry and trade in the face of wars and rumours of wars had

been surprising and encouraging. In that recovery South Africa might almost be said to have led the way. Happy in the possession of an industry in which the most timid investor was at all times ready to invest, South Africa had become busy as industry in other countries flagged. The very lack of confidence in the future which had led to depression and crisis in other countries had actually diverted capital and enterprise into their industry. Their activity had been of benefit to others. South Africa's imports, especially of machinery and other stores for the gold-mining industry, had given an impulse and an aid to recovery in the depressed industries of the United Kingdom. That, in turn, had reacted on British purchasing power and had made the United Kingdom a better market for other South African produce.

BENEFIT OF BETTER POLITICAL CONDITIONS

In their recovery they had been helped by the stability and security of political conditions in both South Africa and the United Kingdom. No recovery could take place when business men and investors were nervous of the future and uncertain as to the form of Government under which their enterprise would be conducted. They had been fortunate in that respect. He coupled the United Kingdom with South Africa not only because the general link between the two communities was so close, but because while South Africa was the chief producer, London was the market for gold, and the political stability and prudent finance of the British Government had preserved confidence in the free and efficient working of that market.

With the world emerging from the depression into which it had begun to decline in 1929, the gold-mining industry would lose some of its exceptional importance. With greater stability they could not expect, nor would they welcome, any further sensational rise in the price of gold and they would be spared the attentions of the more speculative types of investors, but with more general prosperity and a greater approach to stability in monetary conditions, they might look forward with confidence.

During the course of his address the chairman gave details of the results of operations of the Witwatersrand producing mines of the Central Mining-Rand Mines group, pointing out that the working revenue of the mines of the group had increased by £722,929 to £25,864,815.

The report was adopted.

JOHNSON AND PHILLIPS, LIMITED

FURTHER ADVANCEMENT

The thirty-first annual general meeting of Johnson & Phillips, Limited, was held, on the 7th instant, at Winchester House, London.

Mr G. Leslie Wates, J.P. (the chairman), said that the progress which they had noticed at annual meetings since 1933 had continued, and the profit figure had risen from £118,000 in 1934 to £144,000 in 1935. With the exception of the boom year, 1929, that was the highest figure of profit which the company had earned since 1925, a matter of congratulation to everyone concerned. Their turnover for the year under review had considerably increased, and it arose from the substantially larger number of orders which had been booked and not from the higher values of individual orders. Comparing the figures of 1935 with those of 1932, the year in which they had suffered most from the recent depression, they found that the value and the number of orders booked had both increased by 63 per cent. The average value in money of individual orders booked from 1932 to 1935 inclusive did not vary by more than £1, a remarkable tribute to the steadiness of their business and eloquent testimony of their goodwill. Prices, however, were still very low, and in many cases actually unremunerative.

After stating that they recommended a final dividend of 5 per cent., making 10 per cent. for the year, he went on to say that the transformer and switchgear departments had substantially increased their turnover. The water-heaters had steadily progressed. The condenser department continued to make good progress, sales during 1935 being more than three times those of 1934. Many leading industrial consumers of electricity had installed their condensers during the year, both at home and abroad.

Their subsidiary company which manufactured Permel enamelled wire had continued to make progress and had increased its turnover during the year. That industry suffered from subsidised foreign competition and was only assisted by a relatively small tariff of 20 per cent. They felt that that was essentially a product which was entitled to adequate tariff protection from such unfair subsidised competition.

The report was unanimously adopted.

IDEAL BUILDING AND LAND DEVELOPMENT COMPANY, LIMITED

MEDIUM-PRICED HOUSES STILL WANTED

The meeting of the Ideal Building and Land Development Company, Limited, was held, on the 5th instant, in London.

Sir Thomas Keens, D.L., the chairman, said that the deposits of the company with the building societies had increased during the year by £61,833 to a total, with interest, of £242,440. Some of the building societies had agreed to lend back to the company their own money on mortgage of freehold properties free of interest. In conformity with that arrangement the board had decided to lay out an estate of the company at Welling, known as Broadwood, as a self-contained estate of about 300 houses, of which about 200 had now been erected. Experience had shown that there was a brisk demand for houses to let at reasonable rentals to persons who would not in any circumstances buy. The effect of the scheme would be to increase the return on the money very materially.

With the great extension of the London suburbs, the company was no longer confining itself in the purchase of new land to the area of 12 miles from Charing Cross, but was going further afield. In one case they had left the London neighbourhood altogether, and had secured land on the outskirts of a thriving seaport. The company's estates at present numbered 28, upon which building operations were being carried on.

As to the future, indications did not suggest any immediate and considerable general decline in the volume of house-building. Although there were indications that the peak of the demand had been reached in certain areas, on the other hand there were numerous areas where there was no evidence of any falling off. Provided there were no international complications, they could confidently look forward to a steady demand for modern medium-priced houses for some years to come.

After the chairman had replied to questions, the report and accounts were adopted with only one dissentient, and the retiring directors and auditors were unanimously re-elected.

At the special general meeting of preference shareholders which followed the resolution varying the company's borrowing powers was passed with only one dissentient.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended May 2, 1936, amounted to £10,262,000, against ordinary expenditure of £27,958,000. After allowing for an increase in Exchequer Balances of £73,703, the operations for the week, as shown below, increased the gross National Debt by £17,994,000 to approximately £7,941 millions.*

(000's omitted)			
Treasury Bills	+ 7,563	National Savings Certificates	— 50
Public Department Advances	+ 10,110	N. Atlantic Shipping Issues	— 20
Land Settlement Advances	+ 10	British Shipping Issues	— 19
	+ 18,683		— 89

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appeared in the *Economist* for April 4, 1936.

REVENUE	Total Receipts into the Exchequer			
	April 1, 1935, to May 4, 1935	April 1, 1936, to May 2, 1936	Week ended May 4, 1935	Week ended May 2, 1936
ORDINARY REVENUE	£	£	£	£
Inland Revenue—				
Income Tax	10,535,000	9,092,000	2,231,000	1,906,000
Sur-tax	2,450,000	2,500,000	280,000	380,000
Estate, etc., Duties	3,980,000	7,020,000	1,300,000	1,310,000
Stamps	850,000	950,000	100,000	490,000
Excess Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	60,000	40,000	10,000	...
Total Inland Revenue	22,875,000	19,602,000	3,921,000	4,086,000
Customs and Excise—				
Customs	17,283,000	17,156,000	3,899,000	3,942,000
Excise	9,143,000	8,666,000	1,013,000	966,000
Total Customs and Excise	26,426,000	25,822,000	4,912,000	4,908,000
Motor Vehicle Duties (Exchequer Share)	1,247,000	712,000	568,000	183,000
Post Office (Net Receipt)	4,000,000	3,650,000	1,800,000	600,000
Crown Lands	150,000	160,000	...	160,000
Receipts from Sundry Loans	170,215	277,607	72,958	73,534
Miscellaneous Receipts	3,745,491	583,707	334,402	251,882
Total Ordinary Revenue	58,613,706	50,807,314	11,606,360	10,262,416
SELF-BALANCING REVENUE				
Post Office	3,800,000	3,700,000	600,000	1,350,000
Motor Vehicle Duties apportioned to Road Fund	2,268,000	2,202,000	228,000	89,000
Total Self-balancing Revenue	6,068,000	5,902,000	828,000	1,439,000
Total	64,681,706	56,709,314	12,434,360	11,701,416

EXPENDITURE	Total Issues out of the Exchequer to meet Payments			
	April 1, 1935, to May 4, 1935	April 1, 1936, to May 2, 1936	Week ended May 4, 1935	Week ended May 2, 1936
ORDINARY EXPENDITURE	£	£	£	£
Interest and Management of National Debt	37,193,533	35,612,480	14,298,103	13,412,509
Payments to Northern Ireland Exchequer	453,286	230,393	226,643	...
Other Consolidated Fund Services	301,976	270,207	70,716	13,150
Post Office Fund	...	...	...	...
Total	37,948,795	36,113,080	14,595,462	13,425,659
Total Supply Services (excluding Post Office)	44,824,500	46,555,000	17,181,000	14,532,500
Total Ordinary Expenditure	82,773,295	82,668,080	31,776,462	27,958,159
SELF-BALANCING EXPENDITURE				
Post Office	3,800,000	3,700,000	600,000	1,350,000
Road Fund	2,268,000	2,202,000	228,000	89,000
Total Self-balancing Expenditure	6,068,000	5,902,000	828,000	1,439,000
Total	88,841,295	88,570,080	32,604,462	29,397,159

The aggregate revenue from April 1 to May 2, 1936, is shown below:—

(000's omitted)	
Expenditure	82,668
Revenue	50,807
Decrease in Balances	71
Gross borrowing	£32,308
Less New Sinking Fund*	518
Net borrowing	31,790
	82,668

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

POSITION OF THE FLOATING DEBT

	May 4, 1935	May 2, 1936	week ended May 2, 1936
Ways and Means Advances Outstanding—			
Advances by Bank of England	8,750,000	7,500,000 +	7,500,000
Advances by Public Departments	21,100,000	26,010,000 +	2,610,000
Treasury Bills outstanding	839,595,000	752,735,000*	7,965,000
Total Floating Debt	869,445,000	786,245,000 +	18,075,000

* Includes £5,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on May 1, 1936, and the total amount applied for was £73,510,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 4d., about 60 per cent and above in full; Saturday, at £99 17s. 5d., and above in full. The average rate per cent. was 10s. 6-00d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934	£	£	£	£ s. d.
January 5	35,000,000	78,280,000	30,000,000	9 18 11.5
April 6	40,000,000	80,390,000	35,000,000	0 17 9.01
July 6	35,000,000	62,745,000	32,000,000	0 16 4.14
October 8	35,000,000	65,260,000	31,510,000	0 15 9.702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1.64
April 5	40,000,000	78,095,000	40,000,000	0 10 2.83
July 5	40,000,000	60,905,000	40,000,000	0 12 4.32
October 4	45,000,000	71,245,000	44,000,000	0 12 8.05
1936				
January 3	35,000,000	68,075,000	35,000,000	0 10 10.72
April 3	40,000,000	76,280,000	40,000,000	0 10 2.78
April 17	45,000,000	74,190,000	45,000,000	0 10 6.85
April 24	45,000,000	76,860,000	45,000,000	0 10 6.27
May 1	45,000,000	73,510,000	45,000,000	0 10 6.90

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Five days ended April 11, 1936	606,708	£45,031
Five days ended April 18, 1936	599,253	449,440
February, 1916, to April 18, 1936	1,257,155,958	989,304,807

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

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, May 6, 1936

ISSUE DEPARTMENT

£		Government Debt	
Notes Issued:—		11,015,100	
In Circulation	422,641,454	Other Government Securities	247,703,476
In Banking Department	41,018,947	Other Securities	388,389
		Silver Coin	895,036
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	203,660,401
			463,660,401

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	88,798,310
Rest	3,184,387	Other Securities	
Public Deposits	9,180,422	Discounts and Advances	9,447,790
Other Deposits		Securities	£11,851,675
Bankers'	£88,342,137	Notes	21,299,465
Other Accounts	£36,656,704	Gold and Silver Coin	41,018,947
	124,998,841		799,928
	151,916,650		151,916,650

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

Both Departments	Amount, May 6, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	422,641,454	+ 5,765,209	+ 28,391,913
Public deposits	9,180,422	+ 1,726,955	+ 1,932,384
Bankers' deposits	88,342,137	+ 16,362,452	+ 16,217,023
Other deposits	36,656,704	+ 2,375,249	+ 1,355,741
Total outside liabilities	556,820,717	+ 11,245,537	+ 12,751,528
Capital and rest	17,737,387	+ 20,571	+ 9,311
Government debt and securities	347,516,886	+ 12,514,379	+ 3,012,914
Discounts and advances	9,447,790	+ 1,157,559	+ 3,648,944
Other securities	12,233,063	+ 806,510	+ 1,788,997
Silver coin in issue department	895,036	+ 393	+ 896,880
Coin and bullion (bank's reserves)	204,460,329	+ 937,971	+ 11,214,070
Reserves of notes and coin in banking department	41,818,875	+ 4,827,239	+ 17,177,843
Proportion of reserve to outside liabilities			
(a) Banking Department only	31.1%	+ 0.3%	+ 8.2%
(b) Gold stocks to deposits and notes ("reserve ratio")	36.0%	+ 0.2%	+ 0.5%

(000's omitted)

Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	Gold in or out of Bank	Bank Rate
1936							
April 15	461,630	421,891	9,904	104,911	36,569	480 in	2 1/2
" 22	462,144	415,448	13,231	93,081	38,053	514 in	2 1/2
" 29	462,734	416,876	7,453	104,705	39,032	590 in	2 1/2
May 6	463,660	422,641	9,180	88,342	36,657	926 in	2 1/2

(000's omitted)

Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts & Advances	Other Securities	Reserve and the "Proportion"
1936							
April 15	258,618	402	202,379	35 1/2	106,672	8,756	13,162
" 22	258,619	410	202,901	32 1/2	93,250	7,479	13,888
" 29	258,702	404	203,522	35 1/2	101,330	8,290	12,641
May 6	258,719	386	204,460	36	88,798	9,448	11,852

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
January 1 to April 22	10,258,418	634,592	1,098,517	11,982,527
Week ended April 29	652,560	36,979	59,947	749,486
Week ended May 6	662,834	44,680	81,521	789,035
Total to date, 1936	11,573,812	716,251	1,230,985	13,521,048
Total to date, 1935	11,513,868	669,998	1,122,521	13,306,387
Increase or decrease in 1936	+ 59,944	+ 46,253	+ 214,661	+ 214,661
	= 0.5%	= 6.9%	= 9.7%	= 1.6%
Total for year 1935	32,443,575	1,897,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5.5%	= 7.2%	= 8.1%	= 5.8%

PROVINCIAL

(000's omitted)

	Week ended May 2		Month of April			Aggregate Totals January 1 to May 2	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days :	£	£	24 £	24 £	%	£	£
BIRMINGHAM.....	2,999	3,150	8,380	9,558	+ 14.0	42,545	46,406
BRADFORD	1,011	1,302	3,853	4,445	+ 15.3	16,437	18,558
BRISTOL	1,431	1,581	4,650	4,986	+ 7.2	20,844	22,614
DUBLIN	5,065	6,309	...	...	...	97,431	102,861
HULL	762	899	3,072	3,467	+ 12.8	13,253	14,679
LEEDS	872	1,106	3,128	3,647	+ 16.5	16,793	17,156
LEICESTER	753	760	2,442	2,969	+ 21.5	12,297	13,289
LIVERPOOL*	5,794	6,694	21,386	24,142	+ 12.8	106,558	108,779
MANCHESTER	10,962	12,166	41,199	40,792	- 0.9	180,988	181,127
NEWCASTLE	1,438	1,555	4,561	5,157	+ 13.0	25,045	22,895
NOTTINGHAM	588	572	1,856	1,971	+ 6.1	8,506	9,336
SHEFFIELD	1,155	1,305	3,217	3,902	+ 21.2	15,780	17,912
	32,830	37,399	97,744	105,036	+ 7.4	556,377	575,612

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the *Economist* for November 9. Turkey in January 4. Danzig in April 11. Latvia in April 18. Roumania, Lithuania, Czechoslovakia, Poland, Estonia, Norway, in April 25. Argentina, Egypt, Austria, Greece, Java, Sweden, Bulgaria in May 2.

BANK FOR INTERNATIONAL SETTLEMENTS.

(In Millions of Swiss Francs.)

Assets	Apr. 30, 1935	Jan. 31, 1936	Feb. 29, 1936	Mar. 31, 1936	Apr. 30, 1936
Gold in bars	15.1	32.8	29.9	24.2	23.2
Cash	2.3	17.2	8.5	9.6	9.5
Sight funds	15.1	27.6	14.1	13.0	14.1
Bills and acceptances:—					
Commercial bills	132.4	145.0	148.0	150.3	137.1
Treasury bills	222.1	206.7	211.8	188.3	188.8
Time funds	34.1	32.4	33.7	36.0	36.9
Not exceeding 3 months	220.7	230.7	231.2	226.8	227.5
Sundry bills and investments	10.4	12.0	12.4	12.6	12.8
Other assets					
LIABILITIES					
Capital paid up	125.0	125.0	125.0	125.0	125.0
Reserves	17.3	20.9	20.9	20.9	20.9
Special deposits:—					
Annuity trust account	154.8	154.7	154.4	154.3	154.8
German Government deposit fund	77.4	77.3	77.2	77.2	77.4
French Government guarantee fund	61.9	61.9	61.9	61.9	61.9
French Government deposit	2.0	2.0	2.0	2.0	2.0
Time deposits of Central Banks:—					
Not exceeding 3 months:—					
For their own account	106.9	108.4	113.8	113.3	108.1
For account of others	2.9	3.0	3.0	3.0	3.0
Sight deposits of Central Banks:—					
For their own account	26.7	39.7	45.9	26.0	23.6
For account of others	11.0	10.2	9.6	1.3	7.7
Other deposits	3.6	32.5	2.6	0.9	1.2
Sight deposits—gold	12.0	21.0	23.9	19.1	19.3
Miscellaneous items	50.8	48.0	49.2	45.9	47.1

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

U.S.F.R. BANKS	May 8, 1935	Apr. 15, 1936	Apr. 22, 1936	Apr. 29, 1936	May 6, 1936
Resources					
Gold Certificates on hand and due from the Treasury	5,765,820	7,664,830	7,663,840	7,703,830	7,703,340
Total reserves	6,023,540	8,020,310	8,019,830	8,056,430	8,038,800
Total cash reserves	237,660	341,740	342,250	339,650	322,090
Total bills discounted	5,960	6,190	5,270	5,320	4,580
Bills bought in open market	4,700	4,690	4,680	4,680	4,680
Total bills on hand	10,660	10,880	9,950	10,000	9,260
Industrial advances	26,410	30,310	30,040	30,170	30,170
Total U.S. Govt. securities	2,430,240	2,430,250	2,430,340	2,430,340	2,430,340
Total bills and securities	2,467,310	2,471,630	2,470,510	2,470,790	2,469,950
Total resources	9,046,830	11,295,190	11,163,380	11,155,730	11,135,050
LIABILITIES					
Federal Reserve notes in actual circulation	3,160,070	3,761,760	3,748,580	3,741,690	3,778,880
Aggregate of excess member bank reserves over requirements	---	2,550,000	2,640,000	2,690,000	2,700,000
Deposits—Member bank—					
reserve account	4,757,610	5,333,050	5,441,620	5,506,310	5,532,000
Government deposits	50,970	829,730	712,420	679,210	621,760
Total deposits	5,083,910	6,162,780	6,154,040	6,185,520	6,153,760
Capital paid in and surplus	911,500	302,720	302,710	302,670	302,670
Total liabilities	9,046,830	11,295,190	11,163,380	11,155,730	11,135,050
Ratio of total reserves to deposit and F.R. note liabilities combined	73.0%	78.2%	78.2%	78.3%	78.2%
U.S.F.R. BANKS AND TREASURY COMBINED					
Resources					
Monetary Gold Stock	8,728,000	10,200,000	10,209,000	10,221,000	10,248,000
Treasury and National Bank Currency	2,536,000	2,502,000	2,501,000	2,501,000	2,497,000
LIABILITIES					
Money in Circulation	5,496,000	5,877,000	5,860,000	5,859,000	5,912,000
Treasury Cash and Deposit with Federal Reserve Banks	2,938,000	3,374,000	3,269,000	3,208,000	3,175,000

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

	May 8, 1935	Apr. 15, 1936	Apr. 22, 1936	Apr. 29, 1936	May 6, 1936
Total gold reserves	2,194,080	3,106,880	3,103,460	3,145,500	3,158,110
Total bills discounted	3,800	3,480	3,090	3,440	2,580
Bills bought in open market	1,810	1,750	1,750	1,750	1,730
Total U.S. Govt. securities	744,320	729,380	729,380	729,380	729,380
Total bills and securities	756,090	742,300	741,890	742,230	741,680
Deposits—Member bank—					
reserve account	2,003,070	2,351,340	2,420,400	2,464,820	2,524,220
Ratio of total res. to dep. and Federal Res. note liabilities combined	76.5%	82.3%	82.1%	82.5%	82.6%

FEDERAL RESERVE REPORTING MEMBER BANKS†

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

	Apr. 17, 1935	Mar. 18, 1936	Mar. 25, 1936	Apr. 1, 1936	Apr. 8, 1936	Apr. 15, 1936
Loans	8,082	8,246	8,164	8,392	8,369	8,376
Investments	11,840	13,379	13,407	13,229	13,362	13,426
Reserve with Federal Reserve Bank	3,534	4,097	4,008	3,866	4,052	4,216
Due from banks	1,985	2,294	2,230	2,198	2,234	2,316
Demand deposits	11,989	13,773	13,747	13,578	13,890	13,996
Time deposits	5,069	4,923	4,921	4,909	4,958	4,958
Government deposits	1,093	782	777	774	760	755
Due to banks	4,849	5,888	5,754	5,804	5,789	5,974

† Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

Assets	May 6, 1935	Apr. 6, 1936	Apr. 13, 1936	Apr. 20, 1936	Apr. 27, 1936	May 4, 1936
Gold and English sterling	15,994	16,003	16,003	16,003	16,003	16,003
Other coin, bullion and cash	5,298	6,622	6,424	5,859	6,411	6,099
Money at short call—London	18,035	18,616	18,838	19,341	19,314	18,450
Short-term loans	6,960	2,560	2,828	3,056	2,690	2,854
Securities	69,136	76,001	76,997	75,997	75,997	75,997
Discounts and advances	6,429	8,167	8,305	7,964	7,951	7,961
LIABILITIES						
Notes issued	47,550	48,045	48,045	48,044	48,044	47,545
Reserve premium on gold	3,896	7,753	7,753	7,753	7,753	7,753
Deposits	82,407	70,828	71,351	63,846	63,902	62,819

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

	Apr. 29, 1935	Apr. 6, 1936	Apr. 13, 1936	Apr. 20, 1936	Apr. 27, 1936
ASSETS					
Gold	2,801	2,801	2,801	2,801	2,801
Sterling exchange	22,083	24,500	23,939	24,039	24,224
Subsidiary coin	173	201	200	200	205
Investments	2,095	1,804	1,809	1,811	1,815
LIABILITIES					
Bank notes	9,433	10,269	10,342	10,292	10,240
Demand liabilities—					
Government	12,342	8,278	7,920	8,188	8,584
Other	3,839	9,203	8,913	8,814	8,687
Ratio of reserves to sight liabilities	97.2%	98.4%	98.4%	98.3%	98.2%

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

London on	Par of Exch. per £	May 1, 1936	May 2, 1936	May 4, 1936	May 5, 1936	May 6, 1936	May 7, 1936
New York, \$	4.86	4.93-94	4.93-94	4.94-96	4.95-96	4.95-96	4.95-97
Montreal, \$	4.86	4.95-95	4.94-95	4.94-96	4.95-97	4.95-97	4.95-97
Paris, Fr.	124.21	74 1/2-75 1/2	74 1/2-75 1/2	75-75 1/2	75 1/2-75 1/2	75 1/2-75 1/2	75 1/2-75 1/2
Brussels, Bel	35.00(a)	29.21-24	29.20-23	29.22-30	29.19-27	29.18-24	29.18-23
Milan, L.	92.46	62 1/2-71	62 1/2-71	62 1/2-71	62 1/2-71	62 1/2-71	62 1/2-71
Zurich, Fr.	25.22	15.19-22	15.19-22	15.19-22	15.19-22	15.19-22	15.19-22
Athens, Dr.	375	521*	521*	521*	521*	521*	521*
Helsinki, M.	193.23	226 1/2-227 1/2	226 1/2-227 1/2	226 1/2-227 1/2	226 1/2-227 1/2	226 1/2-227 1/2	226 1/2-227 1/2
Madrid, Pt.	25.22	36 1/2-37	36 1/2-37	36 1/2-37	36 1/2-37	36 1/2-37	36 1/2-37
Lisbon, Esc.	110	109 1/2-110 1/2	109 1/2-110 1/2	109 1/2-110 1/2	109 1/2-110 1/2	109 1/2-110 1/2	109 1/2-110 1/2
Amst'dm, Fl.	12.107	7.27-29	7.27-29	7.28-33	7.31-33	7.30-33	7.30-35
Berlin, Mk.	20.43	12.27-30	12.27-30	12.28-35	12.29-34	12.27-31	12.28-31
Registered Marks							
Vienna, Sch.	84.58	25 1/2-27 1/2	25 1/2-27 1/2	25 1/2-27 1/2	25 1/2-27 1/2	25 1/2-27 1/2	25 1/2-27 1/2
Bu'pest, Pen.	27.82	16 1/2-17	16 1/2-17	16 1/2-17	16 1/2-17	16 1/2-17	16 1/2-17
Prague, Kc.	81.64	119 1/2-121	119 1/2-121	119 1/2-121	119 1/2-121	119 1/2-121	119 1/2-121
Warsaw, Zl.	25.22	26 1/2-27	26 1/2-27	26 1/2-27	26 1/2-27	26 1/2-27	26 1/2-27
Riga, Lat.	43.38	26 1/2-27	26 1/2-27	26 1/2-27	26 1/2-27	26 1/2-27	26 1/2-27
Bucharest, Lei	25.22	14 1/2-15 1/2	14 1/2-15 1/2	14 1/2-15 1/2	14 1/2-15 1/2	14 1/2-15 1/2	14 1/2-15 1/2
Const'ple, Pst.	813.8	670*	670*	670*	670*	670*	670*
Belgrade, Din.	110	617*	617*	617*	617*	617*	617*
Kovovo, Lit.	276.32	212-222	212-222	212-222	212-222	212-222	212-222
Sofia, Lev.	48.66	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2
Tallinn, Kr.	673.66	390-420	390-420	390-420	390-420	390-420	390-420
Oslo, Kr.	18.159	17 1/2-18 1/2	17 1/2-18 1/2	17 1/2-18 1/2	17 1/2-18 1/2	17 1/2-18 1/2	17 1/2-18 1/2
St'holm, Kr.	18.159	19.85-95	19.85-95	19.85-95	19.85-95	19.85-95	19.85-95
Cop'h'gen, Kr.	18.159	19.85-95	19.85-95	19.85-95	19.85-95	19.85-95	19.85-95
Alex'ria, Pst.	18.159	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45	22.35-45
Br. India Rup.	97 1/2	18 1/2-19	18 1/2-19	18 1/2-19	18 1/2-19	18 1/2-19	18 1/2-19
Hong Kong, \$	18.159	15 1/2-16	15 1/2-16	15 1/2-16	15 1/2-16	15 1/2-16	15 1/2-16
Kobe, Yen.	24.58	14 1/2-15	14 1/2-15	14 1/2-15	14 1/2-15	14 1/2-15	14 1/2-15
Shanghai, \$	28.159	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2
Singapore, \$	28.159	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2	28 1/2-29 1/2
Batavia, F.	12.11	7.23-25 1/2	7.23-25 1/2	7.24-30	7.27-29 1/2	7.25-29 1/2	7.27-32
Rio, Mil.	18.159	2 1/2-3 1/2	2 1/2-3 1/2	2 1/2-3 1/2	2 1/2-3 1/2	2 1/2-3 1/2	2 1/2-3 1/2
B. Aires, \$	11.45	17.95-18.00	17.95-18.00	17.95-18.00	17.95-18.00	17.95-18.00	17.95-18.00
Valparaiso, \$	40	17.02h	17.02h	17.02h	17.02h	17.02h	17.02h
M'video, \$	51d.	22 1/2-23	22 1/2-23	22 1/2-23	22 1/2-23	22 1/2-23	22 1/2-23
Lima, Sol.	17.38	19.80	19.80	19.80	19.80	19.80	19.80
Mexico, Pes.	9.76	17.40-18.40	17.40-18.40	17.40-18.40	17.40-18.40	17.40-18.40	17.40-18.40
Manila, Pes.	24.66d.	24-24 1/2	24-24 1/2	24-24 1/2	24-24 1/2	24-24 1/2	24-24 1/2
Moscow, Rbls.	25m	25m	25m	25m	25m	25m	25m
B'ngkok, Baht	21.82d.	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2	22-22 1/2

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 * Pence per unit of local currency. † Par 8-23 1/2 since dollar devaluation on February 1, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official rate. (c) Per cent. discount. (d) Latest "export" rate. (e) Official rate is 4 1/2 sellers. (f) Official rate is \$15 sellers. (g) Average remittance rate for importers. Rate for payments to the Bank of England:—(i) For account Controller of Anglo-Italian debts; (j) Under Anglo-Spanish Agreement; (k) Under Anglo-Turkish Agreement. (l) Nominal. (m) As from April 2, 1936, 1 Rouble equals 3 French francs. * Sellers.

II.—Forward Rates (Closing quotations)

London on	Per £	May 1, 1936	May 2, 1936	May 4, 1936	May 5, 1936	May 6, 1936	May 7, 1936
New York, cent.	1 Month	(a)	(a)	(a)	(a)	(a)	(a)
Paris, fra.	1 Month	(b)	(b)	(b)	(b)	(b)	(b)
Amsterdam, cent.	1 Month	(c)	(c)	(c)	(c)	(c)	(c)
Brussels, cent.	1 Month	(d)	(d)	(d)	(d)	(d)	(d)
Geneva, cent.	1 Month	(e)	(e)	(e)	(e)	(e)	(e)
Milan, lire	1 Month	(f)	(f)	(f)	(f)	(f)	(f)

(a) Premium, i.e. "under spot." (b) Discount, i.e. "over spot."

OVERSEAS BANK RATES

Changed	From	To	Changed	From	To
Albania	Nov. 16, 1933	8	Oslo	May 24, 1933	4
Amsterdam	Feb. 4, 1936	8	Paris	May 6, 1936	5
Athens	Oct. 14, 1933	7 1/2	Prague	Jan. 1, 1934	3
Batavia	July 1, 1935	4 1/2	Pretoria	May 15, 1933	4
Belgrade	Feb. 1, 1935	6 1/2	Tallinn	Oct. 1, 1935	5
Berlin	Sept. 22, 1932	5	Riga	Jan. 1, 1933	6
Brussels	May 14, 1935	2 1/2	Rio de Janeiro	May 31, 1935	3 1/2
Bucharest	Dec. 15, 1934	6	Rome	Sept. 9, 1935	5
Budapest	Aug. 28, 1935	4 1/2	Sofia	Aug. 15, 1935	7
Calcutta	Nov. 28, 1935	3 1/2	Stockholm	Dec. 1, 1933	3
Copenhagen	Aug. 21, 1935	4 1/2	Swiss Bank		
Danzig	Oct. 21, 1935	6	places	May 2, 1935	2 1/2
Helsinki	Dec. 3, 1934	4 1/2	Tokio	April 7, 1936	3.65
Kovovo	Jan. 1, 1934	7	Vienna	July 10, 1935	4
Lisbon	May 5, 1936	5	Warsaw	Oct. 26, 1933	6
New York			Wellington	Mar. 2, 1936	3 1/2
Reserve	July 1, 1934	2 1/2	Irish	June 30, 1932	3
Madrid	July 15, 1935	5			
Montreal	Mar. 11, 1935	2 1/2			

Central Bank of Chile.—Discount rate for member banks, 4 1/2%; discount rate for the public, 6%.
 (a) 5 1/2% applied to banks and credit institutions. (b) 6% applied to priv. to persons and firms.

NEW YORK MONEY AND EXCHANGE RATES

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

Call money	May 9, 1936	Apr. 7, 1936	Apr. 15, 1936	Apr. 22, 1936	Apr. 29, 1936	May 6, 1936
Time money (90 days' mixed coll.)	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Bank acceptances:—						
Members—eligible, 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-mem.—eligible, 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Commercial accept., 90 days.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

Rates of Exchange, New York on—	Par Level	May 9, 1936	Apr. 22, 1936	April 29, 1936	May 6, 1936
London—					
60 days.....					
Cable.....					
Cheques.....					
Paris.....					
Brussels.....					
Switzerland.....					
Italy.....					
Berlin.....					
Vienna.....					
Madrid.....					
Amsterdam.....					
Copenhagen.....					
Oslo.....					
Athens.....					
Montreal.....					
Yokohama.....					
Shanghai.....					
Calcutta.....					
Buenos Aires.....					
Rio de Janeiro.....					

SOUTH AFRICAN EXCHANGE RATES

(BUYING RATES PER £100 STERLING)

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

(SELLING RATES PER £100 STERLING)

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

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period May 1st to 10th at 139.38 per cent. The previous rate was fixed as from April 21st at 139.30 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

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

Bolivia.*	"Export" market selling rate fixed at 50 bolivianos per £ as from April 1, 1936.
Colombia.*	Sight rate, 175 1/2 pesos per 100 United States dollars on April 14, 1936. This rate applies to holders of permits buying in the "open" market.
Ecuador.	Sight selling rate on New York was maintained in March at 10.50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on November 26, 1934.
Salvador.	Sight rate on March 31, 1936, 2.50 1/2 colones per United States dollar.
Venezuela.	Sight rate on New York, 3.91 bolivares per United States dollar, on April 17, 1936.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

London on Australia and New Zealand	Buying	Selling	Australia and New Zealand on London*	Buying	Selling
Australia			Australia		
New Zealand			New Zealand		
T.T.	125	124	T.T.	125	124
Sight	125 1/2	124 1/2	Sight	125 1/2	124 1/2
60 days	127 1/2	126 1/2	60 days	127 1/2	126 1/2
90 days	128 1/2	127 1/2	90 days	128 1/2	127 1/2

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended May 7, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD

From	Bullion*	Count†	To	Bullion*	Count†
Gold Imported into Great Britain and Northern Ireland, week ended May 7, 1936			Gold Exported from Great Britain and Northern Ireland, week ended May 7, 1936		
British S. Africa.....	2,464,584	£ 3,500	British India.....	£ 455	£ 2,500
Anganyika.....	7,769	...	Denmark.....	1,125	...
British India.....	1,310,146	...	Poland.....	...	716
Australia.....	22,335	100	Belgium.....	334,802	1,365
New Zealand.....	33,056	...	France.....	2,709	176,710
Netherlands.....	...	2,578	Switzerland.....	14,120	1,500
Belgium.....	...	7,029	Portugal.....	...	1,000
Belgian Congo.....	21,137	...	Austria.....	5,600	...
France.....	1,038,988	208,165	U.S.A.....	1,220,151	...
Switzerland.....	11,530	51,121	Other countries.....	1,397	...
Austria.....	...	6,988			
Raq.....	6,674	103			
Venezuela.....	4,083	...			
Other countries.....	2,645	150			
Totals.....	4,922,947	£ 55,987	Totals.....	1,580,359	£ 176,226
		379,288			29,108

IMPORTS AND EXPORTS OF SILVER

From	Bullion*	Count†	To	Bullion*	Count†
Silver Imported into Great Britain and Northern Ireland, week ended May 7, 1936			Silver Exported from Great Britain and Northern Ireland, week ended May 7, 1936		
British S. Africa.....	£ 4,510	£ 412	British India.....	£ 476,270	...
Australia.....	1,825	...	Ceylon.....	1,950	...
New Zealand.....	21,000	...	Netherlands.....	1,480	...
Germany.....	9,779	42	Belgium.....	160	...
France.....	4,019	785	France.....	13,812	...
Belgium.....	2,200	...	Switzerland.....	301	...

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Dis- tri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
Breweries		£	£	£	£	£	%	£	£	£	%
Lowrie (W. P.) and Co.....	Mar. 31	90,767	123,989	214,746	13,837	80,325	15	30,000	90,584	93,086	15
Walker (John) and Sons ...	Mar. 31	142,851	438,426	581,277	81,375	241,369	25	120,000	138,533	391,417	22½
Electric Lighting, etc.											
Calcutta Electric Supply ...	Dec. 31	35,690	442,281	477,971	89,374	216,550	12½	135,085	36,962	459,297	12½
Southern Areas Elec. Corpn.	Dec. 31	2,416	12,510	14,926	...	10,234	4	2,000	2,692	8,329	4
Financial Land, etc.											
Argus Press Holdings	Dec. 31	1,504	47,580	49,084	15,984	30,500	20	...	2,600	37,854	15
Egyptian Markets	Dec. 31	16,010	23,275	39,285	...	20,090	11½	...	16,095	25,304	11½
Hevea Rubber Trust	Dec. 31	495	158	653	...	3,100	(s)	...	653	640	Nil
Mid-European Corporation	Mar. 31	83,815	48,704	132,519	23,444	22,088	3	...	86,987	27,385	2½
Tea Share Trust	Mar. 31	4,613	8,019	12,632	...	9,693	8½	134	2,805	15,822	12½
Gas											
South-Eastern Gas.....	Mar. 31	10,081	93,052	103,133	35,688	50,813	6	...	16,632	87,015	6
Iron, Coal and Steel											
Dixon (William)	Feb. 29	9,411	58,677	68,088	15,000	39,360	6½	...	13,728	50,658	5½
Stewarts and Lloyds	Dec. 31	159,403	800,535	959,938	102,244	200,223	5	488,518	168,953	1,004,982	5
Rubber											
Baru (Java)	Dec. 31	4,722	Dr. 1,385	3,337	...	...	...	Dr. 420	3,757	8,559	4½
Batavia (Kerkoven)	Dec. 31	Dr. 710	Dr. 1,346	Dr. 2,056	...	...	...	...	Dr. 2,056	304	Nil
Bikam	Dec. 31	31,751	17,939	49,690	...	16,194	3	...	33,496	26,451	4
British Malay	Dec. 31	9,050	3,109	12,159	...	7,800	2	...	4,359	10,292	2
Bukit Sembawang	Dec. 31	6,761	5,574	12,335	...	5,093	4	...	7,242	9,192	5
Bukit Tupah.....	Dec. 31	Dr. 11,385	4,229	Dr. 7,156	...	...	...	2,000	Dr. 9,156	7,420	Nil
Consolidated Malay	Dec. 31	2,541	3,737	6,278	...	3,750	5	168	2,360	9,051	10
Deviturai	Dec. 31	1,491	6,117	7,608	...	5,618	3	...	1,990	10,666	5
Djemmer	Dec. 31	1,782	1,986	3,768	...	4,113	2½	Dr. 2,000	1,655	11,440	6
Dunlop Plantations	Oct. 31	178	204,614	205,792	...	116,250	...	89,542	...	184,330	Nil
Heawood	Dec. 31	5,811	6,838	12,649	...	6,000	6	916	5,733	8,483	7
Henrietta.....	Dec. 31	3,995	3,192	7,187	2,558	...	...	...	4,629	5,909	Nil
Hongkong (Selangor).....	Dec. 31	5,016	11,861	16,877	...	11,250	25	...	5,627	11,433	20
Igalkande	Dec. 31	5,378	303	5,681	...	1,320	3	...	4,361	2,139	6
Junun	Dec. 31	Dr. 6,388	392	Dr. 5,996	...	...	...	...	Dr. 5,996	2,698	Nil
Kelani Valley	Dec. 31	2,308	1,887	4,195	420	1,750	5	...	2,025	5,798	6
Kimanis	Dec. 31	4,083	3,156	7,239	...	1,950	2½	...	5,289	5,264	2½
Klabang	Dec. 31	14,900	6,286	21,186	...	6,000	3	1,000	14,186	12,651	5
Lawas (Sarawak)	Dec. 31	452	1,713	2,165	...	...	...	1,000	1,165	9,379	3½
Mahawale	Dec. 31	2,657	3,197	5,854	...	3,200	2	1,147	1,507	8,898	4
Marawan (Java).....	Dec. 31	2,215	606	2,821	...	1,094	2	Dr. 384	2,111	3,464	2½
Oriental	Dec. 31	8,228	2,481	10,619	...	4,400	2	...	6,219	6,994	2
Pelmadulla	Dec. 31	5,527	17,645	23,172	2,365	10,485	9	3,023	7,299	23,774	12½
Sabrang	Dec. 31	12,308	5,355	17,663	...	5,000	2	...	12,663	11,790	4½
Scottish Malayan	Dec. 31	...	25,297	25,297	...	...	...	12,000	13,297	(p)	(p)
Shops and Stores											
Marks and Spencer.....	Mar. 31	73,469	1,264,406	1,337,875	105,000	573,986	40(b)	571,205	87,684	1,086,598	35(b)
Tea											
Ceylon Proprietary	Dec. 31	5,649	10,153	15,802	1,306	4,500	5	4,000	5,996	4,794	5
Craig	Dec. 31	4,224	421	4,645	...	...	...	100	4,545	1,312	2½
Ederapolla of Ceylon.....	Dec. 31	1,182	1,185	2,367	...	870	2½	291	1,206	3,304	7½
Galaha Ceylon	Dec. 31	2,088	30,880	32,968	3,600	21,900	7½	3,000	4,468	20,016	5
Highland of Ceylon	Dec. 31	2,834	3,685	6,519	...	3,480	6	1,078	1,961	5,696	8
Lindoola	Dec. 31	891	2,575	3,466	677	1,393	12½	500	896	2,199	10
Lunuvu (Ceylon)	Dec. 31	73,260	66,016	139,276	...	51,903	8	14,000	73,373	61,872	7
Scottish Ceylon	Dec. 31	1,954	10,447	12,401	1,276	6,472	12½	2,577	2,076	7,773	10
Standard of Ceylon	Dec. 31	34,670	32,039	66,709	...	26,775	22½	5,500	34,434	32,699	22
Talawakelle.....	Dec. 31	3,887	7,016	10,903	1,818	5,182	12½	...	3,903	5,707	12
Vellikelle	Dec. 31	872	3,219	4,091	251	3,046	10	...	774	3,642	7
Telegraphs, etc.											
Oriental Telephone & Elec.	Dec. 31	51,584	101,626	153,210	13,216	68,424	12½	20,000	51,570	97,435	12
Textiles											
Dunlop Cotton Mills	Dec. 31	7,097	169,406	176,503	113,344	...	...	53,544	9,615	224,908	24
English Sewing Cotton	Dec. 31	124,130	240,728	364,858	50,000	200,000	10	...	114,858	295,032	10
Hield Brothers	Mar. 31	15,239	70,969	86,208	16,879	18,872	22½	15,000	35,457	31,672	12
Tramways and Omnibuses											
Calcutta Tramways	Dec. 31	8,504	82,321	90,825	12,500	63,000	9	...	15,325	74,546	9
Trusts											
Anglo-American Debenture	Mar. 31	48,134	93,797	141,931	28,687	49,500	11	13,000	50,744	84,091	10
Canadian & Foreign Invest.	Mar. 31	15,690	10,991	26,681	4,262	6,125	4	...	16,294	10,140	3
Continental Union	Mar. 31	20,974	49,687	70,661	23,297	23,206	5	...	24,158	52,368	4
Foreign, American & General	Apr. 5	64,565	78,757	143,322	43,750	26,250	3	8,500	64,822	58,869	3
Home & Foreign Investment	Mar. 31	20,725	25,366	46,091	17,437	4,613	2	...	24,041	23,418	Nil
New England and General...	Mar. 31	1,009	10,906	11,915	...	10,295	18	...	1,620	4,642	8
Scottish Mortgage and Trust	Mar. 31	17,330	100,883	118,213	32,072	52,932	8½	15,000	18,209	86,678	8
Second Securities Trust of Scotland	Mar. 31	14,244	12,015	26,259	11,629	...	...	200	14,430	11,142	Nil
Waterworks											
Consolidated Water Works Co. of Rosario.....	Dec. 31	104,832	13,345	118,177	8,400	...	...	...	109,777	11,567	Nil
Other Companies											
Allied Newspapers	Dec. 31	256,466	956,367	1,212,833	395,250	122,000	8	435,000	260,583	880,107	7
British Match Corporation	April 30	47,835	463,942	511,777	22,859	378,743	7½	60,000	50,175	463,296	6½
British Oxygen	Dec. 31	21,983	449,828	471,811	32,500	334,185	15	82,728	22,398	357,879	15
Ciro Pearls (Holdings)	Mar. 25	20,663	24,174	44,837	8,719	14,297	7½	...	21,821	28,165	10
Ero Proprietaries	Dec. 31	33,589	158,404	191,993	42,625	100,125	13	15,000	34,243	(p)	(p)
Goodl. Wall and Lead Industries	Dec. 31	97,629	184,107	281,736	97,138	55,114	6	55,000	74,484	179,786	6
Goodyear, Tyre and Rubber (Great Britain)	Dec. 31	174,548	151,595	326,143	...	96,000	12½	...	230,143	143,908	15

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS—cont.

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
Other Companies—cont.		£	£	£	£	£	%	£	£	£	%
Henley's (W. T.) Telegraph	Dec. 31	459,867	(w) 186,672	646,539	9,000	146,250	30(r)	Dr. 1,647	492,936	208,978	30
Hill, Carter (D.) and Co. ...	Feb. 19	278	Dr. 138	140	...	...	...	...	140	2,361	Nil
Internat'l Sponge Importers	Dec. 31	Dr. 5,815	5,590	Dr. 225	...	...	...	...	Dr. 225	Dr. 489	...
Liverpool Storage Co.....	Mar. 31	9,894	2,225	12,119	...	2,573	7½	...	9,546	2,134	10
Melbourne Hart and Co. ...	Dec. 31	7,047	23,452	30,499	5,812	11,200	11	6,500	6,987	20,931	10
Pollard (E.) and Co.	Dec. 31	4,325	34,078	38,403	...	...	...	37,171	1,232	14,529	Nil
Portsmouth and Sunderland											
• Newspapers	Mar. 31	3,180	61,715	64,895	33,443	27,900	30	...	3,552	44,333	30
Pye Radio	Mar. 31	52,561	90,548	143,109	12,863	28,594	125	27,280	74,372	51,274	125
Quicktho (1928), Ltd.	May 14	298	4,667	4,965	...	3,972	4½	...	993	2,731	8½
Smith's Potato Crisps (1929)	Mar. 31	42,378	107,549	149,927	...	54,979	20(m)	51,000	43,948	104,320	15(w)
Stevenson and Howell	Dec. 31	85,240	50,071	135,311	5,950	32,076	19½	7,800	89,485	32,481	14½
Thomas and Evans.....	Feb. 29	...	68,641	68,641	17,296	30,000	10	1,000	20,345	(p)	(p)
United Newspapers	Dec. 31	Dr. 18,556	12,584	Dr. 5,972	...	...	...	...	Dr. 5,972	10,749	Nil
Vavasseur (J. H.) and Co.	Dec. 31	13,557	36,535	50,092	2,000	28,750	11½	3,600	15,742	39,875	12½
Victoria Wine Co.	Feb. 29	10,776	38,053	48,829	20,000	6,000	4	10,000	12,829	39,006	4

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

In general, the trend of the prices of commodities subject to international arbitrage was somewhat irregular during the past week. The improvement in what prices was not maintained, partly as a result of better crop prospects in the United States. Raw sugar prices also showed a sagging tendency. At the Mincing Lane tea auctions, on the other hand, demand for common and low medium grades was quite good at firm prices. At Smithfield market the prices of beef and imported mutton were marked down, but there was little change in the market in provisions. Eggs were slightly dearer than a week ago.

Quotations for raw cotton, which now fluctuates with reports of the progress of the United States crop, were slightly lower. There was no improvement in the demand for Lancashire goods, and many spinners and manufacturers complained of the contraction of orders on hand. Raw jute prices declined slightly. Meanwhile, business in jute goods, as well as prices, remained at a low level, for no progress was made in recent weeks towards a settlement of the dispute between the Indian Jute Mills Association and the "outside" mills. There was little change in the market in other textile fibres.

In contrast to the general trend, prices of iron and steel materials remained firm, but the volume of new business was limited owing to the inability of steelmakers to accept new orders. The stringency in the pig-iron market continued, but the scarcity of semi-finished materials, though still acute, was somewhat relieved by heavy imports of Continental steel. Business in coal was quiet in Cardiff and Sheffield, but slightly more active in Glasgow. Home demand for industrial fuel, especially coke, continued active. At the London Metal Exchange, lead, spelter and tin were marked down, the latter in anticipation of larger shipments from Bolivia. Quotations for copper remained unchanged. The market in vegetable oils and oilseeds was quiet, and the price of rubber tended to sag on the belief that devaluation in France would have an adverse effect on the market.

In the United States the prices of the principal primary products continued their downward trend. Thus Moody's index of the dollar prices of staple commodities stood at 167.0 on Wednesday, against 169.3 a week earlier, 168.8 a month ago and 156.4 on the corresponding day last year.

COAL

SHEFFIELD.—Business in the export coal market continues to be rather quiet, although inquiries for forward delivery are somewhat more numerous. Prices, however, are such that it is difficult to arrange business. Supplies of best large coal are fairly plentiful, but singles and smalls are less easily procurable. Prices of all qualities are fully maintained. In the inland market there is a moderate demand for industrial coal, but orders for households are scanty. The coke market continues very strong, with supplies below demand.

Export prices are: South Yorkshire Hards Association, 19s.-19s. 6d.; washed steam and washed gas doubles, 17s. 6d.-18s.; washed smalls, 14s. 6d.-15s.; screened gas, 19s.-20s. 6d.; Derbyshire and Notts top hards and cobbles, 18s. 3d.-18s. 9d.; washed doubles, 16s. 9d.-17s. Inland quotations at pits: South Yorkshire best, 23s.-25s.; seconds, 20s.-21s.; Derbyshire best house, 22s.-23s.; kitchen, 16s. 6d.-19s. 6d.; best screened nuts, 19s.-20s.; coke, furnace qualities, around 17s. 6d. per ton on rail at ovens.

NEWCASTLE-ON-TYNE.—Shipments from the Tyne last week amounted to 230,670 tons, a decrease of 34,979 tons compared with the same period of last year. The restrictions imposed on Italy are mainly responsible for this decline, although exports generally are dull in Durham gas and coking coal. Northumberland steam collieries are comfortably placed, screened steam being firm under a good demand from Scandinavia, whilst sized coals have a steady sale in the home shipment trade. Patent oven coke of all descriptions continues to be a very firm market, home trade being particularly active.

Current f.o.b. prices for export: **NORTHUMBERLAND.**—D.C.B. screened, 15s.; smalls, 12s. 6d.; Howards, Bentinck, Newbiggin, screened, 14s. 9d.; smalls, 12s.; Tyne Prime, large, 14s. 6d.; smalls, 12s. 6d.; Hartley Main, large, 14s. 9d.; smalls, 12s. 6d.

GLASGOW.—Export business has been brisker during the week, while home-sale and coastwise trade is keeping up. There are still only limited supplies of most sizes of nuts, prices of which remain nominal in some cases. Screened coal prices show little change, but the tendency is easier.

CAR.—In the South Wales coal trade this week interest has centred chiefly on the problem of the distribution of the coal trade of the country under the centralised selling schemes that are to become operative from August 1st next. In view of the serious loss in its export trade, and its hitherto relatively small (between 8 per cent. and 9 per cent.) share of the inland market, the South Wales Executive Board is applying for the inclusion in the scheme of the

Central Council of a provision to the effect that district supply allocations should be on the basis of fixed district percentages of the total trade (inland and export) of the country. This proposal has so far failed to obtain the requisite support of 85 per cent. (in terms of output) of the industry, and this week the Secretary for Mines has been in consultation with the representatives of the inland and exporting districts with a view to ascertaining if their differences can be reconciled without any further statutory intervention.

Business has continued very quiet, with large coals in abundant supply and smalls, particularly sized and washed grades, relatively scarce. Prices are nominally unchanged. The prices tendered for the Egyptian State Railways contract by Germany and Poland are, as usual, lower than those quoted by South Wales owners, but it is anticipated that these orders, aggregating over 320,000 metric tons, will eventually be placed in Wales. Coke is very firm, patent fuel steady, and pitwood unaltered.

Current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best drys, 18s. 6d.; Black Veins, 18s. 3d.; Western Valleys, 17s. 6d. to 17s. 9d.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. 6d. to 14s. 6d.; seconds, 13s. to 14s.; coking smalls, 14s. 3d. to 14s. 6d.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s. 9d.; special foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship, French 24s. 3d., Portuguese 21s. to 21s. 6d.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that business in the iron and steel markets is limited to a great extent by the inability of the steelmakers to accept fresh orders. No increases in the prices of heavy steel will take place before the end of June and, except in special cases, manufacturers are confining their quotations to delivery before that date. In some instances, however, producers are sold well into the third quarter of the year.

In the pig-iron department little relief has been experienced from the stringency which has ruled for so many weeks. Producers are behind with deliveries and practically all the works are operating at capacity. Many consumers are well covered, but there is a strong demand for additional parcels, which in the aggregate reaches a considerable tonnage.

Similar conditions rule in the semi-finished steel industry, where some relief has been experienced by large imports of Continental steel. In this department also works are sold out for many weeks to come, and it is difficult to place orders for some descriptions of British steel.

Business in finished material has been quiet, although there has been no slackening of the pressure to obtain deliveries against contracts.

MIDDLESBROUGH.—Demand for pig-iron for home use is reflected in the shipments which were made from the Tees during April, the total quantity being 1,983 tons, of which only 596 tons went to foreign destinations. The total quantity of manufactured steel shipped from the Tees during the last month was 37,527 tons, of which 24,637 tons went abroad. Actual business in iron and steel is limited by the fact that producers are very heavily booked for some time to come.

No foundry iron is being produced in this area, but it is hoped to get a furnace started by the end of this month. It is understood that foundry pig-iron prices will be increased by 5s. per ton after June 30th. Hematite pig-iron is now in such good demand that makers are having difficulty in meeting requirements. The price for delivery to the end of July is based on the fixed minimum of 77s. per ton for No. 1 grade for deliveries up to July 31st. The price of basic pig-iron has been increased in all districts by 2s. 6d. per ton, but actually the whole of the basic iron produced in this area is being used in the makers' own steelworks. It is understood that, owing to the present heavy requirements, arrangements have been made for substantial quantities of Indian and Russian pig-iron to be imported into this country.

Steel production continues to expand, and the demand for all classes of structural, shipbuilding, and railway material is maintained. Prices of heavy steel are to remain unchanged until June 30th. Heavy steel melting scrap continues in good demand with buyers willing to pay 57s. 6d. per ton delivered.

SHEFFIELD.—The iron and steel market maintains its strength, with business at a high level. Producers of pig-iron are fully booked for some months ahead, and are not prepared substantially to add to their commitments. Demand for foundry iron leads the way, and an increase of 2s. 6d. per ton in the quotation for basic pig iron has not eased the pressure for this material. Forge iron is in good request. Both East and West Coast hematite is in active demand but makers have not much to offer. Common bar iron is a far better market than that for marked and crown bars, although the former is making some progress. The Steel Manufacturers' Association have decided not to revise prices for the present, although there appears every likelihood that quotations for heavy steel will move up at the end of the first half of the year, and in consequence users are endeavouring to purchase for delivery before June 30th. Manufacturers are not, however, anxious to add substantially to their commitments. Basic billets continue in very heavy demand, and acid billets are making good headway. Iron and steel scrap business is good, although the recent imports have eased the pressure on demand to some extent.

Current prices include:—Iron: Derbyshire and Lincolnshire forge 68s. 6d.; foundry, 72s. 6d.; basic, 75s.; Cleveland (Derbyshire zone), 68s. 6d.; East Coast hematite (mixed numbers), 82s. 6d.; West Coast, 90s. Steel: Basic billets, £7 to £8 12½d.; acid carbon billets, £8 10s. to £8 15s.; soft wire rods, £9 8s. 6d.; hard ditto, £12 17s.

GLASGOW.—In most branches of the iron and steel trades the situation is unchanged. Plants are exceedingly busy and still have much work on order books. Exceptionally, the tube makers, while keeping a fair proportion of plant in operation, are not so well placed as other branches in regard to work still on hand. Manufacturers are also fully employed, but are having difficulty in securing prompt delivery of adequate supplies of their materials. At the Clyde ship-repairing yards there is much work on hand at the moment, several extensive repairs both to ships and machinery being in progress.

CARDIFF.—Quiet conditions have been ruling in the tinplate trade during the past week. On the Swansea Metal Exchange on Tuesday there were complaints that Germany was undercutting other members of the International Cartel, and it is stated that these would be considered together with Germany's application for an increased export quota at a meeting to be held in Paris this month. Local prices were unchanged on the basis of 18s. 9d. f.o.b. per basis box. Shipments of tinplates at Swansea last week were exceptionally large and totalled 98,733 boxes, compared with 49,127 boxes the previous week, and 67,509 boxes a year ago. Deliveries to warehouses, however, were also heavy, and stocks were only about 1,000 boxes less than a week earlier. Galvanized sheets were quiet and prices were unaltered at £11 15s. per ton. Steel sheet and inplate bars were unchanged at £5 15s. to £6 per ton.

OTHER METALS

COPPER.—This market is at present overshadowed by the uncertain political and economic outlook; prices show little change, although the statistical position continues to improve. Demand seems likely to be well maintained in the near future. Producers are sold out for many weeks ahead, and home warehouse stocks continue their downward movement; these stocks are now about 20,000 tons smaller than at the end of 1935.

Sales on the London Metal Exchange: 1,500 tons on Monday, against 400 tons last week; 750 tons on Tuesday, against 1,375 tons last week; 1,500 tons on Wednesday, against 1,800 last week. Domestic spot was quoted at 8-97½ cents per lb. in New York on Wednesday, against 8-92½ cents a week ago and 8-87½ cents a month ago. Wednesday's official closing price for standard, cash in London, was £37 to £37 1s. 3d., compared with £37 to £37 1s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 61,438 tons, show a decrease of 711 tons, while stocks of rough copper, at 5,867 tons, show a decrease of 500 tons on the week.

LEAD AND SPELTER.—Both metals were easier this week, in response to the general uncertainty. Demand for lead remains good, and world production fell to 128,700 short tons in March, against 131,968 short tons in February and 139,393 short tons in January—in consequence of a smaller output in countries outside the United States. Since 1934 consumption of lead has increased by at least 20 per cent., while production remained practically unchanged; the statistical position, therefore, has improved.

Lead is now £1 per ton dearer than spelter. Meanwhile, spelter suffers from the lack of definite news concerning the Cartel negotiations. Demand remains rather dull, and production is rising. According to the American Bureau of Metal Statistics, world spelter output rose from 119,823 short tons in February to 132,484 short tons in March, about half of this increase being accounted for by the United States, which, however, is not much interested in the European market.

Sales of lead on the London Metal Exchange: 700 tons on Monday, against 850 tons last week; 400 tons on Tuesday, against 650 tons last week; 500 tons on Wednesday, against 350 last week. The New York quotation on Wednesday was 4-60 cents per lb., against 4-60 cents a week ago and 4-60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 17s. 6d. per ton, compared with £16 5s. a week ago.

Sales of spelter on the London Metal Exchange: 200 tons on Monday, against 375 tons last week; 50 tons on Tuesday, against 200 tons last week; 200 tons on Wednesday, against 850 last week. Wednesday's quotation in East St. Louis was 4-90 cents per lb., against 4-90 cents the week before and 4-90 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 17s. 6d. per ton, against £15 last week.

TIN.—Prices eased this week and, for the first time since February, the three-months quotation fell below £200 per ton. This fall is surprising in view of the sharp reduction of 1,512 tons in visible supplies in April, which amounted to 15,110 tons at the end of last month, according to Messrs A. Strauss and Company; home warehouse stocks also fell last week. The conviction is, however, gaining ground in market circles that Bolivian supplies will now come in more freely. Bolivia is, of course, anxious to prevent the International Committee from relaxing the quotas, at its meeting on May 26th, and since large quantities of tin are believed to have been held back in anticipation of the recent devaluation in Bolivia, shipments from that source may show a rise in the near future. According to the Metallgesellschaft, however, the output of Bolivia's tin mines sank to a new low level of 1,460 metric tons in March, against 1,721 metric tons in February, and a monthly average production of 2,117 metric tons in 1935, when the quota was smaller. The figures indicate that Bolivia's labour troubles have been increasing in recent months. In view of the length of time required to acclimatise workers to the difficult atmospheric conditions which prevail in the regions of the Andes where the Bolivian mines are situated, it cannot be assumed that these labour difficulties have yet been solved.

Sales of tin on the London Metal Exchange: 225 tons on Monday, against 75 tons last week; 135 tons on Tuesday, against 85 tons last week; 80 tons on Wednesday, against 205 last week. The New York quotation on Wednesday was 46-75 cents per lb., against 46-62½ cents a week ago and 47-12½ cents a month ago. Wednesday's official closing quotation in London for standard cash

GENERAL MINING AND FINANCE CORPORATION, LIMITED

(Incorporated in the Union of South Africa)

ABRIDGED REPORT OF THE DIRECTORS FOR THE YEAR 1935. To be submitted at the Annual General Meeting to be held in Johannesburg on 9th June, 1936

Working profit for the twelve months ended 31st December, 1935, after deducting administration expenses, amounted to	£361,387	3	0
Unappropriated balance brought forward from 1934 was	116,846	4	9
Making the total available profit	£478,233	7	9
Which has been dealt with as follows:—			
Interim Dividend No. 19 of 7½ per cent., equal to 1s. 6d. per share, paid to all shareholders registered on the 21st September, 1935	£94,843	8	6
Final Dividend No. 20 of 12½ per cent. (making a total of 20 per cent. or 4s. per share for the year)	158,072	7	6
Amount provided for taxation	10,000	0	0
Amount placed to General Reserve	100,000	0	0
Leaving a balance of unappropriated profit to be carried forward of	£115,317	11	9

It will be seen from the Balance Sheet that the amount of £1,710,694 shown under the heading of Stocks and Shares, British, South African and other Government and Municipal Securities, including Participations, exceeds last year's figure by £80,935, representing additional investments made during the year, mainly in gold mining shares. All the Corporation's investments have again been taken into the Balance Sheet at or under market prices as at 31st December, 1935, the margin between the Balance Sheet Valuation and actual market value being very considerable.

After provision had been made for a total of 20 per cent. in dividends, for taxation, and for addition to General Reserve, an amount of £115,317 remained to be carried forward to next year's accounts. It will be seen that while the dividends have been maintained, the General Reserve has been increased by a further £100,000 to a total of £400,000.

The principal interests of the Corporation are in the following companies: Van Ryn Gold Mines Estate Ltd., West Rand Consolidated Mines Ltd., East Rand Proprietary Mines Ltd., Durban Roodepoort Deep Ltd., Phoenix Oil and Transport Co. Ltd., and Metral Traders Ltd. In addition to the above, the Corporation has important interests in other Rand gold mining companies, including Crown Mines Ltd., West Witwatersrand Areas Ltd., and Vogelstruisbult Gold Mining Areas Ltd.; in the case of the two latter as participants in the original issues of capital. The Corporation also holds various mining properties, real estate and leasehold property, &c.

Dr.	BALANCE SHEET at 31st DECEMBER, 1935.		Cr.
To Capital—			
Registered :			
1,500,000 Shares of £1 each	£1,500,000	0	0
In Reserve :			
235,421 Shares of £1 each	235,421	0	0
Issued :			
1,264,579 Shares of £1 each, fully paid	£1,264,579	0	0
„ Deposits (with interest accrued)	115,528	11	8
„ Sundry Creditors and Contingency Account	77,706	19	2
„ Bills Payable	213	2	9
„ Unclaimed Dividends	18,975	10	10
„ Provision for Final Dividend of 12½ per cent. on 1,264,579 Shares in respect of year 1935	158,072	7	6
„ General Reserve—Balance at 31st December, 1934, £300,000; add amount appropriated in 1935, £100,000	400,000	0	0
„ Appropriation Account—Balance at 31st December, 1935	115,317	11	9
Note.—There are Contingent Liabilities in respect of uncalled Capital on Shares amounting to £16.			
	£2,150,393	3	8
By Stocks and Shares, British, South African, and other Government and Municipal Securities, including participations at or below Market value at 31st December, 1935			£1,710,694 9 6
Note.—In the aggregate the Market value of the Corporation's holdings in Stocks and Shares is very largely in excess of the value of £1,710,694 9s. 6d. shown above.			
„ Mining Properties, Claim Holdings, Real Estate and House Property, and other Assets, less Reserve			72,532 6 0
„ Office Furniture—Johannesburg and London			0 4 0
„ Sundry Debtors, less Reserves			142,471 18 0
„ Debtors for Stock sold, but not yet delivered			41,962 13 2
„ Advances against Securities (including Stocks and Shares taken in)			93,681 2 10
„ Cash at Banks and in Hand			89,050 10 2
			£2,150,393 3 8

Copies of the full Report and Accounts can be obtained at the London Office of the Corporation, Winchester House, Old Broad Street, E.C.2.

was £205 to £205 10s. per ton, compared with £207 15s. to £208 a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 711 tons, a decrease of 200 tons on the week.

TEXTILES

COTTON.—Manchester.—There has been less activity in the cotton industry during the past week and more complaints have been received from spinners and manufacturers regarding the manner in which order lists are running down. The export section remains particularly disappointing. Business for most of the markets has been of a restricted character, and there are certainly no indications at the moment of any improvement in turnover. Many buyers appear to fear a downward movement in raw-cotton prices. Wider fluctuations are probable in the near future, especially as the American crop will very soon be approaching the critical stage in its growth. It is generally realised, however, that the Washington Government is controlling supplies and the Government holding is being marketed in an orderly fashion.

Following the success of the price agreement for coarse American yarns, attempts are now being made by spinners of medium yarns to formulate a similar agreement. This section of the industry comprises the bulk of the mills, but the committee, under the chairmanship of Mr. Frank Platt, the managing director of the Lancashire Cotton Corporation, is confident that progress can be made and that spinners will band together to prevent price cutting. There has certainly been a greater readiness to form a price-fixing agreement, especially as producers are now able to see the beneficial effects of the agreement covering coarse yarns.

COTTON PRICES

	1936					Corresponding Date	
	Apr. 15	Apr. 22	Apr. 29	May 6	1934	1935	
Raw Cotton—Mid. American per lb.	d. 6.50	d. 6.62	d. 6.52	d. 6.46	d. 6.16	d. 6.80	
Sakellaris Fully Good Fair							
Egyptian per lb.	9.08	9.13	9.00	8.99	8.49	8.36	
Yarns—32's twist per lb.	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	
" 40's twist per lb.	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	10 1/2	
" 60's twist (Egyptian) per lb.	15 1/2	15 1/2	15 1/2	15 1/2	16 1/2	15 1/2	
32-in. Printers 116 yds., 16 by 16, 32's and 50's	s. d. 17 2	s. d. 17 2	s. d. 17 0	s. d. 17 0	s. d. 18 0	s. d. 18 0	
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	24 3	24 3	24 0	24 0	22 7 1/2	24 3	
38-in. ditto, 33 yds., 18 by 18, 10 lb.	10 1	10 1	10 0	10 0	10 9	10 6 1/2	
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	9 1	9 1	9 0	9 0	9 7	9 4 1/2	

JUTE.—Dundee.—No further progress has been made towards a settlement on the question of working hours in Indian jute mills. It is understood that the Indian Mills' Association is leaving the door open for the "outside" mills to comply with the terms of the association. The feeling in India is that when the "outside" mills find that, owing to the depression of prices through increased production, long hours do not necessarily ensure profits by the associated mills, they will be more ready to fall in with the policy of the association. The mills in the association, with their large stocks of jute bought at cheap prices, seem to have the advantage over their competitors, who are compelled to pay the present comparatively higher rates for their raw material and sell goods at the low level of prices to which these have fallen.

After a spell of unfavourable weather for sowings, jute crop reports are quite satisfactory again. This gives rise to the belief that the new crop will be considerably larger than last year's. Last year's crop, as far as can be estimated at present, probably amounted to about eight million bales. On the other hand, it is stated that crop restriction is being pursued amongst the growers with as much vigour as last year and that the likelihood is that the outturn of next season's crop will be considerably below world requirements. Under the new system of working and the steady increase in consumption of jute cloth, world consumption of raw jute will probably reach approximately eleven million bales.

Yarns have ruled very quiet, but buyers are finding spinners very firm in their terms. The lowest rate for common 8-lb. cops is 2s. and for 8-lb. spools 2s. 1d. Twist is selling at 3 1/2d. for 3-ply 8-lb., and sacking yarns are also unchanged at 2 1/2d. for 24-lb. weft and 3 1/2d. for 8-lb. chains. Rove rules at £20 for 48-lb. and £16 for 200-lb., and the finer yarns are slow, but unaltered notably.

Only small lots of jute cloth are being bought as a rule. Manufacturers, however, cannot afford to reduce their terms and 2 1/2d. continues lowest for 10-oz. 40-in. hessians and 2d. for 8-oz.

Calcutta goods have been more or less maintained, with slight fluctuations from day to day.

GRAIN MARKETS

WHEAT.—The trend of wheat "futures" was slightly downward during the past week, partly owing to reports of improved prospects of the winter wheat crop in the United States. Business was not on a large scale, but shipments by exporting countries registered an increase last week. Crop reports are likely to exert considerable influence on the trend of wheat prices during the next few months.

On Wednesday last, "May" futures were quoted in Chicago at 96 1/2 cents per bushel, against 97 1/2 cents the week before and 94 1/2 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 32s. 6d. per 496 lbs., against 33s. to 33s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 32s. 1 1/2d., against 32s. 6d. to 33s. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,237,000 quarters, against 896,000 in the previous week and 1,130,000 quarters in the corresponding week a year ago.

FLOUR.—Business in home-milled flour continued quiet, and quotations for Canadian flour were marked down a little. Wednesday's London quotations (excluding quota payments) were: Straight

run, delivered Home Counties, 29s. per 280 lbs., against 29s. 6d. a week ago; delivered inner London, 28s. 6d., as compared with 29s. a week ago. Manitoba patents, ex store, 26s. to 27s. 9d., against 26s. 3d. to 28s. a week ago. Australian, ex store, 22s. 6d. to 23s., against 22s. 6d. to 23s. a week ago.

BARLEY.—Following a decline in the price of Canadian barley, business in this country showed some improvement. Supplies from other exporting countries are now limited. "May" futures were quoted at 37 1/2 cents per bushel in Winnipeg on Wednesday, against 37 1/2 cents a week ago and 38 1/2 cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 22s. 6d., as against 22s. 6d. a week ago; "English Malting" at farm, 25s. to 40s., against 25s. to 40s. a week ago.

OATS.—The market in oats remained quiet, and prices in this country are unchanged on the week. On Wednesday, "May" futures were quoted at 26 1/2 cents per bushel in Chicago, against 25 1/2 cents a week ago and 26 1/2 cents last month. Quotations in London, Wednesday: "English Black," at farm, 18s. to 19s. per 336 lbs., against 18s. to 19s. a week ago; "English White" at farm, 18s. to 19s., against 18s. to 19s. a week earlier.

MAIZE.—Owing to the persistent demand for Argentine maize, last week's improvement in prices has been maintained. "May" futures were quoted on Wednesday at 62 1/2 cents per bushel in Chicago, against 63 cents a week ago, and 59 1/2 cents last month. Quotations in London, Wednesday: "Plate," landed, 20s. per 480 lbs., compared with 19s. 9d. a week ago; "Plate," ex ship, 19s., as against 19s. a week ago; "Plate," "May," 18s. 6d., as against 18s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £5 7s. 6d. per ton, as against £5 5s. to £5 7s. 6d. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to May 2	104,449	148,199	181,232	213,392
35 weeks to May 2	7,742,745	9,647,604	11,744,399	11,847,706
Average price of English wheat per cwt.	s. d. 5 3	s. d. 4 5	s. d. 5 3	s. d. 6 8

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
Apr. 30, 1932	Cwts. 123,779	Cwts. 16,908	Cwts. 29,350	s. d. 6 0	s. d. 7 5	s. d. 7 7
Apr. 29, 1933	104,449	29,960	17,566	5 3	6 5	5 8
May 5, 1934	148,199	23,207	23,514	4 5	7 8	6 0
May 4, 1935	181,232	34,778	27,962	5 3	7 1	7 0
Apr. 25, 1936	156,168	28,876	22,415	6 7	7 4	5 11
May 2, 1936	213,392	28,177	31,324	6 8	7 4	6 1

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

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	May 8, 1935	Dec. 31, 1935	Apr. 29, 1936	May 6, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	85 1/2	82 1/2	86 1/2	84 1/2	79 1/2	78 1/2
Chicago (No. 2 Winter) —Cents per 60 lb.	84 1/2	88 1/2	75 1/2	75 1/2	97 1/2	96 1/2

The visible supply of wheat in Canada amounts to 109,107,000 bushels, against 108,871,000 bushels last week, and 108,263,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—The market has been steady to firm this week. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 86s. to 88s.; Canadian, 83s.; Danish, 92s.; as against 85s. to 88s., 80s. and 92s., respectively, a week ago. Arrivals in London last week included Danish, 12,956 bales; Canadian, 4,248; Dutch, 2,726; Lithuanian, 1,797; and Polish, 2,669, as against 12,338, 4,397, 2,450, 1,768 and 2,795, respectively, in the previous week.

BASIC PIG PRICE.—The Pigs Marketing Board announced this week that, in accordance with the provisions of the present contract, the ascertained price of green Wiltshire style bacon is 89s. 8d. per cwt. and the ascertained value of offals is 9s. 10d. The ascertained cost of feeding stuffs, as certified by the Ministry of Agriculture and Fisheries, is 7s. 8 1/2d. per cwt. In accordance with the price schedule embodied in the contract, the price of the Class I, grade C pig, for the month of May is 11s. 4d. per score, against 11s. 7d. in April and 10s. 11d. in the same month of last year. The curers will also pay to the Pigs Marketing Board 2d. per score on every pig delivered and accepted during this year, to form a pool out of which will be paid the bonus on pigs delivered during the first four months of the year, in accordance with the 1936 Bonus Scheme.

BUTTER.—Demand was rather quiet this week. Colonial descriptions were about steady in price, but Danish was again rather easier. Quotations (per cwt.) on the London Provision Exchange

on Wednesday were: New Zealand, finest salted, 88s.; Australian, choicest salted, 88s.; Danish, 100s.; compared with 88s., 87s. and 102s., respectively, a week ago.

CHEESE.—The market has had a firm tone this week. Colonial makes having risen in price. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 80s. to 86s.; Canadian, finest coloured, 64s. to 66s.; and New Zealand, finest coloured, 55s.; against 80s. to 86s., 64s., and 53s. 6d. to 54s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 5 1/2 cents per lb., as against 5 1/2 cents per lb. last week. The strength of the London market in Accra cocoa continues, and prices show a further rise this week. On Wednesday last, good fermented new crop, "May-June," was quoted 24s. 10 1/2d. per 250 kilos., c.i.f. Continent, against 24s. 3d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 8,294 bags; delivered, for home consumption, 9,227 bags; exported, 726 bags; stocks, 164,728 bags, against 195,196 bags a year ago.

COFFEE.—The London spot market was quiet on Monday. At Tuesday's public auctions Costa Rica descriptions met a moderate demand at steady prices. Kenya and East India sorts, however, encountered a slow sale. The New York market has had a steady tone this week. On Wednesday, Rio No. 7 (cash) was quoted at 6 1/2 cents per lb., as compared with 6 1/2 cents per lb. last week and 6 1/2 cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 159 cwt.; delivered, for home consumption, 110 cwt.; exported, nil; stocks, 11,509 cwt., against 17,732 bags a year ago. Central and other South American, landed, 8,142 cwt.; delivered, for home consumption, 2,160 cwt.; exported, 1,454 cwt.; stocks, 125,473 cwt., against 108,727 packages last year. Other kinds, landed, 7,870 cwt.; delivered, for home consumption, 3,937 cwt.; exported, 1,095 cwt.; stocks, 181,823 cwt., against 128,913 packages last year.

EGGS.—With smaller supplies and an active demand, prices of eggs have risen slightly during the past week. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15 1/2 lb.) realised 10s. 6d. to 11s. per 120, as against 10s. to 10s. 6d. last week, while Danish (15 1/2 lb.) made 8s. 9d. to 9s. per 120, against 8s. 6d. to 8s. 9d. last week.

FRUIT.—Business at Covent Garden has been satisfactorily maintained, arrivals generally clearing well. According to *The Fruitgrower's* report, there has been a steady inquiry for all new season apples, quotations being only slightly easier notwithstanding the heavier arrivals. Pears are not moving quite so well, but maintain their price. Grapes, however, continue to sell freely, while peaches are a little more prominent. Forced strawberries are now in increasing supply and encounter a fair inquiry. Grapefruit sell rather better, with the improvement in the weather, and all good parcels of oranges meet an active demand. South African summer season oranges will be arriving next week. Lemons remain in short supply and are still dear, although trade is not so good as has recently been the case.

MEAT.—After a fair trade on Monday, the tone of the market turned very slow and prices showed a sagging tendency. On Wednesday last Argentine chilled hindquarters were quoted at 3s. 2d. to 3s. 8d. per 8 lbs., as compared with 3s. 8d. to 4s. a week ago. New Zealand frozen mutton was 3s. 4d. to 3s. 10d. per 8 lbs., against 3s. 4d. to 4s. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,728 tons, a decrease of 2,012 tons on the corresponding week last year. Beef and veal accounted for 4,627 tons, mutton and lamb 2,693 tons, and pork and bacon 835 tons, as compared with 5,483, 3,686 and 1,065 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampong (in bond) was 2 1/2d. per lb., against 2 1/2d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 9 tons; delivered, 22 tons; stocks, 1,704 tons, against 2,213 tons a year ago. White, landed, nil; delivered, 60 tons; stocks, 12,397 tons, against 19,689 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 9s. per cwt. ex warehouse on Wednesday, as compared with 9s. per cwt. a week ago. "May-June," in singles to Continent and U.K., was quoted at 7s. 10 1/2d. per cwt., against 8s. per cwt. for "April-May" last week. Movements in London during the past week were as follows: Landed, 676 tons; delivered, 329 tons; stocks, 1,286 tons, against 3,034 tons a year ago.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
May 2, 1935	d. 11-93	d. 14-26	d. 16-42	d. 10-28	d. 8-91	d. 10-51	d. 13-04
Mar. 26, 1936	12-97	14-05	15-45	11-06	10-73	12-04	13-49
Apr. 2, "	12-91	13-33	15-84	10-36	10-47	11-98	13-43
Apr. 7, "	12-73	14-74	15-95	Nil	Nil	11-78	14-30
Apr. 23, "	12-67	14-00	15-99	11-00	10-47	11-95	13-41
Apr. 30, "	12-79	13-66	16-05	10-94	10-49	11-99	13-48

This week's offerings at the public auctions in Mincing Lane comprised 51,524 packages of Indian and 24,428 packages of Ceylon tea. The low-priced Indian teas remained firm, while medium grades occasionally scored a slight advance. At Tuesday's Ceylon auctions, however, the market was quieter than of late. Teas up to 1s. 2d. per lb. were fully firm, but above this price the market was irregular and easier, especially for light liquoring broken Orange Pekoes. Fannings met a strong market, while export demand for flavoured Pekoe remained good.

SUGAR.—An easier tendency has been in evidence this week prices, both in London and New York, having declined. The spot price in New York on Wednesday was 3.72 cents per lb., as compared with 3.75 cents per lb. last week and 3.75 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "May delivery" at 4s. 9d., against 4s. 10d. to 4s. 10 1/2d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 8,701 tons, against 1,841 tons last week and 14,333 tons in the same week of last year; deliveries, 19,258 tons, against 17,367 tons last week and 19,600 tons last year; stocks, 204,493 tons, against 215,050 tons last week and 156,175 tons last year.

VEGETABLES.—The leading lines of vegetables generally maintain their recent level of prices, states *The Fruitgrower's* Covent Garden report. Worcestershire asparagus has been prominent this week and arrivals are expected to increase daily. House-grown beans and green peas are inclined easier. Demand for tomatoes is improving, but increasing supplies have been accompanied by a drop in quotations. Cucumbers are doing better, but lettuce is much cheaper, on heavier Continental arrivals. Kitchen greenstuff was again firm last week-end. Outdoor rhubarb is now more plentiful and cheaper. Demand for new potatoes is well maintained, but Spanish are now rather easier; some arrivals from Jersey are expected next week. At the London Borough Market on Tuesday, Spanish Mataros were quoted at 18s. a cwt., against 19s. to 20s. last week, while best siltland King Edward, old potatoes, made from 8s. 6d. to 9s. per cwt., compared with 8s. 6d. to 9s. 6d. on the same day last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Extremely quiet conditions prevail in oilseeds and their products. In no direction is there any disposition to buy more than needed for immediate requirements, and these are small. So far as English crushers are concerned, Plate linseed is neglected and out of line with Indian, which is now pressed for sale in near positions, and is cheaper. Continental demand has fallen off. Shipments from the River Plate are rather heavier, and there has been some increase in the quantity afloat for Europe, the total of 133,900 tons, including 37,300 tons from India. To the end of April Argentina had exported 567,000 tons, against 792,000 tons a year ago, and India 78,200 tons against 14,000 tons. The quantity destined for Europe was 511,400 tons, or 86,000 tons less, and for the United States 112,500 tons, or 60,000 tons less, than during the same period last year. The estimated balance available from Argentina and India is 900,000 tons, as against 1,200,000 tons actually shipped in the remainder of 1935. Cottonseed is in poor demand, but is steady. For new black Egyptian, October-November shipment, £6 7s. 6d. is quoted.

Trade in all vegetable oils is slow, and prices have an easier tendency. Linseed oil has declined to £25 10s., ex Hull, May delivery, and June-August. Cotton oil is dull in the absence of export demand. Egyptian crude, ex Hull, is offered freely at £24, and refined at £26 10s. Edible oils are affected by supplies of cheap butter. Demand for oilcakes is falling off.

POTASH.—In recent weeks potash prices have become slightly firmer, and price-cutting has ceased. With the exception of Russia, all the important producers are now co-operating in the international cartel; and Russia has ceased to cut prices, because she fears that the continuance of this practice would lead to reprisals in the shape of higher import duties and more rigid quotas in certain countries. According to a statement by Dr. Korte, at the meeting of the well-known German potash concern, Burbach-Kaliwerke A.G., German potash sales amounted to 6.7 million quintals of K₂O during the first four months of 1936, showing no change compared with the corresponding period of last year. On the other hand, the Polish potash industry—which is co-operating with the cartel—increased its total sales by 20 per cent., compared with the first four months of 1935.

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RUBBER.—Despite the steady improvement in the statistical position of rubber, which is not likely to be arrested by the increase of quotas during the second half of 1936, quotations tended to sag during the past week. The weak tendency of the market is generally ascribed to the fear of a devaluation of the franc which, it is believed, might have a depressing effect on commodity markets.

The spot price in New York on Wednesday was 15½ cents per lb., compared with 15½ cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., against 7½d. last week. In forward positions, business has been done at 7½d. for July-September shipment, as against 7½d. to 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 139,750 tons, against 141,354 tons a week earlier. A year ago stocks amounted to 166,626 tons.

FURS.—The London Spring auction series continued to attract buyers this week, but offerings remained below normal, owing to

the general scarcity of supplies. Owing to last year's drought, American supplies are particularly scarce and United States purchasers were the most active of all visitors; but considerable quantities were also bought by France, Germany and the home trade. In some cases, however, a large proportion of the skins on offer was withdrawn in anticipation of higher prices. The new Polish exchange control caused much reserve in some circles, since Poland is one of the chief fur-importing countries. But this reserve was partly counterbalanced by hedging purchases in connection with French currency fears. The chief price gains compared with the January and February sales were as follows:—Fine grey wolf, 50 per cent.; prairie wolf, 45 per cent.; wolverine, 12½ per cent.; wild mink, 27½ per cent.; ranch mink, 15 per cent.; cross foxes, 25 per cent.; white foxes, 22½ per cent.; blue foxes, up to 15 per cent.; Canadian lynx, 35 per cent.; Siberian lynx, 10 per cent.; Persian lamb, 5 per cent. most of the Indian lambs were withdrawn, and Baum marten fell by some 12½ per cent.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, May 6th							
CEREALS AND MEAT							
GRAIN, Etc.	s.	d.	s. d.	POTATOES—	s.	d.	s. d.
Wheat, No. 2, N. Man. 496 lb.	32	1½		King Edward per cwt.	8	6	9 0
Eng. Gav. av. per cwt.	6	8		SPICES—			
Barley, Eng. Gav. av. ...	7	4		Pepper, per lb.—			
Oats, ...	6	1		Black Lampong	0	2½	
Maize, La Plata, landed,	20	0		White Muntok	0	4½	
480 lb.	20	0		Cinnamon—1st sort, per lb.	0	8	
Flour, Lon. stan. ex mill,	27	3		Cloves—Zanzibar per lb.	0	7½	
280 lb.	27	3		Ginger—per cwt.—	62	6	
Rice, No. 2 Burma, per cwt.	8	0		Jamaica, ord. to good	62	6	90 0
Tapioca, per cwt.—				Mace	1	2	2 4
Fair Flake, Singapore	...			Nutmegs, 65's	1	0	
MEAT—				SUGAR—			
Beef, per 8 lbs.—				(Duty, 11/8 per cwt.)			
English long sides	3	6	4 4	Centrifugals, 66's, prpt.			
Argentine chilled hinds	3	2	3 8	ships, c.i.f. U.K./Cont.	4	9½	
Mutton, per 8 lbs.—				B.W.I., crystallised	17	0	18 6
English wethers	5	0	6 0	Java, white, c. & f. India			
N.Z. frozen	3	4	3 10	Oct.-Dec.	Nominal.		
Lamb, per 8 lbs.—				Refined—London—			
N.Z. frozen	4	10	5 4	Yellow Crystals	18	0	
Pork, English, per 8 lbs.	4	6	5 2	Cubes	22	3	22 9
BACON— OTHER FOODS				Crushed	20	0	20 6
English	86	0	88 0	Granulated	18	4½	22 0
Irish	86	0	94 0	Home Grown	18	1½	18 7½
Danish	92	0	94 0	TEA—			
Dutch	87	0		Indian—per lb.—			
HAMS—				Pekoe	1	0	1 1½
Canadian	93	0	94 0	Broken Pekoe	0	11½	1 3½
American	92	0	94 0	Orange Pekoe	1	0½	1 6½
BUTTER—				Broken Orange Pekoe	1	0	2 3½
Australian	88	0		Ceylon—per lb.—			
New Zealand	88	0		Pekoe	1	0	2 3
Danish	100	0		Broken Pekoe	1	0½	1 6
CHEESE—				Orange Pekoe	1	1	2 2½
Canadian	64	0	66 0	Broken Orange	1	0½	2 1
New Zealand	55	0		TOBACCO—			
English Cheddars	80	0	86 0	(Duty, 9/6-10/6 per lb.)			
Dutch	44	0	49 0	Empire growth, 7/5½-			
COCOA—				8/3½ per lb.)			
(Duty, British grown,				Virginia leaf	0	8	2 6
11/8; foreign, 14/- cwt.)				Common to fine	0	8	1 10
Accra, f.f. per cwt.	25	0	25 7½	Rhodesian leaf	0	7	1 4
Trinidad	38	0	48 0	Nyasaland leaf	0	9	1 6
Grenada	33	0	38 6	East Indian	0	5	1 4
COFFEE—				strips	0	6	1 6
(Duty, British grown,				strips	0	6	1 6
4/8; foreign, 14/- cwt.)				TEXTILES			
Santos sup. c. & f. cwt.	38	0		COTTON—			
Colombia, good	46	0	55 0	d.			
Costa Rica, med. to good	52	0	72 0	Mid-American	6	46	
East Indian	42	0	65 0	Sakellaridis, f.g.t.	8	99	
Kenya, medium	46	0	60 0	Yarns, 32's twist	10½		
EGGS—				60's twist	15½		
English	per 120	10	11 0	FLAX—			
Danish	8	9	9 0	Livonian ZK	57	0	
FRUIT—Oranges—				Pernau HD	58	0	
Dania	14	0	20 0	Slanetz Medium 1st sort	68	0	70 0
Brazilian	13	0	18 0	HEMP—			
Lemons, Malaga	20	0	30 0	Italian P.C.	per ton	nominal	
Sicilian	22	0	28 0	Manilla, Apr.-June "J 2"	25	0	
Apples: Amer. (var.) bria	9	0	11 0	Sisal, African	24	10	26 10
(var.) boxes	8	0	13 6	UTE—			
Onions				Native 1st mks.	per ton		
Valencia, case	7	6		c.i.f. H.A.R.B.			
Egyptian, bags	7	6		May-June	£18/18/9		
Grapes, Almeria barrels	16	0	18 0	Daisee 2/3 c.i.f. Dundee	£19/7/6		
Grapefruit, Jamaica				May-June			
Amer.				SILK—			
LARD—				Canton	per lb.	4	6
Irish bladders	60	0	68 0	Tussah	3	6	4 6
U.S.	59	6	60 6	Japan	6	9	7 6
				Italian—raw, fr.	7	6	11 0

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

UNITED STATES

(New York quotations, unless otherwise stated)

	May 8, 1935	Apr. 22, 1936	Apr. 29, 1936	May 6, 1936		May 8, 1935	Apr. 22, 1936	Apr. 29, 1936	May 6, 1936
Wheat, No. 2, Winter, nearest future, Chicago, per bushel	95½	94½	97½	96½	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	12-25	11-64	11-60	11-63
Maize, nearest future, Chicago, per bushel	89½	59½	63	62½	Cotton, middling, spot, per lb.	11½	15½	15½	15½
Oats, nearest future, Chicago, per bushel	45½	26½	25½	26½	Rubber, smoked sheet, spot, per lb.	11½	15½	15½	15½
Rye, nearest future, Chicago, per bushel	57½	52½	50½	51½	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	(a)	(a)	37	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	7-60	8-87½	8-92½	8-97½
Coffee, Rio No. 7, cash, per lb.	6½	6½	6½	6½	Copper, "Electrolytic," Export, prompt, per lb.	7-85	9-10	9-15	9-20
Santos No. 4, cash, per lb.	8½	8½	8½	8½	Spelter, East St. Louis, spot, per lb.	4-20	4-90	4-90	4-90
Cocoa, Accra, nearest future, per lb.	4-55	5-05	5-06	5-19	Lead, spot, per lb.	3-75	4-60	4-60	4-60
					Tin, "Straits," spot, per lb.	50-35	47-12½	46-62½	46-75

THE ECONOMIST

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(With this Issue appears our half-yearly Banking Supplement.)

HIS MAJESTY'S GOVERNMENT

SELDOM in this country can the immediate political future have been more difficult to predict than at present, and seldom can the public have been more confused about issues and personalities at once. Two successive shocks to public confidence have been the cause of this confusion: the Hoare-Laval episode last December and the sudden collapse of the Abyssinian armies a few weeks ago. The first struck a most damaging blow at Mr Baldwin's reputation and weakened the average man's belief in the sincerity of the Government's foreign policy. The second provoked the widespread suspicion that the British Government, at a time of severe crisis, had shown itself not only disingenuous but incompetent.

The second shock has probably gone deeper than the first. To be disappointed over men is bad enough. But to be deceived over facts and policies is worse. Last December the public confidently believed that it knew what the right policy was: an uncompromising defence of treaties and of the Abyssinian people; and it believed that the influence and resources of the League and the British Empire were sufficient to carry it out. When, therefore, Mr Baldwin and Sir Samuel Hoare swerved from this policy, it was Mr Baldwin and Sir Samuel Hoare who suffered. Sir Samuel Hoare went, and Mr Baldwin—so it was understood—had changed his mind.

Of the loss of reputation involved in this apparent double-somersault by the Prime Minister there can now be little doubt. The public's picture of Mr Baldwin has at long last changed. The simple country gentleman, who had replaced the professional politicians and brilliant opportunists of the war period; the spokesman of the nation's prejudices, who espoused theorists and showed a genius for convenient compromise; the non-politically-minded lover of life and the countryside, who had somehow or other become the leader of the Conservative Party and three times Minister—could it be that he had acquiesced in M. Laval's discreditable manoeuvre,

misled the House of Commons, and even thrown overboard his friend? This seemed altogether incredible. And the only alternative was to think of Mr Baldwin as a leader who had lost grip, who knew neither what ought to be done nor what could be done, who was drifting ineffectively unwilling either to act or to resign.

This impression of indecision has in no way been removed by the statements made by Mr Baldwin since the news of the Emperor's flight was flashed from Ethiopia. Though "deeply humiliated," he stoutly maintained that his supporters at the Albert Hall on Thursday that he "did not intend to accept blame for what had happened." He told his audience that if we were to pursue a policy of collective security, military sanctions might in the long run be unavoidable. Was this his opinion when he embarked on sanctions policy last autumn?

Naturally, as this new and disillusioning picture of Prime Minister has gradually taken possession of the public mind, a general discontent with the present conduct of the nation's affairs has begun to appear. Great Britain's conduct on the international scene. This discontent, in fact, has not been diminished by the affair of the "leakage"—is by this time unmistakable. But it is not yet taken the form of a concrete demand for an alternative Government, or an alternative policy. It is a general feeling that the Government, or an alternative policy, is not doing what ought to be done next.

Of attempts by rival political groups to exploit Baldwin's decline there have, of course, been plenty. They hardly look like succeeding. The Labour Party led the attack on the Government's foreign policy, but a persistent hope that Mr Eden might prevail in the Cabinet has kept the Labour Party

reluctant to degrade so supremely important an issue to the level of party controversy. Mr Attlee has gained in reputation both in the House and the country. The recent Peckham by-election, however, shows that, though Labour would probably do better to-day than last November, the public is as yet far from thinking of it as a possible alternative Government. So widely is this admitted that even supporters of the Labour Party have begun to discuss the possibility of forming a "Popular Front" in this country.

In these circumstances Conservative ex-Cabinet Ministers have naturally been found among Mr Baldwin's critics. Sir Samuel Hoare has done his best to preserve a decorous silence. But Sir Austen Chamberlain and Mr Winston Churchill have repeatedly attacked Mr Baldwin; and the political gossip, recalling the fall of Mr Asquith in 1916 and of Mr Lloyd George in 1922, have played knowingly with the names of Sir Robert Horne, Lord Eustace Percy and even Lord Hewart. It is doubtful whether the public—outside the lobbies and clubs—is much excited by these alleged manoeuvres. Least of all does Sir Austen Chamberlain impress. For though Sir Austen's vacillations in recent months may have been more dignified than Mr Baldwin's, they have certainly been no less frequent. When the Peace Ballot was first organised, Sir Austen vehemently opposed it. Last autumn, on the other hand, when the invasion of Abyssinia began, Sir Austen was all for sanctions. He opposed the Hoare-Laval plan and attacked Mr Baldwin soon afterwards. Yet last week, when the flight of the Emperor was announced, he precipitately declared for abandoning the struggle and calling off sanctions at once.

Nor does Mr Winston Churchill command very much more confidence. He has succeeded in creating the impression that if he were Prime Minister he would pursue some definite policy with determination and courage; but what that policy would be, he has unfortunately not yet made clear. If a point had been reached in international affairs where some specific and undisputed policy had to be carried out, the country might turn to Mr Churchill. But that point has not been reached; and until it has been, the country is no more likely to repose confidence in Mr Churchill, whom it slightly mistrusts, than in Sir Samuel Hoare, in whom it is disappointed, or Sir Robert Horne, whom it has forgotten.

Up till a few weeks ago the political group which would have won widest support would probably have been Mr Eden and his Left-wing Conservative supporters, Mr Ormsby-Gore, Mr Elliot, Mr Duff-Cooper and others—conceivably led by Mr Neville Chamberlain. For such a group seemed the most likely to win support for the policy on which the country's heart was set: the defence of the League against Italian aggression. Now, however, the flight of the Emperor has provoked doubts whether such a policy is any longer possible. Nevertheless, if these doubts could be allayed, and if it could be shown that a resolute sanctions policy might save the situation, the statesmen or statesmen that advocated it would clear away confusion and win almost unanimous support.

But the truth is that a Government can only be overruled if there is both an alternative group of men and an alternative policy that command general allegiance. A mere collection of picturesque personalities, bound together by no name or principle, is not enough. Mr Lloyd George led Mr Asquith in 1916 because there was a general and unmistakable demand for a ruthless prosecution of the war. Mr Bonar Law succeeded Mr Lloyd George in 1922 because there was an equally general demand for a return to "normalcy" and tranquillity. With these Mr Lloyd George and Mr Bonar Law respectively were easily identified. To-day, the Conservative Government who have held high office are a hazy and ill-defined group; but it is only necessary to look at Sir Samuel Hoare, Mr Winston Churchill, Lord Eustace Percy, and even Mr Baldwin himself, to see that there is no answer that has any idea.

Then, it is believed, how still stands for the forward League policy which the country endorsed in 1922. If, therefore, the Cabinet could even now find a common ground, except that policy wholeheartedly, and in the certainty of its practicability, the reputation of the Government and even of Mr Baldwin himself, would be otherwise the prevailing confusion. B. G. (rest) Santos No. 10. Confounded.

MUSSOLINI'S PEACE?

IN the course of the past week Signor Mussolini has deliberately and decisively made it impossible for the sanction-taking States-members of the League to become his accessories after the event, unless they are prepared to drink the cup of dishonour and humiliation to the dregs. We may be grateful to him, even though our admission of the debt is virtually a confession of the fear that, if he had left us even the smallest hole to squeeze our way through without patent loss of face, we might have been tempted to make a "get-away" from the scene of our present diplomatic and moral reverse.

But so far from building us a bridge (if possible, crowned with a triumphal arch) for evacuating the battlefield on which he momentarily has the advantage over us, he has presented us with the choice between standing our ground or passing under the yoke through which the Samnites made the Romans pass when they let them out of the Caudine Forks. It is possible, of course, that within the next few weeks Signor Mussolini may succeed in forcing upon us this extremity of disgrace. But it is also possible that the worm may turn, and that Signor Mussolini may yet live to regret that, at this momentous hour, he refused to stoop to Bismarckian arts. With your virtuoso in the Machiavellian game, it is a fundamental principle never to humiliate or embitter a defeated opponent beyond the measure strictly necessary for the attainment of one's own aims. The hardest fight in Bismarck's life was his fight on this issue with the Prussian General Staff after the overthrow of France in 1871. And Bismarck was right; for the Caudine Forks are never the last chapter in the story. In the classic case, the trial of strength was promptly resumed; and when the story did reach its *dénouement*, the sorely humiliated Romans emerged the victors.

It is in this light that we should view Signor Mussolini's action last Saturday night, when, from the balcony of the Palazzo Venezia, he announced to the crowd in the Piazza the passage of a law declaring that the territories and the peoples that had belonged to the Empire of Abyssinia were now placed under the full and entire sovereignty of the Kingdom of Italy, and that the King of Italy had assumed the title of Emperor, for himself and his successors. On Thursday, the Chamber of Deputies approved the annexation decree.

The most significant result of this step was its effect in France, where it gave a shock to public opinion of all shades, not excluding the extreme Right, whose Fascist proclivities have hitherto been reflected in a strong sympathy for the Italian creator of the Fascist idea. To English minds, it may seem a matter of trivial importance whether Signor Mussolini calls the totalitarian possession of Abyssinia, which he unquestionably means to have, by the name of "sovereignty," or "protectorate," or what not. But to French minds the legal formula manifestly makes a difference. The "brutality" of this outright annexation seems at last to have produced an impression in France which was not produced by bombs or breaches of treaty or clouds of poison gas. This may prove to be a serious matter for Signor Mussolini; since French complacency, more than any other single factor, has been the cause of his victory over the League of Nations up to date.

The French Government seem to have entreated him earnestly not to take this extreme and perhaps irrevocable step. Now that he has taken it, the teeth of their appeal for moderation, they have retorted more sharply than at any previous stage of the conflict. They have quickly informed the Italian Government that France maintains all reservations in regard to this would-be judicial *fait accompli*, and that she continues to recognise the status of the Abyssinian Minister in Paris. If this be the attitude of the outgoing French Government we may look forward to a distinctly firmer line when M. Blum takes the reins of power. It was not for nothing that Mr Attlee paid him a visit last week. In his speech last Sunday at the meeting of the National Council of the French Socialist Party, the French Prime Minister of to-morrow declared that in the foreign field there were many wounds to bind up and much damage to repair, and that the task of the new regime in France would be to restore the peace-loving confidence of Europe, re-create international co-operation, and revive the early hopes of the League.

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If Mr Eden has the personal strength, and the backing from his colleagues, which he needs if he is effectively to grasp the French hand that is thus at last being held out to him; there is still a prospect that an Anglo-French co-operation, even at this late hour, for the frustration of the aggressor, may reap its proper reward in the shape of a rally of the smaller European Powers.

The Latin-American States-members of the League, who live under the aegis of the Monroe Doctrine, can perhaps afford to yield to a natural irritation at the present ineffectiveness of the League and play with the idea of giving it up as a bad job. But this cannot be the last word or gesture of the small States in Europe, who are as little capable as the Latin-Americans are of defending themselves by their own unaided strength, and who at the same time have no alternative umbrella if Signor Mussolini rips up the League Covenant.

On the eve of the meeting of the Council this week the several groups of European small States—Balkan Entente, Little Entente, Baltic Entente and ex-Neutrals—all held consultations. Of these, the meeting of the Foreign Ministers of the ex-Neutral States at Geneva last week-end was the most significant—partly because this group of States carries greater moral weight than the rest on account of the high level of civilisation for which it stands, and partly because these ex-Neutrals will have been more grossly cheated than the Central and East European post-war successor States if collective security under the Covenant irretrievably breaks down. They will have been cheated because, in subscribing to the Covenant, they abandoned the alternative form of security which they had previously found in a studious cultivation of neutrality. And though this neutrality policy had not been an entirely sure shield against attack (as witness the experiences of Denmark in 1864 and of Belgium in 1914), it could hardly be less effective than the Covenant has been for the protection of Abyssinia in 1935-36. It at any rate did not involve the former Neutrals in an obligation to take part in sanctions, which might draw down upon them the wrath of an aggressor against a third party whom the sanctions were failing to protect.

However, with the possible exception of Switzerland, the European ex-Neutrals are still in favour of persevering with our present economic sanctions against Italy, for the purpose of compelling her, eventually, to disgorge her prey. For the present, at any rate, this policy has happily prevailed at Geneva. For on Monday the Council once more called M. Wolde Mariam to the Council table and then passed (with Chile alone abstaining) a resolution postponing further action until June 15th. M. Blum will then be in the saddle in Paris. Meanwhile the existing sanctions are left in operation.

Vis inertiae, which told so heavily in Mussolini's favour while there was a hope that sanctions might enable the Emperor Haile Selassie to repulse the Italian aggressor, is beginning to tell in favour of the League now that the act of military aggression has been consummated. It will evidently be easier to leave sanctions in being than to

bring the Council to the point of recognising Italy's defiance; and no Italian military victory in Africa can invalidate the calculation that, in time, European sanctions, if strenuously maintained, would ultimately bring Italy to heel.

But have we time? Is the sanctions front going to hold until the existing sanctions have done their work? Or will it only hold on condition that the *tempo* is keyed up by giving the screw another sharp turn? These are the questions which we have to answer for ourselves before June 15th arrives. Meanwhile, Signor Mussolini's abrupt recall of the Italian delegation from Geneva shows that he does not regard the continuation of sanctions with indifference. Signor Mussolini is eager to close the Recording Angel's book, and this gives the League its cue. We must keep the account open and allow Italy's debit balance to go on mounting up.

PUBLIC AND PRIVATE TRANSPORT

INTERFERENCE with the consumer's freedom of choice has become the keystone of the official attitude to transport in practically every country in the world. The growth of motor transport has brought a certain amount of new traffic to the railways, and has increased the total demand for transport in numerous ways, not all of which have been adverse to the railways. On balance, nevertheless, it has certainly tended to divert a good deal of traffic to the roads which was previously rail-borne. As industrial activity has not been expanding rapidly enough to compensate the railways for this loss, Governments throughout the world have been constrained to step in and hold the balance. This intervention has gone furthest where the railways are State-owned. In Great Britain such measures as have been taken have been designed mainly to stabilise the position between the railways and the agencies providing public transport facilities on the roads.

The Road Traffic Act of 1930, in fact, has been markedly successful in achieving stabilisation in public passenger transport by restricting and regulating omnibus and coach services, fares and time tables. The industry has been virtually closed to new entrants, and as reductions in fares have been discouraged and operating costs have fallen, existing operators have benefited considerably, while the railways have ceased to lose passenger traffic to public road transport.

The Road and Rail Traffic Act of 1933 made it virtually impossible for new concerns to enter the road haulage industry and limited the fleets of existing concerns to their size before the passing of the Act, except where a good proof could be adduced of increased business and of the suitability of other operators or means of transport for undertaking the work. The Act, indeed, attempted to establish an equilibrium between the railways and the haulage industry, similar to that established in passenger transport. It is impossible, as yet, to say how

policy has attained its objective, partly because no official figures are yet available of road traffic, and partly because the full effects of the Act have not yet been experienced.

The Act established the Traffic Commissioners as the licensing authorities for goods vehicles. It gave them power, at the end of the initial licensing period (which expires this year), to reconsider the position. If they received objections from competitive operators, or from those who provided alternative forms of transport, they might refuse to renew hauliers' licences where renewal would render "suitable transport facilities," in given districts or between particular places, "in excess of requirements." The general opinion of road haulage operators is that, since the licensing system came into operation, there has been, on balance, no further diversion of traffic from the railways to public road hauliers, though there may have been some transfer to ancillary users' own vehicles.

There is, altogether, a good deal of evidence that the effect of "stabilising" the position of the providers of public transport facilities has been directly to encourage the private ownership and operation of instruments of transport. The evidence is conclusive so far as passenger transport is concerned; on the goods side it is necessarily less conclusive in the absence of official statistics, but a good deal of indirect evidence supports that view. Broadly, it would seem that, although the "travel habit" has increased considerably during the past few years, practically the whole of the increase has been taken up by private cars and pedal cycles. The providers of public transport facilities have held their ground absolutely, but have undoubtedly lost ground relatively to privately-owned instruments of transport. On the goods side, the ancillary user, who is in a position comparable to that of the private motorist in passenger transport, is unquestionably increasing in importance. It is not unlikely that limitation and control of public goods transport is encouraging him to carry more of his own traffic in his own vehicles.

Complete figures relating to public passenger transport, from 1931 to 1934, are now available, and are given in a table on page 401 of this issue. Receipts for all public passenger transport are shown as being £143.6 millions in 1931 and £141.9 millions in 1934. Public road vehicles carried 85.6 of the total passengers in both years, and obtained 58.1 per cent. of the total receipts in 1934, against 57.5 per cent. in 1931. Total road vehicle miles were 1,703 millions in the earlier and 1,710 millions in the later year; while passenger train miles were 280.7 millions and 297.6 millions in the two years, respectively.

Something must be allowed for economic depression in 1931-32, and slow recovery in 1933-34; but the figures nevertheless suggest a condition of stability amounting almost to stagnation in public passenger transport, both as regards volume of traffic and division between road and rail. During the same period, however, a remarkable increase occurred in privately owned vehicles. The number of private cars increased from 1,083,457 in 1931 to 1,308,425 in 1934 and to 1,477,378 in 1935. The number of pedal bicycles has been unofficially estimated to have increased from some 6,000,000 in 1929 to 10,000,000 in 1935. In fact, while total road deaths increased, between 1930 and 1934, by only 38, from 7,305 in 1930 to 7,343 in 1934, the number of cyclists killed on the roads increased by 49, from 887 to 1,536 over the same period. The dispersion of urban populations over the countryside outside the large towns has contributed to the growth of private transport, wherever public transport facilities, based on the more concentrated conditions of earlier years, have shown insufficient flexibility to cope with the rapid changes in the distribution of population.

Among public road vehicles, trams have recently tended to be replaced by trolley-buses and omnibuses. This group accounts for about half the increase in omnibus haulage shown in 1934, compared with 1933 (which has collectively benefited the local authorities), the other half being due to the London Passenger Transport Board. Then, it is omnibus operators," which account for rather forward Lea half the total bus receipts, include both big firms, such as the Tilling and B.A.T. and Scottish firms—and a large number of small operators.

Though the group, as a whole, has barely held its own, recently, the share of the "combine" companies has increased and that of the small operators has declined, mainly as a result of the absorption of independent undertakings by the large concerns.

The results of the London Passenger Transport Board stand out in sharp contrast, as the following tables show:—

LONDON PASSENGER TRANSPORT BOARD					
PASSENGER RECEIPTS (MILLION £'s)					
Year ended June	Omnibus	Tram	Trolley Bus	Tube Railway	Total
1934	14.6	5.9	0.16	17.0	37.7
1935	15.8	5.9	0.16	17.8	39.7

PASSENGER JOURNEYS (MILLIONS)					
Year ended June	Omnibus	Tram	Trolley Bus	Tube Railway	Total
1934	1,950.5	1,002.4	27.2	415.9	3,396.0
1935	2,094.7	1,013.4	28.3	445.9	3,582.3

SERVICE PASSENGER CAR MILES (MILLIONS)					
Year ended June	Omnibus	Tram	Trolley Bus	Tube Railway	Total
1934	258.2	102.0	2.7	151.7	514.6
1935	274.6	101.6	2.7	154.9	533.8

Though the London area has, of course, benefited from the "Drift to the South," it may be doubted whether this fully explains the discrepancy. An additional explanation may well be that common ownership of all public passenger transport facilities in the London area, and the pooling arrangements for local traffic with the main-line railways, have enabled the Board to adopt a policy of relative flexibility in the provision of traffic facilities. Within the London Passenger Transport area, also, the Board is exempt from the greater part of the restrictions imposed by the Traffic Commissioners in other areas. London, in short, may have gained, as a result of the Board's formation, in more ways than were foreseen either by the supporters or the opponents of the Act.

THE ANATOMY OF EMPLOYMENT—II

BETWEEN July 1929, and July, 1932 (as we showed in an article last week) the number of insured workers employed in the United Kingdom declined by 1,029,000, from 10,916,000 to 9,887,000. Between July, 1932, and July, 1935, the total rose by 1,179,000 to 11,066,000. Thus, for every worker who lost his employment in the depression, somebody found a job in the first three years of recovery—and 150,000 besides. Between 1929 and 1935, however, few of the 43 groups (into which we have compressed the 100 groups of the *Ministry of Labour Gazette*) succeeded in avoiding a rise in their unemployment percentage, though as many as 30 groups employed more workers in the latter than in the former year.

The explanation of this paradox is significant, both socially and financially. Even in the most active industries, new recruits have come in faster, on balance, than places have been found for them. Altogether, the total insured workers increased, between the two years, by 964,000 (8.0 per cent.), while the number for whom new jobs were found was only 149,646 (1.4 per cent.). As many as 30 industrial groups showed increases totalling 1,416,030 in the number of their insured workers, while 13 registered decreases to a total of 452,030. The fact that the Public Works Contracting industry headed the list of increases with a net rise of 68.6 per cent. in its insured total suggests that many displaced manual workers in other trades sought refuge in an industry where picks and shovels are still widely used. A rise of nearly 19,000 in the number employed in this industry, consequently, was accompanied by an increase in its unemployment percentage from 19.0 to as much as 45.2.

The inability of industry to absorb its quota of new workers during the past six years as a whole is well brought out by the following table. This shows separate figures for 16 groups of trades, each of which added 20,000 or more to its insured workers between 1929 and 1935, but returned a higher unemployment percentage in the latter year

INDUSTRIES WHICH INCREASED RECRUITMENT FASTER THAN EMPLOYMENT

(i.e. larger numbers employed in 1935 than 1929, but higher unemployment percentage)

Group	Increase, 1935, compared 1929, in numbers (thousands)		Unemployment Percentages	
	Insured	Employed	1929	1935
Distributive trades	328.2	218.3	5.4	10.0
Recreative industries	144.9	98.5	6.9	13.4
Public works contracting ...	112.9	18.9	19.0	45.2
National and local government	92.4	40.6	7.3	16.6
Building, unskilled	86.0	36.9	13.3	19.5
Electrical trades	76.0	62.9	4.4	7.7
Road transport	67.6	47.8	6.8	10.5
Building, skilled	64.8	45.9	5.2	8.5
Non-ferrous metals	46.3	37.3	8.0	9.7
Food trades	44.5	27.4	7.1	10.6
Motors, cycles and aircraft...	39.4	31.5	7.2	9.3
Gas, water, electricity	37.6	26.8	5.4	9.8
Commerce and finance	32.1	26.6	2.5	4.3
Trades ancillary to building	31.0	18.9	7.5	12.0
Professional services	31.0	27.5	3.0	4.7
Laundries and dry cleaning	24.5	19.8	3.7	6.1
Nine other groups*	92.5	45.6	...	...

* Comprising the following, which had less than 20,000 increase in insured workers between 1929 and 1935: Furnishing, minor textiles, paper, printing, publishing and bookbinding, constructional engineering, silk and rayon, leather and leather goods, and glass.

The sixteen groups shown separately in this table include fourteen which recorded the largest percentage increase in employment of any trades between 1929 and 1935. Not one of them, however, was able fully to absorb all the workers which came "on its strength" during this period. More recently the process of taking up the slack has proceeded apace; the Ministry of Labour estimates that 371,000 more workers were employed in April, 1936, than a year earlier. But the depression has still left industry behind its timetable.

How far have these notable changes, which we have so far discussed in detail, tended, generally, to shift the centre of gravity of the employed population? To obtain an approximate answer to this question, we have segregated the figures for all industrial groups under a number of reciprocal classifications—home and export industries, prosperous and depressed trades (according to their condition in the last pre-depression year), expanding and contracting industries (according to their experience since 1929), and, finally, capital and consumption trades. The results of these successive re-shufflings of the pack are shown below:—

INDUSTRIAL VICISSITUDES SINCE 1929						
	Change in Numbers Employed (thousands)		Numbers Registered (1929=100)		Numbers Employed (1929=100)	
	Between 1929 and 1932	Between 1932 and 1935	1932	1935	1932	1935
"Home" industries	— 173	+ 864	110	116	98	109
"Export" industries	— 856	+ 315	98	92	75	84
"Prosperous" in 1929*	— 172	+ 831	109	114	98	109
"Depressed" in 1929*	— 858	+ 348	101	97	76	86
Expanded since 1929†	+ 31	+ 801	112	120	100	113
Contracted since 1929†	— 1,060	+ 378	98	93	77	85
"Capital" trades ...	— 568	+ 615	105	110	81	101
"Consumption" trades	— 461	+ 564	106	107	94	101
All industries	— 1,029	+ 1,179	106	108	91	101

* Industries with less or more than 10 per cent. of unemployment, respectively, in 1929.
† More or fewer workers employed, respectively, in 1935 than in 1929.

The allocations are necessarily approximate in many cases. Many "home" industries, for example, export a measurable proportion of their output and every "export" trade sells a significant part of its output at home. Broadly, we have included under the latter heading those trades whose prosperity, in 1929, was liable to be perceptibly affected by changes in the value of their sales abroad. Similarly, the boundary between "capital" and "consumption" trades has necessarily been arbitrarily

drawn in some cases. Delimitation in the remaining instances, however, has been "automatic," on the lines shown in the footnotes to our table. In view of this fact, the correspondence revealed between the results shown for the first three classifications is most significant. Broadly, the industries which have expanded since 1929 were those which catered mainly for the home market, and were relatively prosperous, before the Great Depression started. The trades which have fared worst since 1929 have been the export industries, which were already depressed in 1929, a year of general prosperity. The "good" industries, on the average, lost not more than about 2 per cent. of their employed workers during the years of depression, and by the middle of last year were employing roughly 10 per cent. more labour than in 1929. The "bad" industries lost about 25 per cent. of their workers in the worst period, and last year were still employing about 15 per cent. fewer workers than in 1929. During the years of depression there was little transfer of insured workers, on balance, from the one to the other. The total registered workers fell very slightly in the "bad" industries between 1929 and 1932. Practically all the new recruits to industry went into the "good" trades, which increased their registered total; during that period by about 10 per cent. Subsequently, the rate of departure from the "bad" trades has been slightly accelerated, while the "good" trades have continued to gain new recruits. In other words, a certain tendency to transference from the one to the other has been in evidence during the period of general industrial recovery; but the "bad" trades still harbour, on the average, more than 90 per cent. of the number of registered workers that they had in 1929. This tendency holds, even in the most depressed trades, where many workers have clung to their industry long after their employment has gone. Coal mining is one example. Between 1929 and 1935 the number of its employed workers declined by 26.0 per cent., but its insured total fell by only 12.6 per cent. In shipbuilding and marine engineering "employed" declined by 41.2 per cent. and "insured" by only 22.8 per cent. In cotton, finally, the corresponding figures were 27.9 and 20.3.

The conclusion is only too plain. "New" workers have gone largely into the more prosperous industries, while many of those displaced from the depressed trades have failed to find employment elsewhere. Moreover, our figures suggest that the distinction between "prosperous" and "depressed" trades is not, primarily, that between "capital" and "consumption" industries. The former suffered the greater recession in employment between 1929 and 1932, as in all cyclical trade depressions. By 1935, however, both had re-absorbed their 1929 quota of workers, with a little to spare.

Our survey, altogether, leaves a strong impression that the antecedents of the main changes in employment during the last six years go back to the period before 1929. Those changes in the centre of gravity of British industry, which have left us, *inter alia*, with our depressed areas, have been due more to the decline of our export trades than to any dissimilarity in growth between "capital" and "consumption" trades.

BUYING WITHOUT TEARS—II

(BY A CORRESPONDENT)

THAT consumers ought to be better informed about the things they buy (as was argued in an article in last week's *Economist*, page 297) is a proposition likely to appeal in the abstract to many people. On the ways and means of providing the necessary knowledge, however, few people agree. It is easy to condemn a system under which suggestive advertisements lure consumers into the purchase of nondescript products at inflated prices. But it is rather thing to frame measures of regulation, or any other service.

America has moved further than Great Britain in the realm of administrative control. For several years the Federal Trade Commission has been trying to stop practices which can still be carried out on this side. Informed luggage manufacturers that they are not made of trunks "Nuhide" when they are not made

Typewriter ribbons may not be marketed under a trade name "Silk cloth" when they are not made of silk; neither may the word "velvet" be used for anything but silk.

"Orange crush," even when substantially made of orange juice, must bear conspicuously the names of any other ingredients it may contain. There is no such Trade Commission here in Great Britain. The Committee on Trusts in 1919, indeed, recommended that the Board of Trade should be given similar powers, but this was not the only vision of a better world which disappeared in the general demobilisation after the war.

The American Medical Association, further, has taken a liberal view of its responsibilities to the public. It has waged unceasing warfare against the worst forms of exploitation practised by the patent food and medicine industry. Before the war the British Medical Association published two books, "Secret Remedies, what they cost and what they contain" and "More Secret Remedies." They are now out of date and have never been re-issued. The American Medical Association, on the other hand, has maintained an active publicity campaign, with telling effect upon manufacturers, Press and public. The American Dental Association has supported it by efforts to establish a sound public appraisal of the claims made for tooth-paste and powders. It has refused its "seal of acceptance" to some of the tooth-pastes which persistent advertising has made household words, and the Federal Trade Commission has also given assistance in this direction. One firm is stated to have agreed, after representations by the Commission, to cease to advertise, *inter alia*, that its products necessarily and infallibly remove tartar from teeth. The American Medical and Dental Associations have not statutory powers, but the more reputable manufacturers may well hesitate before seeking to market products likely to arouse the hostility of impartial and expert advisers who are trusted by the public.

Of even greater immediate practical value to American consumers, however, is the voluntary organisation "Consumers' Research, Inc." founded in 1929. For a low annual subscription members are supplied with a general handbook on buying, and with periodical bulletins keeping the work up to date. This literature ranges over the whole field of goods and services on which consumers are likely to spend their money. The organisation undertakes or commissions investigations into the quality and price of consumers' goods. The results are frequently surprising. It was found, for instance, that a brand of typewriter ribbons selling at 20 cents was three times as good as another brand selling for a dollar. The list of investiga-

tions already extends from tinned peaches to winter overcoats, electrical appliances, endowment assurance, encyclopædias, antiseptics, and a host of other products. The more outspoken remarks on individual brands and makes of goods appear in a series of confidential bulletins issued only on a written guarantee that the contents will not be divulged. Comment upon the less favoured goods is candid and caustic as only Americans know how to make it, but the good faith and integrity of the organisation wins general acceptance for its findings. Its membership, small at first, is steadily growing. A total membership of 50,000 to 60,000 is not large in relation to the population of the United States, but it represents no mean force of informed consumers.

It would be difficult for the State to favour, let alone to organise, any such band of militant consumers in Great Britain. The aim of such a body as the Department of Scientific and Industrial Research certainly is to make industry more efficient. It does not necessarily follow, however, that consumers are always equal beneficiaries. Nothing, for instance, which would greatly increase the life of a given product would in itself make a very strong appeal to producers. If one could make safety razor blades to last a year, gramophone records to play three times as long, electric light lamps with double and treble their present life, their immediate appeal might be much more obvious to consumers than to manufacturers. Nor has the consumers' cause been noticeably advanced by the consumers' committees which have been tacked on to the new Marketing Boards established by the Minister of Agriculture. The latter, so far, have gone some way to vindicate the American finding that while consumers' interests can be organised, the consumer cannot be effectively "represented." No better evidence is needed than the number of consumers' problems remaining unsolved, despite the fact that consumers have been sending representatives to Westminster for generations.

In seeking to organise the consumers' interests, therefore, Consumers' Research, Inc., has blazed a trail which many people may well begin to follow, in the difficult task of spending their incomes to the best advantage. In the process they may learn something of their rights and powers, which may, in time, have far-reaching reactions on political machinery for planning tariffs and facilitating the growth of trusts and monopolies. In the present stage of political development an advance in the problems which have been briefly discussed in these two articles must come mainly from the gradual rise of a more enlightened public opinion.

NOTES OF THE WEEK

The British Questionnaire.—The questionnaire which was presented by Sir Eric Phipps to Baron Neurath in Berlin on May 7th was published in London as a White Paper on the following day. The document, which is couched in the form of instructions to the Ambassador from the Secretary of State, turns out to be an able piece of work, in which the probe and lancet are handled in the most gentle—and gentlemanly—way. Undoubtedly the crucial questions have been put, and in a form at which Herr Hitler cannot reasonably take offence. The document considers the proposals put forward by Herr Hitler himself for a permanent settlement of Europe. It is here that the pertinent questions begin. Does Germany regard herself as being in a position to conclude "genuine treaties"? Has the military reoccupation of the Rhineland placed Germany in a position once again in Herr Hitler's view? And his view about the remaining operative provisions of the Treaty of Versailles, or about other collective agreements which might be regarded as having any origin in the provisions of the Versailles Treaty? In short, the remains of the Versailles Treaty is mainly the part and the corollaries of it, the first question being: If a second: Does Germany now consider that a position has been reached at which she can signify that she intends to respect, the existing territorial

and political status of Europe (*sic*, no question is yet asked about Africa or Oceania) except in so far as this might be subsequently modified by free negotiation and agreement? This question is raised by a passage in Herr Hitler's memorandum of March 31st, in which he claims to have received a mandate from the German *Volk* to represent the *Reich* and the *Nation* and to provide in all circumstances for their freedom, independence and equality of status. In Herr Hitler's terminology, does the German nation include populations outside the present frontiers of the Reich (e.g. the Austrians, Sudetenlanders, Danzigers, Memellanders, Southern Tyrolese, Hungarian Swabians, Transylvanian "Saxons," etc.)? This second question has a bearing on Herr Hitler's offer to conclude non-aggression pacts with the eastern and southern neighbours of the Reich. His Majesty's Government politely suggests that the general settlement would be very greatly facilitated if the German Government could see their way to interpret their own words so as to cover at least also the Soviet Union, Latvia and Estonia, as well as the States actually contiguous to Germany. In a different field, Herr Hitler is asked whether he really considers the possibility of a West-European regional air limitation pact (as a supplement to a West-European air mutual assistance pact) has been ruled out by the ratification of the Franco-Russian pact.

The German Reception.—The British Government asked for, and obtained, the German Government's assent to publication of the questionnaire a few hours after the act of presentation had taken place; and the first crop of German press comments on the published text has unfortunately been less favourable than the first German official description of the questionnaire as being "polite but complicated." The promptness of the publication does not appear to give any serious ground for ill-feeling, especially as the German Government had not demurred. It is therefore to be feared that the unmistakable tone of annoyance which these German press comments strike is a tribute to the pertinency of the British inquiries. It is, no doubt, a very serious decision that Herr Hitler has to take. If he means peace, he must be in earnest about the political stabilisation of Europe. And this can hardly be procured on terms that will give him achievements to show to his people on a scale commensurate with the sacrifices and privations which he has already obtained from them for the sake of Germany's rearmament. We also wonder what Hitler is thinking about Mussolini. Will he prudently wait to see the final outcome of the Italian adventure; or will he be tempted to conclude, on the strength of Act I, that it is the method of the *coup de main* that brings successes in the international arena? And then there is the question of the colonies, which Mussolini has raised by his action, however studiously the British Government may have ignored this matter in drafting their questionnaire. By force of arms, Mussolini has—for the moment, at any rate—succeeded in conquering a great African empire that did not belong to him. Can Hitler let this pass without insisting upon the restoration to Germany of those colonial territories that once were lawfully hers?

The Little Entente Draws Closer.—The meeting of the Little Entente Powers in Belgrade from May 6th to 8th must have disappointed those who affected to see in the recent German-Yugoslav Trade Treaty the beginnings of Little Entente disintegration. It was the first meeting at which Dr. Benesh, the architect of the Little Entente and now the President of Czechoslovakia, had not been present. The *communiqué* after the meeting was pointed and precise: the three States are "indissolubly bound" in "deep and complete unity over their entire international policy" *vis-à-vis* their big neighbours. It is notable that this time the "unity of policy" refers also to Soviet Russia, towards which hitherto only Prague and Bucharest have been friendly. The Yugoslav Prime Minister has taken the opportunity to declare that Yugoslavia's closer commercial relations with Germany are natural; they are to unfreeze Yugoslav "blocked marks" by imports of machinery and armaments equipment; and they are not in any way to be taken as indications of a Yugoslav defection from the solidarity of Little Entente policy. It remains true, however, that Yugoslav industry is becoming increasingly dependent on German equipment and contracts. The *communiqué* has also made it clear that all three Little Entente States have adopted a unitary opposition to the *Anschluss*, to a Habsburg restoration, and to territorial revision. The Belgrade meeting has clearly drawn the Little Entente closer together. This will have duly impressed Mr Eden who, on Wednesday, exchanged views for some time with M. Titulescu. At the same time he consulted representatives of the Balkan Entente, which links the Little Entente to Greece and Turkey by the membership of Roumania and Yugoslavia. The solidarity of the Little and Balkan Ententes is bound to exercise a potent influence for good, not only in Central Europe but also in the East Mediterranean. Doubtless this latter point, too, has not escaped British observation.

Show-Down in Austria.—For two years the Catholic leaders in Austria, and Chancellor Schuschnigg in particular, have been maintained in power by an uneasy association with the Heimwehr—the Fascist bodyguard of the Vice-Chancellor, the Italianophil young Prince Starhemberg. Fascism, the suppression of Social-Democracy in Vienna, and a corporate State on the Italian model were

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the constitutional *tantièmes* which ill-fated Chancellor Dollfuss had to pay for the armed support of the Heimwehr against the swollen cohorts of Nazis. And ever since the fatal February of 1934, when Prince Starhemberg, on Italian instructions, launched the Heimwehr against the Social-Democrats of Vienna, the new Catholic Constitution of Austria has only been preserved by reliance on a Fascist movement as anathema to Austrian workers as Nazism itself. Meanwhile, however, Chancellor Schuschnigg, the Catholic successor of Dr. Dollfuss, has slowly been strengthening his hold on Austria and Vienna. First he increased the Heimwehr representation. Then he included a "liberal," Dr. Dobretsberger, Minister for Social Welfare, who strongly favoured an entente with the Austrian workers. He had dropped Major Fey, the leader of the Vienna Heimwehr, whose ambitions were resented by Prince Starhemberg, and whose rôle during the 1934 Nazi revolt had rendered him suspect of Nazi proclivities. Finally, Dr. Schuschnigg, as commander-in-chief of the Catholic bodyguard, the *Ostmärkische Sturmscharen*, strengthened Dr. Dollfuss's *Vaterländischer Front*, and proceeded to co-ordinate all the military forces of Austria under his own direction. Only a few weeks ago he announced an open contravention of the St. Germain Treaty by introducing conscription and calling up men for the regular army. These developments were not lost on Prince Starhemberg, who, at Horn on the 26th of last month, announced that the Heimwehr would only be disbanded or merged under regular army control "over my dead body." We said of this speech at the time (page 238): "It may well bring to a head the inevitable conflict of wills between, on the one hand, a Chancellor and his supporters who want to see Mgr. Seipel's dream of a tolerant Austria realised, and, on the other, a young Prince who sees himself and his henchmen as the paladins of Austrian Fascism." The show-down has come quickly; and Prince Starhemberg has brought it about.

Chancellor v. Vice-Chancellor.—On Sunday a big Catholic procession in Vienna, which included the Chancellor himself, was disgracefully received by organised Heimwehr booging, and even by assault, at a certain point on the route. ("By mere chance," as he said, Major Fey was standing on a balcony observing the scene.) And on Tuesday Prince Starhemberg, after protesting his innocence of complicity, independently sent a fulsome telegram of congratulation, in the name of Austrian Fascism, to Signor Mussolini on his defeat of "democratic insincerity and hypocrisy." He also arranged to visit Rome next week. The Chancellor evidently decided that he must rule or be ruled. He went to President Miksa and resigned, receiving a charge to form a new government, which he promptly did—but *minus* Prince Starhemberg. A *communiqué* stated that the Prince was not participating owing to differences with the Chancellor of a non-

nature. Thus Prince Starhemberg passes from a place very far "up-stage" on the Austrian scene. It is evident that the crucial point has now been reached in Austria; for, though the Heimwehr's subsidies from Italy have dwindled, and the Chancellor can control the allocations from the State's finances, Prince Starhemberg and Major Fey are now two baulked, energetic and disgruntled men—with followers. Will they go Nazi? Will the Chancellor try to forestall them by coming to terms with Austria's Nazis? A more strongly Catholic Cabinet can scarcely do that. A more likely outcome is a gradual disintegration of the Heimwehr, if the Chancellor's new forces gather strength. The "liberal" Dr. Dobretsberger has been replaced by Dr. Resch, who is also favourable to the workers' cause; and although the Ministers of Finance, Justice and Interior are moderate Heimwehr men, the new Government of France and the British Government should support the Austrian Chancellor's efforts to render an independent Austria more liberal.

The Budget Inquiry.—The Tribunal of Inquiry into the alleged unauthorised disclosure of Budget secrets opened on Monday. Mr Justice Porter presided, and with him were Mr Gavin Simonds, K.C., and Mr Roland Oliver, K.C. The Attorney-General, Sir Donald Somervell, in making an initial statement, said that the final decision of the Chancellor of the Exchequer on the Budget was communicated to the Cabinet on April 9th. Sir Alfred Butt, M.P., an underwriter at Lloyd's, had accepted Budget risks before Budget day, but on Budget day he had effected "a number of insurances the other way against a rise." The next group of insurances, the Attorney-General said, were taken out on behalf of Mr Alfred Bates. Some of these were placed on the instructions of Mr L. M. Thomas, a partner in Belisha and Company, stockbrokers, a son of Mr J. H. Thomas, the Secretary of State for the Colonies, and, like his father, an "old friend" of Mr Bates. Both Mr Bates and young Mr Thomas saw Mr J. H. Thomas on Good Friday or in Easter week or both, but no reference had been made about what might happen in the Budget. Colonel Roynance, deputy-chairman of Lloyd's, was called as witness, and stated that there was very general comment in the "Room" at the flood of orders at the last moment before the Budget, when a normal premium of 15 to 20 guineas rose to 40 guineas. Mr L. M. Thomas, called later, said that he saw his father at Ferring on Good Friday and also Mr Bates. Questioned whether anything was said with regard to the Budget, Mr Thomas replied, "Nothing that I can remember." Further questioned, he said that he had had "not the slightest" information from his father at any time about the Budget, and that he had "no recollection of discussing the Budget with him." Sir Maurice Hankey, Secretary to the Cabinet, called as a witness on Tuesday, said that at the meeting of the Cabinet on April 9th there were present only the members of the Cabinet (except the Foreign Secretary, the Minister of Labour and the Lord Privy Seal) and himself. Mr Alfred Bates, in giving evidence, said that he formed the opinion on general grounds before the Budget that an increase in taxation was likely. The only business transaction he ever had with Mr J. H. Thomas was the grant of £20,000 for the exclusive literary rights in Mr Thomas's autobiography. Questioned whether he had any information about the contents of the Budget before the Budget speech, Mr Bates replied: Certainly not. Mr J. H. Thomas gave evidence on Thursday, and stated that he had "never disclosed one word to anybody" about the contents of the Budget.

The Tithe Bill.—The House on Wednesday passed the second reading of the Government's Tithe Bill, which embodies—not, however, without significant alterations—the Report of the Royal Commission on Tithe. The Report was summarised on p. 520 of the *Economist* of May 7th. The Government have increased the period of amortisation of the £70 millions of Government stock to be given to tithe-owners, and to be amortised by the tithe-payers, from the forty years recommended by the Commission to sixty years. This elicited strong criticism

from the Opposition, who saw in it a capitulation by the Government to the land-owning interest at the expense of the (more or less) defenceless ecclesiastical tithe-owning community. Mr Denman, a National Labour member, called it "a dole for Dukes." And the Bill as a whole came in for a trenchant attack on the Government by Lord Hugh Cecil, who roundly asserted that the main body of tithe-payers could well afford to pay even the 1925 scales of tithe, let alone the tithe rates as now greatly reduced in the Bill at the expense of the Church and the tithe-owning academic institutions, e.g. the older University Colleges. Why, asked Lord Hugh Cecil, should not the tithe-payers have been relieved, if they had to be relieved, out of the common purse—which in any case is risking the advance of £70 millions to wipe out tithe and to transmute it into a liability of tithe-payers to the State—and not out of the pockets of a small and unorganised section of a deserving and hard-working minority of society? On these grounds he characterised the Bill as actuated by "the morals of the American underworld." Mr Elliot, on behalf of the Government, could only plead in aid of the number of tithe litigants, the need for tithe-owners to share in the fall of agricultural prices, and the necessity of spreading the losses of tithe-owners over sixty rather than forty years to avoid hardship. The Bill is not the most equitable that could have been devised; and the Government has shown traditional fondness for its land-owning supporters; but the Bill will remove a source of continuous litigation.

Overcrowding and Slum Clearance.—Signs of a falling-off in the private housing boom make it all the more imperative that the slum-clearance and overcrowding programmes should be pushed on with all possible energy. The March figures for slum clearance show that the recent pace of activity is at least being maintained; though considerable acceleration will soon be necessary if the five-year programme is to be completed to schedule. The active attack on overcrowding has meanwhile been brought nearer by the fixing of the date after which overcrowding, as defined in the 1935 Act, is to be illegal. The operation of the Act, however, will at first be confined to areas where overcrowding is infrequent, though areas with more severe overcrowding will be included if the local authority desires. For really bad areas a later date is contemplated. In all areas, however, a survey has been conducted in the last nine months and has in general made good progress. The Minister of Health has accordingly asked local authorities to submit to him general rehousing proposals by August 1st and to supply more detailed plans later. The sum actually provided for expenditure under the 1935 Act in the present Budget year was only £100,000. Though some time must necessarily elapse before the new overcrowding policy comes into effect, this sum seems almost infinitesimal in comparison with the year's defence estimates. It may consequently be hoped that Sir Kingsley Wood will have the contemplated rehousing programme well in motion during next year. Nothing is more necessary, from the point of view both of general recovery and of social needs.

The Finance Bill.—Apart from provisions giving statutory effect to the increased tea duty, the new "safeguarding" duties, the new duty on foreign lager beer, and the increased standard rate of income tax, the Finance Bill, published on Wednesday, contains in Part II the Chancellor's measures to restrain evasion of liability to income tax. "Individuals" (evidently not all legal persons) ordinarily resident in the United Kingdom, who transfer their assets in such a way that income from these assets becomes payable to "persons" resident or domiciled out of the United Kingdom, and who therewith acquire power to enjoy ("forthwith or in the future") any of the income of the foreign "person," are to be taxed on that income—as long as it would have been taxable had it been "received" in the United Kingdom. Exemption can be claimed if the individual satisfies the Special Commissioners that the transfer, and any associated operations, were effected "mainly for some purpose other than the purpose of avoiding liability to taxation." A long and exhaustive set of definitions of "power to enjoy income of a person

resident or domiciled out of the United Kingdom" shows that the net of the Inland Revenue is in future to be cast over a wide field. It is the "substantial result and effect of the transfer and any associated operations, and all benefits which may at any time accrue to the individual as a result" which is to be the criterion of liability. Exhaustive definitions are given of companies under the control of not more than five persons, so as to bring small "family" companies under Section 21 of the Finance Act, 1922; and such "family" and "personal" companies whose income "consists mainly of investment income" (now termed "investment companies") are also brought within the purview of that Act. Income paid under a settlement to unmarried infants of a settlor for their benefit is to rank in 1936-37 as the taxable income of the settlor—except where such sums are deductible as income-tax allowances. The definitions of "child," "settlor" and "settlement" are also widely drawn. Drastic penalties are provided for the withholding of information. The Finance Bill also renders estates abroad of persons dying domiciled in the United Kingdom liable to death duties, unless they are to pass to persons domiciled outside the kingdom, or are "immovable property" by the law of the country in which they are situated. Powers are taken to borrow for statutory sinking funds; fixed contribution of the Post Office to the Exchequer is placed again at £10,750,000; and statutory provision is made for incorporation of the Road Fund in the National Accounts and for transferring motor licence revenue direct to the Exchequer for the Ministry of Transport.

Railway Wages.—Against the recommendation of its leaders, a delegate conference of the National Union of Railwaymen decided, on Wednesday, not to accept the offer of a remission, from July 1st next, of half the remaining 2½ per cent. of the 5 per cent. wage "cut" of 1931. What is more, two conference delegates will accompany the negotiating committee when it reopens discussion with the companies. The conference may well have been influenced, directly or indirectly, by the result of recent railway rating litigation. Under this year's judgments the railways may secure a saving in annual rating expenditure of something over £3,000,000, plus arrears of overpayments amounting, possibly, to £15,000,000, with a prospect of still further savings in the coming quinquennium. Why, it may have been argued, should not the fortunate recipients of so handsome a "windfall" spare a little more for their workers than the £1,200,000 a year represented by their latest wage offer? To the claim that wages should at least be restored to the 1930 level, the railways may reply that even if gross receipts maintained their recent upward trend to the end of this year, they would still be £18 millions below the level of 1930. This argument, however, has not stood in the way of earlier partial remissions of the 1931 "cut," in advance of anticipated recovery. The present dispute is thus a matter of degree rather than of principle; for the unions were shrewdly credited with the intention of pressing for the restoration of the 1930 wage standard next year, in any case. So far, the workers have utilised their tactical opportunities with moderation. In a sense, they are competitors with the junior stockholders for the fruits of recovery. That railway gross receipts, even now, are greater than in 1913, though only one of the four railways is paying dividends on its equity stock, is due largely to the changed distribution of receipts which the unions, backed by considerable public sympathy, have secured since the war. To-day, when the two largest railways have lost their trustee status, there is no longer the same incentive to pay any given level of dividends as in the past. Railway preference stocks are non-cumulative and stockholders cannot strike. There is, further, a sincere desire among all the railway managements to maintain helpfully co-operative relations with their workers. Although the London and North Eastern, for example, has steadily maintained that its earnings have not justified any increase whatever in wage costs, it has acquiesced in all the concessions offered jointly by the railways. In this atmosphere, it may be hoped that a settlement of the latest difficulty will be secured by direct agreement; and, in any case, the

admirable negotiating machinery, devised after the breakdown of the National Wages Board, remains available for both parties.

Egypt and Arabia.—At the invitation of the Egyptian Regency Council, Nahas Pasha formed his new Government last Sunday. It is naturally an all-Wafd Ministry; and its hold upon the Government will be increased by the creation of the new Cabinet office (Minister of the Palace to take the place of the former Chief of the Royal Cabinet. The incumbent of the suppressed office was the nominee and agent of the Crown; and, when that crown was won by the late King Fuad, the king's minion was always the potential nucleus for a counter government, in case the constitutional Government of the day should be in difficulties. With the crown on the head of a minor, and the office of Chief of the Royal Cabinet no longer in existence, the Government of Egypt—as far as it lies in Egyptian hands—will be unified at last. It has been divided, in fact if not in theory, throughout the period of nearly twenty years that has elapsed since the almost simultaneous emergence of King Fuad and Zaghlul Pasha above the Egyptian political horizon in the latter years of the war. The unification of the Egyptian Government should tell in favour of success in our difficult common task of placing Anglo-Egyptian relations upon a treaty basis by means of free negotiation on a footing of equality. Meanwhile, the outgoing Egyptian Government of Ali Pasha Maher may be congratulated upon having signalled its last days of office by the successful conclusion of a treaty which, for Egypt, may prove to be only second in importance to the hoped-for treaty with Great Britain. This is the Saudi-Egyptian treaty which was signed in Cairo on May 7th and accepted on May 8th by King Abdul Aziz. This new instrument provides for the opening of normal diplomatic relations between Saudi Arabia and Egypt; for the treatment of Egyptian pilgrims to the Hedjaz on a most-favoured-nation basis; and for the spending—on public works in the Hedjaz for the pilgrims' benefit—of the revenues from Egyptian *awqaf* [religious endowments], earmarked for the benefit of the Holy Cities, which have been withheld by the Egyptian Government ever since the rupture of 1926. Thus to-day we see a rally of all the Arabic-speaking States of the Middle East (the Yemen, Transjordan, Iraq and now Egypt) round Saudi Arabia as the leader in a defensive combination to withstand the gathering menace in the East Mediterranean.

Tension in Spain.—Sr. Azaña has now been duly elected President of Spain, and Sr. Casares Quiroga, a Left Wing leader with a reputation for energy and ruthlessness, has succeeded him as Prime Minister. But, as our Madrid correspondent points out in his letter on page 362, the circumstances of Sr. Azaña's election have not been too encouraging, while Sr. Quiroga is as yet lacking in his predecessor's national prestige. The situation is extremely tense. The Popular Front Government has not yet effectively tackled the grave unemployment and distress that exist in Spain; and already the anarcho-syndicalist labour movement, which believes in violence, is increasing its activity. If the present democratic regime is to justify itself, it must lose no further time in relieving the poverty which the world crisis and the misgovernment of the Gil Robles Cabinet have left behind them. It is fast becoming clear that the Spanish workers and peasants will demand either reform or revolution without much further delay.

The Irish Free State Budget.—The Irish Free State Budget, which was introduced on Tuesday, contained no surprises, pleasant or unpleasant. Both revenue and expenditure in the financial year ending March 31st exceeded the estimate, and, provided that one-half of the bounties and subsidies are charged to borrowing, a surplus of £1,092,000 can be claimed to have been realised. The surplus would have been used for the reduction of unemployment, for which an elaborate programme of works costing £2,500,000 is to be instituted in the

financial year. Contributions by local authorities, a moderate amount of borrowing, and savings in respect of other expenditure on unemployment relief, reduce the net burden of this new programme on the Exchequer to dimensions sufficient to allow of many minor reductions in direct and indirect taxation. In favour of the Budget it must be said that it reduces several taxes and raises very few, that the standard rate of income tax is once again, after an interval of many years, lower than the British rate, and that the amount of new borrowing is small. It must be remembered, however, that there is much concealed taxation in the Free State, which is not shown in the Budget, but results from artificial price-fixing schemes; that expenditure has grown continuously in recent years; and that, apparently, public works are to form a permanent feature of public policy in future. So long as the revenue remains buoyant, all will no doubt be well. It is questionable, however, whether the present buoyancy of the revenue can be expected to continue indefinitely, as it is mainly a reflection of the recovery in Great Britain, as a result of which dividends on British investments have risen and the demand for Irish food products has increased. If these tendencies were to be reversed, the level of public expenditure in the Free State would be difficult to maintain without considerable additional borrowing.

Volume of Overseas Trade.—The latest quarterly returns of changes in the volume of our overseas trade, published in last week's *Board of Trade Journal*, indicate that the expansion of exports was arrested in the first quarter of the current year. Partly as a result of the application of sanctions against Italy, the volume of our exports of domestic produce in January-March, 1936, was no greater than during the corresponding quarter of 1935. Retained imports, on the other hand, showed an increase of 8.4 per cent. in volume—a reflection of the expansion of business activity in this country:—

VOLUME AND VALUE OF IMPORTS AND EXPORTS

Period	Retained Imports				Exports of Domestic Produce			
	Declared Values	Index of Average Values	Values in terms of 1930 Values	Index of Volume	Declared Values	Index of Average Values	Values in terms of 1930 Values	Index of Volume
	£ Million	1930 = 100	£ Million	1930 = 100	£ Million	1930 = 100	£ Million	1930 = 100
1924	1,137	135.0	842	88.0	801	120.8	663	116.2
1930	957	100.0	957	100.0	571	100.0	571	100.0
1931	797	81.0	984	102.8	391	89.4	437	76.5
1932	652	75.3	867	90.3	365	83.3	433	76.8
1933	627	71.3	878	91.7	367	81.9	447	78.7
1934	681	73.3	929	96.9	396	82.2	482	84.4
1935	702	75.0	936	97.8	426	81.8	521	91.2
1934								
1st quarter	168.9	72.4	233.4	97.6	94.7	82.1	115.4	80.9
2nd "	164.2	72.4	227.0	94.9	95.0	82.6	115.0	80.6
3rd "	163.9	73.0	224.6	93.9	99.3	82.2	120.9	84.7
4th "	184.1	75.4	244.2	101.3	107.1	82.0	130.5	91.4
1935								
1st quarter	164.4	74.1	221.4	92.8	105.5	81.6	129.2	90.6
2nd "	166.1	73.2	227.0	94.9	101.0	81.2	124.4	87.2
3rd "	168.4	74.5	226.0	94.5	105.3	82.1	128.3	89.9
4th "	201.6	77.5	259.7	109.3	110.0	82.2	134.8	97.3
1936								
1st quarter	184.5	76.6	240.7	100.6	106.1	82.1	129.2	90.5

The increase in the volume of imports, compared with a year ago, was most marked in the case of raw and mainly manufactured materials, which showed a rise of 13.6 per cent. The volume of retained imports of food, drink, tobacco and wholly or mainly manufactured articles rose during this period by 6.0 per cent. and by 7.0 per cent. respectively. With the exception of living animals for food, beverages and cocoa preparations, all foodstuffs suffered a rise in price. There was an appreciable fall, however, in the average value of retained tobacco. The general trend of the prices of raw materials and partly manufactured articles was also upwards with a few exceptions such as timber, paper-making materials and cotton. Prices of iron and steel fell by 11.2 per cent. in volume, and by 8.7 per cent. in average value, compared with the quarter of 1935. The volume of British exports of mainly manufactured articles was the same as in the quarter of 1935. The halt in the improvement in the volume of exports is millioning, and at the moment there are no signs of expansion.

Overseas Trade in April.—The feature of the preliminary trade returns for April is the continued stagnation of exports. The increase compared with last year is negligible, and the figures are certainly not encouraging, even after allowance for the operation of sanctions against Italy. If allowance be made for exports to Italy at the average rate of the opening months of the past three years, the total export figure shows an increase of about 3.6 per cent. compared with last year. Re-exports show further expansion, both in raw materials and manufactured goods. Imports of all classes of goods increased in April by a further £6.8 millions compared with 1935, and the import surplus in the first four months of the year has risen by over £24 millions. The following tables give details for the past three years:—

OVERSEAS TRADE IN APRIL (000's omitted)					
	1934	1935	1936	Change between 1935 and 1936	%
Total imports	56,326	59,872	66,666	+ 6,794	+ 11.3
British exports	30,100	33,010	33,427	+ 417	+ 1.3
Re-exports	5,019	4,203	5,922	+ 1,719	+ 41.0
Total exports	35,119	37,213	39,349	+ 2,136	+ 5.7
Excess of imports over exports	21,207	22,659	27,317	+ 4,658	+ 20.5
Transshipments under bond	1,873	2,058	1,964	- 794	- 4.6

OVERSEAS TRADE IN FIRST FOUR MONTHS (000's omitted)					
	1934	1935	1936	Change between 1935 and 1936	%
Total imports	239,871	237,866	266,691	+ 28,825	+ 12.1
British exports	124,813	138,498	139,483	+ 985	+ 0.7
Re-exports	19,923	18,089	21,780	+ 3,691	+ 20.4
Total exports	144,735	156,587	161,263	+ 4,676	+ 3.0
Excess of imports over exports	95,136	81,279	105,428	+ 24,149	+ 29.6
Transshipments under bond	8,293	7,796	8,662	+ 866	+ 11.1

The April figures, in fact, continue the trend of the last few months. The percentage changes in the two tables are very similar, except in the case of re-exports, which are always an irregular item, influenced by changes in conditions relating to individual commodities or countries. The increasing demand for goods for home consumption, stimulated by the re-armament programme, is reflected in the expansion of imports.

Shipping Freight Index.—As measured by our monthly index the general level of whole cargo shipping freights rose by 0.1 per cent. during April, following a fall of 0.9 per cent. in March. The current figure of 89.9 compares with 83.4 in April, 1935, and 83.3 in April, 1934. Details of the index number are as follows:—

	Average, 1913	April, 1935	February, 1936	March, 1936	April, 1936
European waters	110.0	89.1	88.3	85.8	86.1
North America	113.1	82.2	89.0	90.4	90.9
South America	123.4	79.6	85.1	85.4	87.5
India	106.3	90.8	99.7	97.0	95.0
Far East and Pacific	117.4	80.1	90.9	87.9	87.3
Australia	127.9	78.3	90.8	92.6	92.6
Total	116.3	83.4	90.6	89.8	89.9

Business has on the whole been quiet during March. A Hull rates continue weak. Liverpool has received inquiries from Montreal and the West Indies-sugar ports, but otherwise conditions are dull. Southampton shows some improvement, and figures for the quarter are above those for last year. At Cardiff, Newport and Swansea there has been very little demand for tonnage, the Mediterranean being particularly weak. At Glasgow there has been some inquiry for coal loadings to the Baltic, but in other sections rates are very unsteady. Movements of the various sections are as follows:—

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade	77.8	-1.6	South America:—		
Pay-outwards	104.6	+3.7	Outwards	65.9	+4.2
Pay-Homewards	90.3	+3.2	Homewards	109.1	...
Mediterranean:—			India—Outwards	78.6	-1.4
Outwards	78.1	+0.1	India—Homewards	111.5	-2.5
Homewards	87.7	-1.9	Far East, etc.	87.3	-0.6
North America	90.9	+0.5	Australia	92.6	...

Expressed as a percentage of the average for 1913, the complete figure of our index number for April is 77.3, compared with 77.2 for March and 71.6 for April, 1935.

Shipping Development.—Commenting on the above figures, our shipping correspondent states that although a net improvement of 0.1 per cent. is not in itself cause for much satisfaction to shipowners, at least it marks a change from the persistent fall this year. The Canadian season has started under much better conditions than last year. The demand for Canadian wheat has been sharply stimulated by the deficiency in the Argentine supply, and tonnage has been taken up briskly at full minimum schedule rates. The South American improvement is mainly due to better shipments of maize from the River Plate. That market, however, is now suffering from a glut of unfixed tonnage, and the Tramp Shipping Administrative Committee has placed a ban on further sailings in ballast to that destination for loading before August 1st. In European waters, the Baltic and International Maritime Conference has been working hard to maintain the schedule of minimum timber freights and has met with some success, in spite of the opposition from Soviet wood shippers. The latter are employing an increasing number of State-owned ships, at their own rates and freight, to the exclusion of outside tonnage. A promising feature elsewhere is the activity which is developing in oil tanker chartering.

Employment in April.—The figures of employment recently published by the Ministry of Labour show a marked improvement in all branches of industry except coal, iron and steel, and textiles. The total number of insured persons aged 16-64 in employment in Great Britain was estimated at 10,712,000 on April 27th—82,000 more than a month earlier. Some increase always occurs at this time of the year, but this year's movement is more than seasonal, and reflects a general expansion of activity for domestic markets. The number of unemployed on the registers fell by over 50,000 during the month, in spite of an increase of 12,666 in the number of juveniles registered. The total of 1,831,230 consists of 1,435,045 men, 274,416 women and 121,769 boys and girls under 18. The number of juveniles out of work has increased by some 12,000 compared with the April figure last year; the 1935 return was taken before the end of the school Easter term, and therefore did not include the school-leavers. Even so, unemployment among juveniles, unlike that of men and women, shows no decline compared with a year ago. The following table gives the number of unemployed in different industries:—

	NUMBER OF INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN		
	Apr. 15, 1935	Mar. 23, 1936	Apr. 27, 1936
Coal mining	229,857	203,258	218,477
Iron and steel manufacturing	41,490	32,124	32,745
Engineering	95,314	68,980	65,908
Metal goods manufacture	70,991	63,515	61,667
Shipbuilding and repairing	65,964	52,755	49,742
Motor vehicles, cycles, and aircraft	20,306	18,186	16,781
Cotton	100,086	73,733	74,073
Woollen and worsted	33,246	18,909	21,380
Hosiery	18,414	11,413	13,168
Tailoring	15,589	17,270	14,271
Building	138,195	139,480	119,511
Public works contracting	121,871	120,745	116,501
Brick, tile, pipe, etc., making	11,017	11,222	10,027
Electrical cables, apparatus, etc.	13,318	13,234	11,587
Shipping service	44,048	40,426	39,145
Hotel, boarding-house service	63,754	74,544	65,261
Distributive trades	220,451	223,614	209,662

All persons registered 2,044,460 1,881,531 1,831,230
The improvement in building and public works contracting is largely seasonal, and the favourable comparison with last year may be partly due to the later date of the return. Activity in the distributive trades recorded a substantial increase. The rise in unemployment in the coal industry is considerably more marked than last year, chiefly because the peak winter employment last year was reached in February, and this year only in March. The position in the cotton, woollen and hosiery trades also deteriorated last month, but in all cases was still better than in April.

1935. The only large geographical division which failed to register a fall in unemployment during the month was the North-Eastern district.

Sterling and International Prices.—The past fortnight has witnessed a moderate decline in British and American wholesale prices. The *Economist* complete British index number has fallen by 0.5 per cent., while the primary products index has fallen by 1.4 per cent. In the United States, the complete Irving Fisher index number has declined by 0.7 per cent. and primary products by 1.0 per cent. French and German wholesale prices are unchanged.

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Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsan-	
	British Complete Index (sterling)	Primary Products						Price of Gold (sterling)
		British (sterling)	American (dollar)					
1932								
Jan. 27th	108.3	115.7	93.8	140.9	93.5	93.6	95.8	
Apr. 20th	103.8	105.4	83.6	129.5	89.6	97.0	95.3	
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5	
Oct. 19th	103.1	112.3	84.0	143.8	88.6	88.8	92.7	
1933								
Jan. 25th	101.3	107.7	78.0	142.6	80.5	88.1	90.2	
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	86.2	
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.2	
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	84.6	
1934								
Jan. 31st	108.8	118.0	124.8	158.7	105.6	87.2	84.4	
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	83.2	
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	83.2	
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	84.4	
1935								
Jan. 30th	110.8	124.6	152.4	167.2	118.8	79.1	85.6	
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	91.7	
July 31st	112.7	128.7	146.2	165.6	120.2	75.9	91.2	
Oct. 23rd	118.4	133.6	144.9	166.4	123.7	79.1	107.3	
Dec. 18th	118.1	131.2	141.7	166.2	122.4	80.9	...	
1936								
Jan. 1st	118.1	131.2	143.3	166.2	121.8	80.7	...	
Jan. 15th	118.5	130.3	142.4	165.8	121.5	81.4	...	
Jan. 29th	118.1	131.7	145.7	165.6	121.8	82.3	...	
Feb. 12th	118.0	131.9	145.9	165.8	120.9	83.8	...	
Feb. 26th	117.4	132.8	145.0	166.0	120.7	85.2	...	
Mar. 11th	117.3	134.5	144.4	166.0	119.5	85.6	...	
Mar. 25th	117.4	133.9	144.3	165.8	119.6	85.2	...	
Apr. 15th	117.7	133.3	145.1	165.8	119.8	85.0	...	
Apr. 29th	117.3	132.8	143.2	165.8	119.2	85.0	...	
May 13th	116.7	131.0	141.8	164.8	118.3*	85.0*	...	

* These figures relate to May 6th.

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

	"ECONOMIST" INDEX (1927 = 100)			
	Sept. 18, 1931	Apr. 15, 1936	Apr. 29, 1936	May 13, 1936
Cereals and meat	64.5	73.1	73.3	73.4
Other foods	62.2	59.5	59.0	58.9
Textiles	43.7	59.9	59.6	59.2
Minerals	67.4	83.1	83.1	81.7
Miscellaneous	65.8	78.6	78.1	77.8
Complete index	60.4	71.1	70.9	70.5
1913 = 100	83.1	97.8	97.5	97.0
1924 = 100	52.2	61.4	61.2	60.9

Grain prices were irregular. Canadian wheat, flour and rice were cheaper, but other grain prices advanced. English meat was dearer, but both Argentine beef and New Zealand mutton declined. Textiles prices all declined, with the exception of wool tops, but there was no large movement in the minerals group house coal was cheaper, and there was a general fall in non-ferrous metal prices.

Iron and Steel Production.—Stimulated by the ever-increasing home demand for iron and steel material, production of steel in this country is establishing new records each month. A year ago the output of steel ingots and castings declined from 841,900 tons in March to 808,700 tons in April. This year production rose from 980,100 in March to 991,500 in the past month, an increase of 23 per cent. over the figure for April, 1935. The output of pig iron (a continuous process) fell slightly from 633,600 tons in March to 629,800 tons in April, owing to the smaller number of working days in the month, but showed, nevertheless, an increase of 20 per cent. over April, 1935. Despite remarkable expansion of production, accompanied by an increase in imports, the steeling trades, iron and steel, manufactured steel persists, and steel exports available for the home market are fairly generous. The net export for the half-year is predicted.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

A DEFICIT OF \$6,000 MILLIONS

THE announcement of the Secretary of the Treasury, Mr. Morgenthau, that the deficit for the current fiscal year would be just under \$6,000 millions did not clarify the fiscal position, although it appears to have startled the public. More than one-third of this sum is attributable to the Bonus; but the remainder is larger than had been realised. The element of surprise derives from the fact that there is, strictly speaking, no longer a Budget. An incomplete Budget is presented in January; but this is subject to supplements initiated both by the President and by Congress, and commonly these are not totalled until the end of the fiscal year. For example, the "supplementary" relief Budget for 1937 has now reached a figure of \$2,300 millions; and Congress has added between \$100 millions and \$200 millions to the "regular Budget" in the period since March 1st, when the President proposed additional taxes to cover the then existing deficit in the regular Budget. Exclusive of the Bonus, the general tendency is for the expenditures under the regular Budget to increase from year to year, and for the emergency expenditures to remain with discouraging persistence at about \$3,500 millions.

The question of the burden of individual taxation in the United States, particularly for purposes of comparison, is extremely difficult to resolve. The *Survey*, published by the Guaranty Trust Company, has estimated that in New York a family of four, with an income of \$2,500 (i.e. below the income-tax line) would pay about 9 per cent. of its income in "traceable taxes" if it owned a car. Without the car, the rate would be considerably lower. The percentage in "untraceable taxes" is beyond computation. On the other hand, taxes in New York State are substantially higher than in most other States. As the question has presented itself to the American family in recent years, it has consisted of an effort to adjust a fixed or reduced income to a sharp increase in taxes, especially local taxes.

THE SENATE AND THE NEW TAXES

The Federal Tax Bill is now in the hands of the Senate. Four diverse arguments are urged against it:—(1) That the formulæ applied for computing the taxes are needlessly complicated; (2) that it will produce less revenue than is required to balance the regular Budget; (3) that it discriminates against new and growing concerns; and (4) that it is essentially not a revenue measure, but a regulatory measure. There is enough validity in each of these objections to suggest the probability that it will be changed by the Senate—just how, nobody will predict.

The capital issue markets have enjoyed a recovery in activity in recent months even exceeding the anticipations of those who expected much from the modification of the Securities Exchange Commission regulations. In the first quarter of 1936, the registrations amounted to \$1,071 millions—exceeding \$1,000 millions for the third successive quarter—this figure contrasts with the \$178 millions registered in the first quarter of 1935. Two facts are developed from these registration figures:—(1) Only 5 per cent. represented newly organised concerns, and (2) almost 77 per cent. was re-issuing and 11 per cent. for the purpose of purchasing securities. Only 3 per cent. was for the purchase of physical property or other equipment. These data cover only corporate issues. For the month of April the average of the first quarter was far surpassed, and it is estimated that in the first quarter of 1936, \$1,000 millions of corporate, State and municipal securities were offered to the public. This total would compare with any month of the pre-1930 "New Era."

The report of the Department of Commerce on the Payments for 1935 centres on the gold influx of \$1,000 millions. Manufactured goods showed an export of \$234 million in the first quarter, an increase of \$23 million on the corresponding quarter of 1935. Imports of \$336 million, an increase of \$23 million on the corresponding quarter of 1935. The gold imports to be

accounted for among the invisible items. The Department estimates the net influx of short-term funds at \$970 millions, of which perhaps two-thirds represented an increase in foreign cash balances in this country. On security account, it is estimated that the net influx of capital funds was \$442 millions, mostly foreign investments in American securities, but including some repatriation of foreign dollar bonds. Expenditures of American tourists are put at \$393 millions, and of foreign tourists in this country at \$129 millions—both items showing a large increase over 1934. Immigrant remittances fell below \$100 millions for the first time since the figures have been compiled. Interest and dividend receipts on foreign investments are given as \$426 millions, a small decline from 1934; and interest and dividend payments as \$140 millions. On this computation, the United States is still a creditor nation, but the margin is shrinking. After tabulating calculable receipts, there is still an incoming balance of almost \$400 millions unaccounted for. These figures emphasise the opinion of 1935, that the gold shipped here resulted either in the accumulation of unused foreign balances, or in investment in our securities. The comparative absence of gold and silver imports in the first four months of 1936 may be construed as evidence of a cessation of the accumulation of dollar balances and of slackened European interest in Wall Street.

The business news continues excellent. Steel operations are around 70 per cent. of capacity, against about 42 per cent. a year ago; which is remarkable since so far this year there is almost no private heavy construction and small railroad buying. Automobile output in April was about 500,000 cars, or approximately the 1929 level, when that rate of output was sustained for four months. Timely rains, however, have reduced grain prices from their recent high levels.

There are now two areas of the United States economy which are distinctly booming, and both are obvious reflections of the Government's cheap-money policy. Notwithstanding a Budget deficit of \$6,000 millions in the current year and the usual heavy demands by State and local Governments, likewise operating on deficits of one sort or another, the activity of the issue market at what are historically very high prices, is at or near the 1929 level. As these new issues are almost exclusively for refinancing, only the Government operations require new capital. But the combination of the two at current interest rates is proof of the extraordinary state of the capital market.

Second, while the general level of incomes is by no means what it was in the boom years of the twenties, the demand for motor cars approximates to the heyday of the New Era, and all sorts of comparable items of household equipment find a similar demand—in instances, an unprecedented demand. These articles are sold on consumer credit, which is more abundant and cheaper than in the New Era. It is in these three phenomena—the facility of the refunding market, the facility with which Governmental units can increase their already large debts, and the facility of consumer credit—that the so-called "reflation" policy is now manifesting itself most vigorously.

NEW YORK, May 5.

FRANCE

M. BLUM AND THE FRANC

THE first official word of M. Léon Blum, the presumed Prime Minister of to-morrow, has been to declare himself "resolutely opposed to devaluation," as M. Marcel Régnier, M. Germain-Martin and M. Poincaré had done before him. If he could talk in full privacy, M. Blum would perhaps agree to discuss the pros and cons of devaluation. But he is not alone. He is the leader of the "Popular Front" and thus allied with the Communists on his Left, who declare that they will vote with all their might against devaluation, on the ground that it has been

condemned by the French people. Eight days after the general election, M. Blum cannot break with the Communists and dislocate the Popular Front. Moreover, if the Communists are staunch supporters of the franc, they are also for heavy taxation on large fortunes. Thus M. Blum may fear that devaluation might not after all be followed by a large-scale repatriation of exported capital as happened in Belgium.

Last but not least, M. Blum may consider that it is his political game to repudiate devaluation in case M. Sarraut should be obliged to decide to impose an embargo on gold exports before M. Blum takes the helm. If, on the contrary, the franc recovers, he can argue that this is the result of his own intervention. For the time being, however, M. Blum's first aim has been to stop the panic among small capitalists who had begun to sell their Government securities and other French stocks in order to purchase gold, dollars and pounds. His effort was successful—all the more so because the banks have been instructed not to sell gold or foreign notes to the public, except when absolutely justified. These restrictions can only be evaded by the rich. One may now assume, however, that most big fortunes have already taken refuge abroad. In general the public, tranquillized by the promises of M. Blum "to create and stimulate business . . . to reform the tax system . . . and to organise large scale public works," will decide to wait and see.

A Socialist Government will thus take office on June 3rd. It will have the support, but not the participation, of the Communists. The Radicals will probably participate as the Union Républicaine Socialiste. No doubt the intention of M. Blum will be to go slowly in order to avoid a "crisis of confidence," which would render impossible the execution of an expansionist financial programme, and to place dependable men at the head of the main departments. But the tactics of the other parties must be reckoned with. The Communists may urge revolutionary measures and the Radicals may support the pressure of the Communists in order to defeat the Senate.

CHANCES OF A RESPITE

If M. Blum is aided by a rise in wheat prices, by the coming of the usual good revenue receipts in the summer, he may reach the summer recess without trouble and so have time to develop his policy. If not, will he be forced to decide on a gold embargo and to follow the paths of the American experiment—but without devaluation—or of the German one—but with 60,000 million francs of gold?

The sentence in M. Blum's speech in which he declared that he intended to "apply State intervention to the nerve centres of the body economic" was not, perhaps, emphasised as much as it ought to have been—in a press which is anxious above all to suppress anything the least likely to disturb the financial markets.

The *Statistique Générale de la France* has just published its monthly figures of industrial production: (1913 = 100.)

	March, 1935	January, 1936	February, 1936	March, 1936
General index	93	97	99	100
Engineering	96	97	99	100
Iron and steel	76	83	84	86
Textiles	59	71	71	70
Mines	98	101	101	101
Building (adjusted figures)	76	67	69	69
Leather	87	91	93	97
Paper	133	123	135	144
Rubber	759	909	970	997
Motors	400	422	453	459

In the motor industry, 15,624 cars and 1,925 lorries were put on the road in March, compared with 12,328 cars and 1,417 lorries in February.

The figures for the cotton industry are as follows:—

	Dec., 1935	Jan., 1936	Feb., 1936	March, 1936
Spinning (average per spindle in kilograms):—				
Production	1,617	1,748	1,601	1,768
Deliveries	1,667	1,794	1,681	1,788
Stocks	1,809	1,802	1,798	1,788
Unfulfilled orders	5,025	5,330	5,412	5,356

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Weaving (average per loom, in pieces of 100 metres):—	Dec., 1935	Jan., 1936	Feb., 1936	March, 1936
Production	5.19	5.44	5.14	5.58
Deliveries	5.36	5.47	5.15	5.62
Stocks	8.12	8.16	8.09	7.87
Unfulfilled orders	19.72	20.78	22.47	24.97

The total of bankruptcies in April, 1936, was 721, compared with 822 in March, and 857 in February. PARIS, May 14.

GERMANY

THE BRITISH "QUESTIONS" AND ABYSSINIA

THE questionnaire submitted by the British Government to Berlin has been published here almost without public comment as far as the contents are concerned. Not being told what to say about the contents, the Press has said nothing. But even in the Press there are signs of displeasure at the British Government's decision on the date of publication; and it is assumed that publication was decided on in London in order to divert international attention from Abyssinia. If this was London's aim, it failed. For Locarno and Herr Hitler's peace proposals are already half-dead, and cannot be fully revived; but Abyssinia, which London would like to kill, refuses to be killed.

To Germans the Abyssinian and European questions are one, though not in the Italian, French or British sense. Germans have all along objected, with good reason, to the use which influential groups and individuals in the three countries responsible for the Abyssinian scandal have made of the Reich's alleged exceptional position as a threat to peace in Europe. It is no mere accident, they remark, that those countries whose hands are really clean in the Abyssinian question do not find it necessary to talk about any German peril. This German complaint does not, however, mean that the Abyssinian and general European questions can really be divorced. The most important of all general European issues is whether Germany will return to the League, as she has conditionally offered to do. From this viewpoint Germans hold that it is both improper and incongruous to put schoolmasterly questions about the practice of virtue by them in future.

The number of unemployed at the end of April is returned at 1,763,000, which is 174,000 fewer than at the end of March, nearly half a million fewer than in April, 1935, and only some 50,000 higher than the best figure of last summer. Insolvencies in April numbered 181, against 258 in April, 1935. Consumption of electricity in March was 15 per cent. above that of March, 1935; and retail turnover in March 9 per cent. over that of March, 1935. The total income from wages and salaries of workmen, clerical employees and officials in 1935 is returned at Rm. 31,901 millions, against Rm. 29,262 millions in 1934 and 25,960 millions in 1933.

Reports from industry are mostly favourable. In April the home demand for almost all kinds of steel increased. The most active consumers were the machine manufacturing, shipbuilding and building trades. Foreign steel declined, but actual steel exports in the month increased and imports decreased. The net export

iron and steel, which in 1934 fell to an average monthly value of Rm. 33 millions, has lately been around Rm. 60 millions. The average export price has risen somewhat. The Ruhr Coal Syndicate has raised its per ton assessment for April from Rm. 3.78 to Rm. 3.93. This is a consequence of the increased proportion of sales to "contested" districts. The engineering and machine-tool manufacturing trades are very active, as well as the pulp and paper mills; and exports of paper have risen sharply. Textile reports are irregular, and the leather industries are still depressed.

INCREASE IN TAX RECEIPTS

Gross receipts from Reich taxes in March totalled Rm. 904 millions, against Rm. 748 millions in March, 1935. Receipts in the whole financial year 1935-36, ending March, 1936, were Rm. 9,650 millions, against Rm. 8,205 millions in 1934, Rm. 6,846 millions in 1935, and Rm. 6,647 millions in 1932. Direct taxes and taxes on business in 1935-36 yielded Rm. 6,176 millions, and Customs and Excise Rm. 3,474 millions. Of the increase in total receipts, Rm. 1,219 millions was in receipts from direct taxes and taxes on business. The two railway traffic taxes also yielded more, and the company tax and motor-car tax less. Customs and Excise, taken together, yielded Rm. 226 millions more. The total increase, as compared with 1934, is therefore Rm. 1,445 millions, or, if readjusted to changes in taxation methods or rates Rm. 1,261 millions.

An exact comparison with tax revenue in the pre-depression years is not possible. Certain emergency taxes, in particular the crisis income tax and the supplement to income tax, which were meant to be temporary, have since been merged in the regular income tax; the sales tax rate has been increased; and numerous minor changes have been made. The Secretary of State at the Finance Ministry, Herr Reinhardt, predicts a further increase of Rm. 1,000 millions in tax revenue in the new financial year. All the above figures are gross. After deducting the shares of the States and providing for past deficits, and for debts incurred as a result of "advance financing" for the business recovery, insufficient money, Herr Reinhardt says, will be available for new Reich undertakings, including re-armament.

The index of the conditions of crops for May 1st shows wheat the same as in May, 1935, and rye slightly better. Spring sowing has been retarded by rain and cold.

Money became cheaper last week, and this week was so abundant that Gold Discount Bank promissory notes were bought for the lack of other short-term paper. At the end of April the circulation of these notes had risen to Rm. 862 millions, against Rm. 750 millions at the end of March.

BERLIN, May 13.

SPAIN

A NEW PRESIDENT AND A NEW PRIME MINISTER

SPAIN'S Republicans can now feel that the Presidency is in the hands of an outstanding personality of proven loyalty to the new regime. But against this advantage gained by the elevation of Don Manuel Azaña to be Head of the State must be set certain drawbacks. Sr. Azaña was not only leader of Izquierda Republicana, but virtually also the chief of Union Republicana as a result of the election to the post of Speaker of Don Diego Martinez Barrio. Not only are these parties left leaderless; but there is no figure in sight with the prestige and personality of Sr. Azaña, which spread far beyond party frontiers, to take up this leadership and to fill the difficult and delicate task of the Premiership.

The circumstances under which Sr. Azaña has been elected leave almost everything to be desired from a democratic point of view. The manner in which Sr. Alcalá Zamora was abruptly ousted, the holding of elections with civil guarantees suspended and a censorship in force, the slight attention paid to the views expressed by the representatives elected to participate in the presidential election at various party assemblies, the use of the censorship by Sr. Azaña's Government on articles and editorials concerning his election—the whole procedure—has in the past set undesirable precedents. It is not surprising, therefore, that the new Government is disappointed, and shows signs of a marked expansion.

The official explanation, to the effect that Sr. Azaña was chosen as the only candidate who would receive the votes of the various fractions of the United Front, is not accepted entirely in well-informed circles. It is asserted that Sr. Azaña was anxious to leave the Premiership, an assertion which has not been denied and which implies the existence of a highly unsatisfactory state of affairs. The Spanish situation is not good. There is a revolutionary fervour and a bitter class hatred such as has never existed here. It seemed logical that Sr. Azaña and his friends would undertake a rapid and radical scheme of reforms to check this revolutionary wave. Nearly three months have passed since the elections, and little has been done. Now the leader and inspirer of Left Republicanism abandons active politics and leaves the Republicans leaderless. This is an unpleasant state of affairs. Sr. Casares Quiroga, the new Prime Minister, is an active and capable figure, but his prestige and capacity have, so far at any rate, not equalled those of Sr. Azaña. However, next to Sr. Azaña he is the person with most chance of holding together the United Front, and it remains to be seen whether he will try to make up for the valuable time trifled away in petty politics in the last three months.

"ANARCHO-SYNDICALIST" ACTIVITY

The congress in Saragossa of the Confederación Nacional del Trabajo, the Anarcho-Syndicalist labour movement, has received much attention both in Spain and abroad. Spain is virtually the only nation left where the theories of Bakunin and Sorel continue to sway large masses; a situation due almost entirely to the high rate of illiteracy. The C.N.T., as it is known in Spain, decided in favour of the formation of regional alliances with the Socialist and Communist unions, but on condition that the latter abandoned all political activity and promised to use violence only. Doubtless this somewhat infantile pretension will not be accepted by the congress of the Socialists to be held in Madrid on June 10; but this is not to say that the alliances will fall through. Some kind of compromise will doubtless be reached after the forthcoming congress.

The Anarcho-Syndicalist movement is a peculiar mixture of idealists, *agents provocateurs* and terrorists. It has no outstanding leaders, but it still has a name and a tradition in Catalonia and in Andalusia. Union with the other labour forces would give enormous strength to the workers. The ideals of individual freedom embodied in anarchism continue to have a decided but lessening attraction for Spanish workers, and the vague programme of a State which would be nothing more than a conglomeration of independent municipalities has lost its appeal for Spanish youth.

The slow payment of foreign currency owed to firms abroad shows no sign of speeding up. Whether the change in the Cabinet will alter the course of events cannot be said; but on the whole it is more likely that no attempt will be made to deal with the serious problem in energetic fashion for the time being. Devaluation of the franc would affect the peseta. A Bill has been presented to the Cortes for the spending of about £27,000,000 on public works, which should relieve the position of the 800,000 unemployed. How far piecemeal plans of this kind actually help matters, is difficult to say. In financial circles the election of Sr. Azaña has been well received. This attitude is based a good deal on the hope that from his new post he will support a policy tending to check the advance of Socialism and Communism.

MADRID, May 12.

POLAND

THE FAILURE OF DEFLATION

It may reasonably be assumed that the introduction by Presidential Decree on April 27th of "temporary control" by the Bank of Poland over the purchase and sale of gold and foreign exchange is the forerunner to devaluation of the zloty—the time and extent of the devaluation to be determined by the course of events. One of these events will be a Cabinet reconstruction, with the probable elimination of "the Colonels' group" (except Colonel Beck, the Foreign Minister), which is held responsible for the deflationary programme and the recent disorders for which in turn the programme is held responsible.

tionary programme and the recent disorders for which in turn the programme is held responsible.

The Man in the Street, however, has not taken the view that he has been the unwilling victim of another noble experiment, but rather that the Government, more or less with public approval, and at the cost of a standard of living which has always been much below the Western European level, has made an earnest attempt for the last five years to be honest and straightforward in its financial and economic dealings while so many other countries have been openly practising selfishness, trickery and subterfuge. Probably no other country has made as great a sacrifice as Poland since 1928 to prove that the classical conceptions of a free gold standard will not work under post-war conditions. In a world of *saute qui peut* Poland has made the fundamental mistake of sticking to rigid orthodoxy. Fortunately (perhaps) she did not make the same mistake in international politics, which was because Marshal Pilsudski—who died just one year ago—was a skilful political and military leader but was not well versed in financial-economic affairs.

The protest against continued deflation came after grave unemployed riots and looting in Cracow and Lwow during which the authorities showed a willingness to prove with bullets that financial orthodoxy could be made to work. It was only then that the public said "enough." The method of saying it was a flight from the zloty into gold and foreign currencies, and during the ten days between the Lwow riots and the promulgation of the "control" decree the banks lost more than 50 million zlotys of gold and *devisen*. Only a few days before the flight began M. Kwiatkowski, the Minister of Finance, had been able to announce the "triumph" of deflation by publication of the Budget figures for the month of March (revenue 199,661,000 zlotys and expenditure 199,034,000 zlotys), showing a surplus for the first time since November, 1930. The figures for the month of April also show a surplus, with revenue given at 175,450,000 zlotys and expenditure as 175,000,000 zlotys. The Koscialkowski-Kwiatkowski Cabinet took office last October for the avowed purpose of "balancing the Budget and the country's economic life," but their programme had been prepared beforehand by "the Colonels."

It is not expected that the present policy of the Government of holding the zloty at the gold parity which has been in force since October, 1927, will have to contend with external pressure. Foreign holdings of zlotys are limited to a few millions, except for the Free City of Danzig, where there was a flight to the zloty a year ago when the gulden "went off." These zlotys, estimated to amount to about 25 millions, have remained, mostly hoarded, in the Free City, and they are now the subject of negotiations between the Polish and Danzig authorities.

RELIEF WORK PLANS

The rise of from 15 to 25 per cent. in the prices of leading industrial shares, accompanied by a marked improvement in the price of land and buildings since the introduction of exchange "control," indicates the expectation of reflation. The spending of 400 million zlotys on public works for relieving unemployment during the fiscal year which began on April 1st is now being mentioned, and it is significant that an increase in banknote circulation of a similar amount is also being discussed.

The amount of paper currency outstanding at the end of April, after an increase of 68 million zlotys in the last ten days of the month, was 1,010 million zlotys, for which a "cover" of 30 per cent. is required by law. The "cover" at the end of April was 36.82 per cent. The circulation of metallic currency, which is issued by the Treasury, is also increasing, but this does not affect the "cover" shown by the Bank of Poland.

There is almost no limit to the public works that could with great advantage be undertaken in Poland—such as the building and improvement of roads, schools, hydro-electric developments, the draining of extensive swamps in the East, improvement of waterways, etc. Despite the presence of more than one million unemployed eager to find work of any kind, the economic development of a backward country has been at a standstill for years because of the lack of "capital." The coming "New Deal," it is assumed, will

take care of this situation by discouraging zloty hoarding and expanding currency circulation. The Government has not yet called in private hoardings of gold and foreign currencies, nor for the registration of foreign securities owned by Polish nationals—which may amount to a total value of between 800 and 1,000 million zlotys. But strict precautions are being taken to prevent their escape from Poland.

From January 1st to April 30th the gold and foreign exchange holdings of the Bank of Poland declined from 471.3 to 395.8 million zlotys. Assuming, however, the whole of the latter amount to be available for use, the Bank should have no difficulty in providing all the foreign exchange required for the legitimate needs of business and travellers—the more so as the foreign trade balance is still "active," and the German railways are now paying 1,500,000 gold marks (or 3,200,000 zlotys) a month to meet current charges for transit traffic across the Polish Corridor.

The foreign trade figures are as follows:—

	1934	First Three Months 1935 (Millions of zlotys)	1936
Exports	237.2	221.8	241.9
Imports	194.1	195.6	232.1
Export surplus ...	43.1	26.2	9.8

It has been officially stated, since the establishment of exchange control, that "Poland is not, at present, so much endeavouring to achieve a highly favourable balance of trade as trying to expand the total volume." This evidently foreshadows an increase in "compensation" trade, especially with Germany.

WARSAW, May 10.

GREECE

RE-ARMAMENT AND RE-MILITARISATION

WITH normal political conditions restored, the attention of the authorities is being concentrated on the problem of re-organisation and completion of the defence forces of the country. Following an agreement between the Government and the leaders of the political parties on the programme to be adopted, General Metaxas, the Premier, announced that, by the end of 1937, the defence forces of the country would be adequately equipped and reorganised. To this effect, a total expenditure of some 6,000 million drachmas will be required. Large quantities of war material will be imported from Germany in order to liquidate the frozen balance of over Rm. 30 millions standing to the credit of the Bank of Greece from Greek exports to Germany. On the other hand, it has been decided in principle to give the order for the construction of four destroyers to British shipyards.

On the subject of re-militarising the Dardanelles, the Greek Government gave a favourable reply to the Turkish Government; and it seems probable that Greece will also claim in due course, for the same reasons as Turkey, the right to fortify certain Greek Islands in the Aegean Sea. This seems the more reasonable after the failure of the League of Nations to prevent or even to stop the Italo-Abyssinian war—a failure which has shattered confidence in the power of the League—and, incidentally, of Great Britain—to protect effectively the small nations from unprovoked aggression by larger States.

If, as it is hoped, General Metaxas' Government secures a vote of confidence from the Chamber, the Finance Minister, accompanied by the sub-governor of the Bank of Greece, will proceed shortly to London to negotiate with the representatives of the foreign bondholders about the service of the Greek foreign debt. The Greek Government intends to propose a definite arrangement of the debt on the basis of the present financial conditions of Greece and its transfer capacity. If the bondholders refuse such a settlement, a provisional agreement, valid for two years, will be suggested. In such a case it seems that the Government will not offer, at best, more than 35 per cent. of the service; that is, the same percentage as was provided for in the last agreement with the bondholders.

It seems probable that, to protect the declining foreign exchange reserves of the Bank of Greece, new restrictions, especially on imports of goods from abroad, will shortly have to be enforced. For the import surplus for the first two months of this year showed an increase of Drs. 454 millions against that of the corresponding period of 1935, which, in its turn, was higher by Drs. 200 millions than in the corresponding period of 1933. In fact, though exports have increased in value since 1933, imports have been increasing faster; so that the import surplus has steadily risen from Drs. 3,197 millions in 1933 to Drs. 3,318 millions in 1934 and Drs. 3,580 millions in 1935. On the other hand, invisible exports declined in 1934 and in 1935. Accordingly, the gold and foreign exchange reserves of the Bank of Greece have shrunk from Drs. 4,156 millions on June 30, 1934, to Drs. 3,068.5 millions on March 31st last.

GERMAN PENETRATION IN THE NEAR EAST

The direction of the foreign trade of Greece—and it seems that of the other Balkan States—should seriously attract the attention of responsible persons in the United Kingdom. Thanks to the monetary and commercial policies of the German Government, exports to Germany from Greece and other Balkan countries have steadily increased in recent years. Owing, however, to the compensation and exchange clearing agreements regulating trade between Germany and these countries, this increase has resulted in a large expansion of German exports to the Balkans—an expansion made to the detriment of British trade and rendered necessary for disposing of the otherwise huge frozen balances of blocked marks in Germany. Consequently, in the case of this country at least, Germany now heads the list, both of exporters and importers. It should not be forgotten, moreover, that economic interests create bonds among nations and may even have serious political consequences. In the face of growing German economic and non-economic penetration, British interest in this part of Europe should, therefore, be adequately and duly protected by the adoption of policies tending to maintain and expand the economic and cultural relations of Great Britain with Greece, as well as with the remaining countries of the Near East.

ATHENS, May 2.

ARGENTINA

FALL IN EXPORTS.

FROM the following figures it will be seen that exports, for the first quarter of 1936, are considerably lower both in value and volume than for the same period of 1935:—

EXPORTS FOR FIRST QUARTER				
	1935	1936	1935	1936
	Tons		Value	
Livestock products	326,287	353,414	\$	\$
Agricultural products	3,806,086	2,937,916	151,912,593	185,113,404
Total (all exports)	4,265,000	3,413,000	266,676,999	205,723,757
	Value		Value	
Livestock products	151,912,593	185,113,404	437,928,000	409,835,000
Agricultural products	266,676,999	205,723,757		
Total (all exports)	437,928,000	409,835,000		

GRAIN EXPORTED DURING FIRST QUARTER OF 1935 AND 1936

	1935	1936	1935	1936
	Quantity		Value	
	Tons		\$	
Wheat	1,414,284	357,917	90,210,824	36,012,827
Maize	910,844	1,780,661	48,769,002	78,569,889
Linseed	630,558	454,475	76,644,479	63,872,184
Oats	227,015	44,087	11,815,389	2,628,775
Barley	282,579	68,399	16,679,739	3,522,045

Exports for March, 1936, although lower in volume, were higher in value than in March, 1935, owing to an increase in prices of cereals.

The full figures of foreign trade in the first quarters of 1935 and 1936 were as follows:—

	1935	1936
	\$	
Imports	286,481,581	289,451,011
Exports	437,928,129	409,834,856
Export Surplus	151,446,548	120,383,845

Farming conditions in the South and South-West, which in the early part of April were really serious because of the drought, have now greatly improved owing to the copious and timely rains which have fallen practically throughout the central agricultural zone.

THE ROCA AGREEMENT.

The Argentine Ministry of Finance has published a long and detailed statement, summarised below, in reply to allegations which had appeared in a section of the British press that Argentina had not fulfilled the obligations imposed by the Anglo-Argentine Trade Treaty of 1933.

The Ministry states that in spite of baseless accusations the Argentine Government had maintained silence, being content to inform the officials of the British Government of the true state of affairs through its accredited representatives abroad. But the news published on April 30th, according to which a committee representing the Parliamentary majority of the British House of Commons affirmed that "Argentina must radically reduce purchases of merchandise from the United States, which, according to information, are paid with pounds sterling derived from British purchases of Argentine goods," and that Argentina "employs only 25 per cent. of her pounds sterling to acquire British goods and to pay for services, while 75 per cent. is allegedly used for purchases abroad, chiefly in the United States," obliged the Finance Department to publish the present information which proved such accusations to be totally unfounded. As laid down in the Runciman-Roca agreement, so long as a system of exchange control exists in Argentina, the total exchange derived from sales of Argentine produce to Great Britain must be allotted to current remittances to that country after deduction of a reasonable amount—which must not exceed £3,000,000—for the payment of the foreign public debt in other countries. The order of priority in which the available exchange should be distributed shall be:—

- Public debt.
- Import of goods.
- Freights.
- Interest on debentures and other loans.
- Private British remittances.
- Payment of dividends on preferred and ordinary shares of British companies operating in Argentina.

The fulfilment of this clause by the Argentine Government is fully proved by the fact that during the operation of the Treaty the total exchange derived from Argentine sales to the United Kingdom has been applied to transfers to that country except a small balance of about £1,500,000. This balance was not distributed owing to lack of applications within the terms agreed with the British Government. It will be rapidly absorbed, however, by transfers to be authorised during the current year. Then comes the following table:—

ADJUSTMENT OF EXCHANGE AFFECTING GREAT BRITAIN DURING THE YEARS 1933, 1934, AND 1935

	1933	1934	1935
	(May to December)		
	In thousands of pesos		
Exchange available:—	273,235	543,572	493,760
Value of visible exports			
Exchange applied:—			
Reserve for payment of debts in other countries	25,622	45,000	45,000
Drawn	236,355	462,371	444,377
Total applied	261,977	507,371	489,377
Balance in favour of Great Britain	11,258	36,201	4,383
Granted in 1934	10,515	...	...
Granted in 1935	795	20,268	...
Balance pending at date	2,190	15,933	...

The total exchange sold for Great Britain amounted in 1933 to 33.7 per cent. of the general total, and in 1934 and 1935 it was 40.7 and 39.7 per cent. respectively.

EXCHANGE GRANTED TO GREAT BRITAIN

	1933	1934	1935	Percentage 1935 over 1933
	(In thousands of pesos at the buying rate)			
Import of goods	215,220	247,780	278,976	+ 29.6
Public debt	74,371	73,418	42,980	- 42.2
Remittances public utility cos.	55,597	141,332	138,074	+ 148.3
Remittances of private persons	11,553	1,796	...	...
Other transfers	7,518	8,552	4,307	- 42.7
	364,259	472,878	464,337	+ 27.5

The amounts of exchange drawn shown in the first table

do not agree with the totals of the second table because there is a difference between the date of earmarking and the date of granting. There is, of course, no comparison between the two tables for 1933, since the first table only covers the eight months of the year during which the Treaty was operating, while the second table gives 1933 for the full twelve months.

The report concludes: "It is thus proved that with the concession of official exchange for its merchandise without restrictions, British industry has received an obvious benefit, thus giving it an advantage over the other countries with which no agreement has been signed, and whose imports without prior exchange permits must support a surcharge of up to 20 per cent. in virtue of Law No. 12,160. If imports of British origin have not been greater, this cannot be attributed to the system of compensation established by the agreement nor to the Argentine Government."

In view of the discussions on the Roca Agreement now proceeding, this statement is of considerable importance.

BUENOS AIRES, May 1.

SOUTH AFRICA

THE MARKETING BILL AND THE COST OF LIVING

THE Marketing Bill, designed to benefit the farmers by regulating the conditions of distribution and sale of their products, has aroused so much opposition that it now appears unlikely that it will be proceeded with—at any rate during the present session. The Chamber of Mines took a foremost part in this opposition. In the course of a statement embodying the views of the industry the Gold Producers' Committee contended that the Bill "offers no permanent solution of the agricultural problem and will simply aggravate the maladjustments which at present exist." It also alleged that the Bill would tend to increase production costs, raise the already high cost of living in South Africa and incidentally the costs of the gold-mining industry.

Mr G. H. Beatty, joint general manager and consulting engineer of the Johannesburg Consolidated Investment Company, Limited, who was last month elected president of the Chamber of Mines, has just made the high cost of living the subject of a significant speech. High railway rates he put among the principal causes of the excessive level of rents, which represented here 25 per cent. of the wage-earner's budget. High railage is also held responsible for the recent increase in the cost of petrol on the Rand, now 2s. 2d. per gallon. In response to widespread protest, which the Government evidently regard as having possible political significance, the Minister of Railways is calling a conference jointly representative of the petrol importers and distributors, the Motor Traders' Association and his own department to see if all-round reductions can be arranged.

Preliminary preparations by the South African Reserve Bank for loan redemption operations in London are reflected in recent statements of the Bank. The latest return shows that the total gold holding of the Bank was reduced to below £23 millions, a reduction of over £6,713,500 in the month. The loans to be redeemed in London in the near future total £18,500,000; while stock domiciled in South Africa, representing a further £12,600,000, is also being redeemed. For these redemptions a local loan for £31 millions was issued early in the month.

GOLD-MINING PROSPECTS

From the returns of the Transvaal Chamber of Mines for the first quarter of the year and the gold producers' reports for the same period, it is possible to arrive at an approximate estimate of the prospects of the gold-mining industry for the current year. Gold, it must be remembered, has realised an average of £7 os. 6d. per fine ounce this year, as compared with an average realisation value of £7 3s. for the first quarter of 1935. If one takes account of the lower realisation value, it is possible to make a comparison between the gold producers' operations in the two years.

The comparison may be summarised as follows:—

	First Quarter's Gold Production	
	1935	1936
Tons milled	10,432,900	11,769,250
Yield (fine ounces)	2,594,430	2,752,481
Yield (dwts. per ton)	4.876	4.584
Working revenue	£18,221,860	£18,988,592
Working revenue (per ton)	34/11	32/3
Working costs	£10,082,441	£11,026,432
Working costs (per ton)	19/4	18/9
Est. working profit	£8,139,419	£7,962,160
Est. working profit (per ton)	15/7	13/6

It is not yet possible to assess accurately the effects on the industry as a whole of the new taxation recently proposed. Only four of the six groups controlling the principal gold producers of the Witwatersrand have included in their quarter's reports details of the provision made in respect of taxation calculated for the first three months' operations on the basis of the proposals announced by Mr Havenga. But the figures put forward by these four groups are illuminating. They are as follows:—

	Quarter's Profits	Taxation
Rand Mines Group (12 producing companies)	2,340,174	827,527
Johannesburg Cons. Investment (6 companies)	2,037,857	1,044,549†
Union Corporation (3 producing companies)	806,150	322,000†
New Cons. Gold Fields (4 producing companies)	939,694	340,019

† Including Government's share of profits under lease.

From these figures it will be seen that, in respect of the first quarter of the year, the Government is receiving well over £2,500,000 from only 25 out of the 35 gold-producing companies. But these direct contributions do not represent anything like the benefits the country derives from the gold-mining industry. Quite apart from the very heavy contributions the mining companies make to the State railways and other public services, it has to be remembered that nearly two-thirds of the stores consumed by the mines are purchased within South Africa—the actual figures for 1935 are now available and show that South African products to the value of £16,047,414 were purchased, as compared with imports valued at £10,550,166. Moreover, salaries and wages paid by the gold-mining industry last year totalled £21,604,000. So that in addition to the £14,378,000 taken by the Union Government in share of profits and taxation last year, there was spent in this country (apart from dividends distributed to South African shareholders) no less than £37,650,000.

JOHANNESBURG, May 1.

LETTER TO THE EDITOR

GOODWILL AND SHARE CAPITAL

TO THE EDITOR OF THE ECONOMIST

SIR,—In an article which appeared in a recent number of the *Economist* in connection with the Imperial Chemical Industries judgment (which has later been confirmed on appeal), you commented on some points raised in a recent lecture by me on "Inflation, Industrial Share Capital" (now published in pamphlet form by Gee and Company (Publishers), Ltd., price 6d.) and you asked the question, Should "goodwill" be capitalised at all?

I think the right answer to the question is that its value should never be included in the fixed share capital of an industrial company, the amount of which should, by the statutory exclusion of the value of intangibles, be strictly confined to the going-concern value of real capital, i.e., tangible things and rights to such things, after deducting liabilities.

For example, take the case of an individual trader owning land, buildings, plant, stock-in-trade, book debts, etc., having a going-concern value—after deducting liabilities—of £100,000. This man owns £100,000 of real capital, and no more, even although his business may be regularly earning, and likely to continue to earn, a yearly profit of as much as £20,000. But, if this business is sold to a company, the fixed share capital may very likely, under our present method of company finance, be stated at not less than £200,000, although the real capital in the business has not been increased by selling it to a company.

One vital objection to this unfortunate method is that it severely handicaps the proper practice of industrial accounting, which is naturally concerned with tangible things. A clear

line can be drawn between tangible and intangible assets, and it is well known that the going-concern value at any time of actually existing things can be computed on the appropriate basis, without much room for serious differences of opinion, with the aid of simple and logical accounting rules and the use of suitable accounting equipment. But this is not so with intangibles like goodwill, the ever-changing value of which does not represent anything which exists, nor is it amenable to any possible accounting or other logical rules; and, moreover, it does not concern in any way the measurement of annual profits and losses. For these weighty reasons, the value of goodwill and the like should, I think, be wholly eliminated from company balance sheets.

This could, of course, have been easily effected, in the case quoted, by the issue of the company shares at a premium of £1 per share; but some alternative method is plainly needed, and intangible assets of this nature would often be more conveniently represented by an appropriate issue of shares of no par value entitled to a stated proportion of the expected super-profit; the issue would naturally, of course, be made at the price the shares of no par value would fetch, and simultaneously with the issue of the shares of fixed amount. Unfortunately, shares of no par value are not at present permitted by English company law.

It is common knowledge that shares of no par value are widely used in America, Canada, and elsewhere, but we must not look for guidance to the practice in other countries, because such shares are now very generally issued indifferently against the value of both tangible and intangible assets without any discrimination, although, according to my correspondents, this was not always so. I am told that on the introduction of shares of no par value they were naturally regarded both in America and Canada as representing goodwill, trade marks, patents, etc., whilst shares of fixed amount were considered to represent tangible assets, i.e. real capital.

It is mainly owing to the mistaken and unnecessary custom of including, in fixed share capital, the estimated value of the future earning power of a business at the time of sale to a company, that company accounts, as issued to shareholders, have become of little practical use. They are now too often apt to present a mere mass of meaningless figures, instead of an approximately accurate record of annual profits and losses, and of the real capital of a going concern in its then existing state of investment.

Yours faithfully,

London, E.C.4.

P. D. LEAKE.

BOOKS AND PUBLICATIONS

THE CONTROL OF RAW MATERIALS

THE first of these two books considers the political aspect of the regulation of raw material supplies, and the second the economics of individual regulation schemes. Mr Greaves starts by saying that political intervention in trade and production is a fact that no realist policy can afford to overlook. And Mr Greaves is right. Political intervention, he says, attempts to make secure both the supply of raw materials necessary for industry and the foreign markets for home produce. Colonial expansion, commercial treaties and producers' agreements of one kind or another are the chief instruments used; tariffs and quotas are secondary weapons. Governments which are dissatisfied with their success in this field will continue the struggle whether by military conquest or by economic penetration. That, Mr Greaves thinks, means political and economic war between the "satiated" and "unsatiated" powers. He finds the solution of these problems in international economic "planning," and he discerns a tendency in that direction both among industrial manufacturers and producers of primary products.

The major part of Mr Greaves's book is taken up with a description of a group of regulation schemes which have actually been in operation. Unfortunately, however, his account of individual schemes is not very satisfactory and frequently betrays a certain lack of knowledge of conditions in these industries.

The lesson he draws from his investigation is that order must replace chaos, and that co-operation should be substituted for competition. His solution is as follows. Free access to raw materials and services should be established, and an executive board should be instituted with control over each commodity and service enjoying a world market. An economic council should also be set up with supervisory and co-ordinating authority; and a whole series of internationally organised industries and services should be contemplated, each under the control of committees or boards subordinate to the economic council. Mr Greaves realises, however, that nothing can be hoped from international organisation without the abdication of national sovereignty. He has written a stimulating book. But the chances of the adoption of his solution in the near future do not appear very bright.

Mr Rowe's volume is less ambitious. But it contains an excellent account of the various schemes for the regulation of primary products. The book is based on a series of wireless talks given by Mr Jewkes and Mr Rowe under the title of "Markets and Men." Mr Rowe begins by

tracing the origin and growth of control schemes in this field. The Great War had two very different effects. It made artificial control of supplies, in Mr Rowe's view, more desirable, because of the tremendous dislocations of all kinds which resulted from it. Production was greatly diminished in some countries and stimulated in others. The second effect of the War was to make direct Government intervention or control appear much more practicable. Governments not only did things which would previously have been considered an unwarrantable interference with business, but they did things which had hitherto been deemed virtually impossible for any single man or committee. What Governments could enforce upon an industry in the form of artificial control of production, stock, prices or markets, could obviously be done by the industry itself.

Mr Rowe then gives a detailed and admirable account of regulation in coffee, wheat, sugar, American cotton, rubber and tin; and concludes with an examination of the economics of restriction schemes during periods of prosperity and depression. As he himself wisely remarks, however, we do not yet know clearly enough how control schemes work out in the long run. A final and comprehensive judgment must consequently await the verdict of time.

SHORTER NOTICES

"Farewell to Revolution." By Everett Dean Martin. Routledge. 380 pages. 12s. 6d.

"The purpose of this study," says Mr Martin, "is to examine history in the light of social psychology." As early as 1920 Mr Martin wrote a book called "The Behaviour of Crowds," and has since published several other works of a similar character. This seems to be his first historical work. It does not lead us to hope that history will in future be written by social psychologists. The traditional record of the crimes, follies and misfortunes of mankind is more illuminating than this analysis of the paranoiac symptoms of revolution and their facile attribution to the revolutionary cycles which Mr Martin discovers in history. His analysis of crowd psychology is interesting. So is his study of Herr Hitler's mentality. But his failure to add anything substantial to our understanding either of the past or the present is summed up in the sentence: "the true explanation of Nazism will be found in the psychology of the crowd." What the explanation of the psychology of the crowd is, he does not tell.

His historical analysis is as superficial. He divides the history of Europe into three great revolutionary cycles. The first began with Solon and resulted in the dictatorship of the Empire and its overthrow by the barbarians. The second began with the reforms of Hildebrand and resulted in the Protestant Church, the rise of nation states and the Great War. The last originated among the English puritans, was corrupted in its 18th century liberalism by Rousseau, and led to the dictatorships of the 19th and 20th centuries. From

a chapter headed "What is Revolution?" it is almost impossible, from the wealth of definitions offered, to find out what Mr Martin means by revolution; but in a later chapter it transpires that he is using it in the sense of "a sudden, violent seizure of power by a faction."

Mr Martin believes that it is not to revolution but to liberalism that men owe the freedom which they possess, and his chapter on liberalism is certainly the best in the book. In general his case is a good one, but he argues it with rather uncritical complacency.

"The Socialisation of Iron and Steel." By "Ingot." Gollancz. 174 pages. 5s.

Three-quarters of this book has nothing to do with Socialism. It simply describes, ably and opportunely, the present state of the steel industry. As a brief technical outline, and as a survey of raw material sources and the location of firms, the study is excellent. About the financial structure, costs of production and profitability of the industry the book is a little sketchy—the material available on costs is scarce, and published financial results need very assiduous weeding. About the demand for steel, the industry itself unfortunately knows hardly more than that before the war ship-building took a third of its output, and that now someone else is taking most of that third. "Ingot," juggling with this figure and an intelligent guess by the motor industry, manages to suggest that he knows the destination of almost the whole ten million tons a year. About the politics of steel the book is only a few months out of date—which is high praise—and not embarrassingly critical, since a broad vein of realism mellows its Socialist ideology.

The case for Socialism is not based on the inefficiency of the industry under capitalism. The author recognises the technical progress made in recent years. He does claim, however, that an industry bolstered up by protection and international agreements should not be exposed even to the temptation to exploit its position as a politically irresponsible monopoly.

The Socialist plan is outlined in the last thirty pages of the book. The hierarchy of committees proposed appears not unmanageable in comparison with the 100 odd associations now meeting periodically to determine prices. The Central Board would have as chairman the Minister of Heavy Industries and as members a co-ordinating Government official, four workers, two "well-known Socialists," and three men of the general manager type. The author is a little uneasy about thus placing the industry under direct political control. It would not be "difficult for the eggs of the Socialist omelet to be replaced in their shells" by a Conservative Government. However, the moral and pecuniary returns to the workers as partners in a public enterprise are expected to militate against future capitalist Governments.

"The Rationale of Central Banking." By Vera C. Smith. P. S. King. 186 pages. 9s. net.

One might have thought that the controversy between "free banking" and "central banking" was dead. Yet here is a plea—and a very able plea, too—for a greater measure of freedom, for a partial release of the banks from the control of the Bank of England.

Dr Smith examines the reasons why the system of central banking came to be adopted in preference to a system permitting of competition among the banks. Her thesis is that the reasons, overwhelming in the nineteenth century, are not so conclusive as modern practice seems to indicate. Dr Smith has been indefatigable in exploring the authorities, old and new; and she has presented the gist of their contentions in a most readable form.

We cannot accept her view, however, that increased freedom for private banks is desirable. The importance of the volume and velocity of a country's bank deposits becomes more apparent every day. Monetary policy is a dominant influence on the economic life of nations; and there is no good reason to believe that completely unregulated banking would produce anything but monetary chaos.

"Planning Potatoes and Plundering the Public." By Alfred Beesly. The Liberal Free Trade Committee. 16 pages. 2d.

Mr Beesly has some scathing things to say about a scheme which "enabled 66,000 growers to enforce their will upon the 40 million consumers whose interest was to buy their potatoes as cheaply as possible." He attacks the dictatorial methods used by the Board in its price-raising activities, and ridicules the costly experiment at Bishop Auckland by which the Board convinced themselves that a reduction of prices would increase the consumption of potatoes.

"Capitalism and the Consumer." By Fred Henderson. Allen and Unwin. 156 pages. 4s. 6d.

Thinking in terms of money rather than "real" production and consumption is perhaps more conducive to economic fallacies than anything else. But to rush to the other extreme and interpret "real" production as simply the physical output of goods, is almost equally disastrous. Mr Henderson's new book is a remarkable illustration of this latter danger. He sees that the "advancing" of "credit" in the form of wages to induce workers to produce does not alter the fact that the goods these workers consume have to be consumed now. But he quite forgets that the act of saving which enables the "advances" to be made represents a transfer of currently existing consumption goods from one set of persons to another—in return for a transfer back of subsequently produced consumption goods.

The confusion between "real" "physical" processes has led Mr Henderson to forget that saving is thus a double transfer and also that an economic system has not merely to produce goods but to decide which should be produced and in what quantities. Unfortunately, the whole of the rest of the book is marred by this confusion, and Mr Henderson's observations on power production and his refutation of Major Douglas consequently lose what cogency they might have had.

BOOKS RECEIVED

This Have and Have-not Business. By Sir Norman Angell. (London) Hamish Hamilton. 206 pages. 5s. net.

Deficits and Depressions. By D. Throop Smith. (London) Chapman and Hall. 264 pages. 12s. 6d. net.

Depression and Reconstruction. By E. L. Dulles. (London) H. Milford. 340 pages. 13s. 6d. net.

Social Security in the United States. By P. H. Douglas. (London) McGraw-Hill Publishing Company, Ltd. 384 pages. No price stated.

The Theory of International Trade. By G. von Haberler. (London) William Hodge and Company, Ltd., 86 Hatton Garden, E.C.1. 408 pages. 21s. net.

The German edition of this book was reviewed in the *Economist* Book Supplement of November 11, 1933.

The History of Milk Prices. By Ruth L. Cohen. (Oxford) Agricultural Economics Research Institute. 205 pages. 5s. net.

Annual Report for 1935 of the Division of Intercourse and Education. By Nicholas Murray Butler. (Paris) Carnegie Endowment for International Peace, 173 Bd. St.-Germain. 72 pages. No price stated.

Signpost, 1936: An Independent Guide to Pleasant Ports of Call. By W. G. McMinnes. (London) Simpkin Marshall, Ltd. 291 pages. 3s. 6d. net.

La Baisse de la Livre et les Exportations Anglaises. By J. Gommès. (Paris) Editions Tolmer, 15 Quai de Bourbon. 102 pages. 20 frs.

The Hungarian Quarterly. Vol. I, No. 1. Spring 1936. 201 pages. (London) 2 Breems Buildings, E.C.4. Price 3s. 6d.

An excellently produced new quarterly which, in the words of Count Bethlen's preface, is "to join in a universal cultural movement of goodwill, by addressing both the English-speaking and the Hungarian reader." Among the most interesting first contributions are articles by C. A. Macartney, Professor Fest (Political and Cultural Links between England and Hungary), Watson Kirkconnell (on the Magyar tongue).

OFFICIAL PUBLICATIONS

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

Twenty-Fifth Report of the Development Commissioners, being for the year ended March 31, 1935. 2s. 6d. net.

Department of Overseas Trade: Economic Conditions in Finland, 1935. 1s. 3d. net.

Sea Fish Commission for the United Kingdom: Second Report—The White Fish Industry. Cmd. 5130. 2s. net.

Miscellaneous No. 1 (1936): Treaty for the Limitation of Naval Armament. Cmd. 5136. 9d. net.

Miscellaneous No. 2 (1936): Memorandum on the London Naval Conference, December 9, 1935, to March 25, 1936. Cmd. 5137. 2d. net.

Board of Trade: Assurance Companies' Returns, 1935—Statements of Assurance Business under the Assurance Companies Act, 1909, deposited with the Board of Trade during the year ended December 31, 1935. £1 5s. net.

Sugar Industry (Reorganisation) Bill: Amalgamation of the Beet Sugar Manufacturing Companies. Cmd. 5139. 3d. net.

* "Raw Materials and International Control," by H. R. S. Greaves. Methuen and Co. Ltd. 166 pages. 5s.

† "Markets and Men," by J. W. F. Rowe. Cambridge University Press. 166 pages. 7s. 6d.

MONEY AND BANKING

SOCIAL versus NATIONAL CREDIT

CANADIAN conditions to-day present a curious anomaly. In recent months internal industrial activity has expanded, mining output has achieved a new high record and surplus wheat stocks have been greatly reduced. The value of Canada's external trade for the fiscal year 1935-36 was 12 per cent. greater than in the previous year, and the country has an active balance of payments. Yet Mr Dunning, the Finance Minister, when opening the Federal Budget on May 1st, had no pleasant task. It fell to him to announce that while ordinary revenue for 1935-36 was \$372 millions, expenditure had been swollen by special items, including unemployment relief, to a grand total of \$534 millions. Despite certain proposed increases in taxation, the utmost the Government could hope to achieve was to keep the deficit for 1936-37 below \$100 millions.

Mr Dunning was gravely exercised, further, over the financial position of the Provincial Governments. Federal advances to the Provinces already totalled \$116.5 millions, and both the revival of business confidence and the healthy functioning of the capital markets, he declared, were being retarded by uncertainty in this connection. He announced the Federal Government's decision to proceed with a measure to amend the British North America Act so as to secure authority for measures necessary to the readjustment of Provincial finances. What is the background of this most significant decision? A review of Canadian Provincial finances must necessarily begin with the current position of Alberta, where the accession to power of the Social Credit Party, under the leadership of Mr Aberhart, has been followed by default in the meeting of a maturing debt obligation. Although Mr Aberhart's Government has made no practical progress towards the promised distribution of social credit dividends, it has, at least, achieved the decision to reject Mr Dunning's scheme for a Loan Council for Alberta. In consequence (writes our Canadian correspondent) Mr Dunning, with the approval of the Federal Cabinet, refused to advance from the Federal Treasury the funds necessary to supplement the \$600,000 which was all that the Aberhart Ministry had available in its coffers to meet a Provincial bond issue of \$3,200,000 maturing on April 1st. The Imperial Bank of Canada was willing to provide the necessary funds with the backing of a Federal guarantee, but this also was refused. Accordingly, Mr Aberhart made the curt announcement: "We haven't the money. I'm sorry, but we must default." Thus Alberta achieved the distinction of being the first Canadian Province to default upon its obligations.

The Aberhart Ministry proceeded to pass through the Legislature a measure authorising the conversion of Alberta's outstanding bond issues, which total roughly \$160 millions and bear an average rate of 5 per cent. interest, into new issues which will bear interest at not less than 2½ per cent., but certainly at not more than 3 per cent. The intimation that this forced conversion scheme is for the time being to be limited to some \$67 millions of bonds maturing in the near future brings cold comfort to the bondholders. Mr Aberhart, however, promises that his Government will pay the principal value of his obligations "dollar for dollar," and insists that the bondholders ought to acquiesce cheerfully in his conversion plan because they will keep their principal intact. If some drastic readjustment were not made, he argues, the bondholders would probably find themselves within five years bereft of both principal and interest.

The Alberta Legislature, further, has also passed a "Cities Refunding Act," which authorises Edmonton, Calgary and other cities to coerce bondholders into accepting lower rates of interest. Naturally such proceedings have caused profound dismay in banking and financial circles. So far, however, Alberta's creditors have taken no action to frustrate the operation of the refunding legislation. But the unfortunate consequences for Canada's credit in the British and American money markets remain undiminished. Disquietude in financial circles has been

increased by the suggestion that the city council of Montreal is following Alberta's lead and spreading the infection to Eastern Canada.

Final proof of the determination of the Alberta Ministry to blaze a new financial trail came in the closing days of the Legislature's session, when that body passed a resolution authorising the Government to proceed "as soon as may be convenient" with the establishment of a Provincial bank under the necessary Federal charter. This resolution received the unexpected support of the Liberals and Conservatives. Both Mr Cockroft, the Provincial Treasurer, who moved the resolution, and Mr Aberhart, who seconded, declared that the bank was a necessary means of ensuring that Alberta should "hold control over credit."

The Province of Ontario already operates a Provincial savings bank, and Manitoba also formerly possessed one, now defunct. These institutions, however, from the outset confined their activities to the receipt of deposits, which they invested in gilt-edged securities. A bank of a much more ambitious character is obviously contemplated by the Aberhart Ministry. For the acquisition of a bank charter an Act of the Federal Parliament is necessary. Any Bill incorporating the projected bank would be referred to the Banking and Commerce Committee of the Federal House of Commons. It would then have to run the gauntlet of both Houses of Parliament. Important issues would be raised, since the Canadian Bank Act is based upon the principles of private ownership of chartered banks and takes no cognisance of the problems which would be created by a Government-owned bank. Even if the Bill of incorporation survived the strenuous opposition which would certainly be forthcoming, a minimum capital of \$500,000 in cash would have to be subscribed before the charter could become operative. As a Province so hard pressed as Alberta could scarcely raise a larger sum, the note issue of the projected bank would be limited to 95 per cent. of the value of this capital. Such an amount would not go far to free the people of Alberta from dependence upon the chartered banks. Moreover, the Provincial bank would be subject to the inspection regulations and other provisions of the Bank Act, and in such circumstances it could not be made an effective instrument for the application of a Social Credit scheme. All this, however, is hardly of practical interest, for there is little prospect that the present Federal Parliament will conform to Mr Aberhart's desire for a State-owned Provincial bank.

Another measure passed by the Aberhart Ministry, which is being interpreted as a preliminary move towards Social Credit, sets up an elaborate code for the regulation of the retail trade in the Province. Its fundamental objective is to control the spreads between producers' and consumers' prices. The Government proposes to administer it with the help of a permanent advisory committee of experienced retail merchants. The Bill, however, is unpalatable to most of the 8,000 retailers who will come under its provisions, and it may be difficult to secure a satisfactory committee.

Alberta, with all her financial fantasies, typifies in an extreme form the difficulties of Provincial Governments in a Dominion still suffering the aftermath of severe depression. There is urgent need for closer co-ordination of Dominion and Provincial finances, for, by general admission, the burdens left behind by the depression are unequally distributed. It will be widely regretted, however, in quarters not confined to Canada, that Alberta, in pursuit of a chimæra, has deliberately rejected the Federal Government's proposals for assistance. Her action, which threatens to be imitated, in whole or in part, outside her own borders, has clearly complicated the Dominion Government's task of finding a practicable solution for an intolerable situation. And Mr Dunning's Budget speech has shown plainly that the Dominion authorities, with other problems, like the railway debt burden, pressing upon them, have quite enough on their hands.

FINANCIAL NOTES

The Paris Exchange.—So far as the world's foreign exchange markets are concerned, the pressure on the franc has this week been relaxed. Very little official intervention by the British Control was traceable, while the New York-Paris cross-rate has come back to Frs. 15-16½, or to within the export gold point. Spot sterling was quoted at Frs. 75.15, with the three-months' rate at Frs. 4½ discount. The big premium on spot belgas has now disappeared, largely because this week the Dutch authorities recognised that Belgium was on the gold standard and that therefore gold shipments from Holland to Belgium became permissible. This gave scope for arbitrage operations in belgas, francs and guilders, and in actual fact no gold has been shipped from Holland. The stronger tendency of the franc is mainly because last week there were heavy sales of francs in anticipation of a monetary crisis. When M. Blum made it clear at the week-end that he was not in favour of devaluation, the opinion was formed that no immediate crisis was likely, and this week certain interests who had over-sold francs decided to cover. The informal restrictions imposed by the French banks have also had a steadying influence, for during most of the week all dealings in forward exchange were suspended, while dealings in spot exchange were confined to genuine commercial transactions. A few banks are now believed to have resumed forward business, but no doubt they are discriminating. There has been no embargo upon exports of currency, and there has been a fair efflux of French currency into London banks. As expected, the Banque de France's return for May 8th revealed an accentuation of the tension. Gold losses for the week amounted to Frs. 2,738 millions, reducing the Bank's stocks to Frs. 58,029 millions; while rediscounts increased by Frs. 2,201 millions to Frs. 17,222 millions. There was acute stringency in the Paris money market over the week-end. The informal exchange restrictions immobilised funds seriously, while the week's heavy withdrawals of deposits from the banks added to the general shortage of cash. It is believed that one or two leading banks had to break their usual custom and apply to the Banque de France for accommodation. The Treasury's position remains difficult, but the general feeling this week was that no monetary crisis will now occur until the end of the month.

Politics and the Franc.—The general impression now is that politics rather than financial and monetary difficulties hold the centre of the French stage. In view of the severe *crise de confiance* caused by the result of the French elections, M. Blum had no option but to declare himself opposed to devaluation. Otherwise he was unable to commit himself at all, especially as the Communists are refusing to join the Government and are seeking to acquire power behind the scenes without any responsibility. This move is arousing general resentment, because it is regarded as an anti-Parliamentary move, and as some sections of the extreme Right are also anti-Parliamentary, the train is being laid for a possible political explosion. This makes the future of the franc most uncertain, and unfortunately it is beginning to appear that if the franc goes, there will be at least a transition period of legal, not informal, exchange restriction. Such a development in imitation of the German precedent would neither enable conversion of the French Debt, nor advance the cause of world economic reconstruction; and it is to be hoped that the new French Government will recognise the need for the devaluation of the franc, and will carry it out as quickly and smoothly as possible. The co-operation of the British Government would be most helpful, for a declaration that the devaluation of the franc would not be followed by the competitive depreciation of sterling might easily make all the difference. Had such a declaration been forthcoming last autumn, the Banque de France and the French Government of the day might have been ready to devalue forthwith. The position of the Banque de France to-day is also uncertain. There is a general feeling that a change in the Governorship is imminent, but opinion differs on the question of M. Tannery's

successor. This, like other matters, depends upon the composition of the new Government and on the character and extent of its support in the Chamber. The only hope for France lies in a common economic and political programme of the Left Parties.

* * *

The Bank for International Settlements.—The sixth annual report of the B.I.S., covering the year to March 31, 1936, contains a large quantity of useful information, some of which we hope to discuss in the near future. After an introductory section, it analyses exchange rates, price movements and foreign trade. This section contains a brief account of the operation of the British and foreign Exchange Funds, and also reaches the conclusion that during 1935 the relative levels of costs and prices in France, Great Britain and the United States, became on the whole better adjusted to each other. At first sight this conclusion appears rather sweeping, and the data upon which it is based merits further examination. The next section discusses the supply of movements of gold, and in the course of it, it is calculated that since September, 1931, approximately Sw. Frs. 5,000 millions of gold had "disappeared" into Government Exchange Funds or into private hoards. During 1935 itself, gold to the value of Sw. Frs. 2,000 millions of £130 millions so disappeared, and the B.I.S. report states that "a large amount must have been taken by government exchange funds and especially the British Exchange Equalisation Account." Other sections of the report deal with international short term indebtedness, the trend of short and long term interest rates and recent developments in central and commercial banking. The net profits of the B.I.S. amounted to Sw. Frs. 9,193,671. These were dealt with in accordance with the Bank's statutes, the dividend amounting to 6 per cent. All departments of the bank showed a remarkable revival of activity during the past financial year, compared with the preceding year.

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Anglo-Roumanian Payments Agreement.—A new Payments Agreement has been signed with Roumania, to supersede the Agreement of August 3, 1935, and to come into force on June 1st next. The principle that the sterling proceeds of Roumanian exports to England must be paid into a special account at the Bank of England is maintained, but there are some changes in the allocation of the proceeds. The proportion allotted to the service of the Roumanian Public Debt and similar securities held on British account is raised from 30 to 35 per cent., but this item now includes the amounts payable to the Caisse Commune of the pre-war Austro-Hungarian Debts. Outstanding bank debts are now to receive 5 per cent., in place of nothing specific, while 5 per cent. is also allotted for the first time to interest, rent, insurance, royalties, commission and other payments for services. The allocation to the National Bank of Roumania, for its free disposal, is reduced from 15 per cent. in 1935 to 5 per cent. plus £2,500 a month (the latter to come out of the 35 per cent. Public Debt allocation). Current imports were allotted 50 per cent. in 1935 and 5 per cent. was allotted for the liquidation of outstanding trade debts. Under the new Agreement 50 per cent. is allotted for the settlement of current trade debts and outstanding trade debts taken together, the dividing date between "current" and "outstanding" being July 31, 1935. During the year ending June 9, 1937, £400,000 is to be allotted to outstanding trade debts; 5 per cent. of this amount is to be taken from the allotment of 50 per cent. specified above, and the remainder is to be liquidated by investment, at the creditor's desire, in Roumanian enterprises up to a limit of £75,000 a year; by means of "special" exports; by any surplus arising out of the sum allotted to the discharge of bank debts; and if necessary by further drafts upon the 50 per cent. allotted to current and outstanding trade debts. Import licences are to be granted for the import of British goods up to the amount of sterling available for the settlement of "current trade debts." It remains to be seen how the new Agreement works in practice, but so far as can be

told there should be enough sterling to cover British exports to Roumania at last year's attenuated level!

April Clearing Bank Averages.—The opening of the new financial year, with the cessation of the period of heavy revenue collection, has been accompanied by the usual expansion in clearing bank resources. Cash has risen by £10.6 millions and deposits by £44.7 millions. Among the banks' earning assets, discounts have increased by £16.3 millions and advances by £15.2 millions, but investments have risen by only £1.7 millions:—

(In £ millions)						
	Apr., 1935 (a)	Mar., 1936 (a)	Apr., 1936 (a)	Feb., 1936 (b)	Mar., 1936 (b)	Apr., 1936 (b)
Capital and reserves	125.7	125.8	125.8	131.8	131.8	131.7
Acceptances, etc.	120.4	100.2	99.1	105.9	105.1	104.3
Deposits (including undivided profits, etc.)	1,902.4	2,001.6	2,045.0	2,085.2	2,071.6	2,116.3
Total liabilities	2,148.5	2,227.6	2,269.9	2,322.9	2,308.5	2,352.3
Cash	214.1	206.3	216.9	225.3	213.5	224.1
Cheques, balances and items in transit	53.8	56.3	58.9	54.0	58.1	61.2
Money at call	132.7	150.1	148.7	152.5	157.7	155.4
Discounts	197.8	247.0	262.4	292.9	250.4	266.7
Investments	601.1	590.0	262.4	613.7	619.8	621.5
Loans and advances	759.5	809.3	823.6	808.7	834.0	849.2
Investments in affiliated banks	25.2	25.1	25.1	25.1	25.1	25.1
Cover for acceptances, pre-mises, etc.	164.3	143.5	142.3	150.7	149.9	149.1
Total assets	2,148.5	2,227.6	2,269.9	2,322.9	2,308.5	2,352.3

(a) Excludes District Bank.

(b) Includes District Bank.

The increase in discounts appears large, as there was little net increase in the total of Treasury bills tender issues between March and April. Also, as the clearing banks do not buy hot Treasuries, a better comparison is between February and March, when the tender issue was contracting. The tender issue is now expanding steadily, so that discounts may show a sharp rise in June. The expansion in advances is very gratifying. Borrowing for the purpose of paying taxes must now have ceased, while, unlike the March returns, April advances were unaffected by the French London credit. This movement therefore represents a genuine increase in the normal business demand for accommodation.

The Money Market.—The Bank return records a further contraction in bankers' deposits, and while this may be fortuitous, money has not been quite so plentiful as usual. The clearing banks have had each afternoon a good demand for loans at $\frac{1}{2}$ per cent. against eligible bills, while one or two clearing banks called small amounts from the market on each of the first four days of the week.

	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936	May 14, 1936
Bank rate	2%	2%	2%	2%
Clearing banks' deposit rate ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short loan rate:—				
Clearing banks	$\frac{1}{2}$ – $\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$ – $\frac{1}{2}$
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates:—				
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Three months' bank bills	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$	$\frac{1}{2}$ – $\frac{1}{2}$

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

The position in the discount market is unchanged. The clearing banks have been buying July and early August Treasury bills at $\frac{1}{2}$ per cent. The tender issue has now risen to £538 millions, against £493 millions in early April. The recent heavy operations of the Exchange Equalisation account are reflected in a reduction of £13 millions in the total tap issue of Treasury bills since April 18th, but this last movement is no doubt affected by other operations as well.

The Bank Return.—This week the note circulation has risen by £2.2 millions. This is a smaller increase than last week, but it is equally abnormal. Part of it at least is due to foreign, particularly French, hoarding of British

currency. During the week the Bank bought some more gold, but the Reserve is, nevertheless, reduced to £40.3 millions.

BANK OF ENGLAND					
	May 15, 1935	Apr. 22, 1936	Apr. 29, 1936	May 6, 1936	May 13, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.6	202.1	202.7	203.7	204.3
Note circulation	390.3	415.4	416.9	422.6	424.8
Banking Department:—					
Reserve	63.0	47.4	46.6	41.8	40.3
Public deposits	7.4	13.2	7.4	9.2	13.3
Bankers' deposits	103.0	93.1	104.7	88.3	83.2
Other deposits	38.5	38.1	39.0	36.7	37.0
Government securities ...	86.9	93.2	101.3	88.8	89.9
Discounts and advances ...	5.7	7.5	8.3	9.4	8.8
Other securities	11.0	13.9	12.6	11.9	12.3
Proportion	42.3%	32.8%	30.8%	31.1%	30.1%

Currency withdrawals explain part of the reduction in bankers' deposits, but a further cause is the week's increase of £4.1 millions in public deposits. This last movement probably represents the week's discrepancies between Treasury bill daily payments and maturities, and so possesses little significance.

New York Money Rates.—This week the New York banks raised their rates for call money from $\frac{3}{4}$ to 1 per cent. and their rates for time loans from 1 to $1\frac{1}{4}$ per cent. The banks say that this change does not indicate that the trend of interest rates in general is beginning to turn upwards, but is due entirely to the difficulties the banks find in covering their working costs. The low yields obtainable upon many kinds of bank assets have for a long time been a serious problem, and the banks now complain that the stricter margin rules recently imposed by the Federal Reserve authorities with the object of checking speculation have reduced the total volume of bank loans against securities. This reason is not entirely convincing, for while bank loans may not have increased as much as they might have done if the margin requirements had not been tightened, they are certainly not diminishing. Comparing March, 1935 and 1936, brokers' loans rose from \$700 millions to \$1,000 millions, and the latest return is \$1,048 millions. Loans to others against securities are well maintained. It therefore looks as if the new margin regulations have done no more than deprive the banks of fresh income, and have not reduced existing income. This is hardly a sufficient justification for an increase in rates, and it looks as if the banks now feel that the market will stand the higher rates. Still, no one can say that a call rate of 1 per cent. is excessive or even that this increase of $\frac{1}{4}$ per cent. is necessarily the presage of dearer money.

INSURANCE NOTES

Alliance Assurance.—In the life department new sums assured in 1935, at £3,580,000, were practically the same as in 1934, but annuity consideration moneys increased from £211,000 to £268,000. The net rate of interest fell by 9d. per cent. to £3 18s. 3d. per cent. In 1934 the mortality experience was very favourable, and actual claims, it was reported at the annual meeting last year, were only 80 per cent. of the amount expected by the A1924-29 table; last year the amount paid in death claims actually fell from £907,000 to £889,000, so that the experience was probably even better. Surrender values were also smaller at £148,000, against £237,000 in 1934. Fire premiums increased from £2,057,000 to £2,103,000, and excellent underwriting results were obtained; a further £100,000 has been added to the departmental reserves, which now amount to £2,300,000 in addition to the usual 40 per cent. of premium income for unexpired risk. Accident premiums were up by £40,000 at £1,245,000, and the results here were also satisfactory; the departmental reserves now exceed 99 per cent. of the premium income. At £333,000, marine premium income was almost

stationary. The results of the last two years are given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	408,144	19.8	404,531	19.2
Miscellaneous	133,596	11.1	143,067	11.5
Marine	54,146	16.2	24,179	7.3
Life	55,961		55,961	
Transfer fees	14,096		18,539	
To reserve	665,943		646,277	
	150,000		150,000	
	515,943		496,277	
Less items debited to profit and loss	261,841		274,504	
	254,102		221,773	

Total assets increased from £37,345,000 to £38,609,000. For the ninth successive year the dividend is 18s. per share; the cost is £489,000, contrasted with interest earnings of £347,000.

Guardian Assurance.—In the life department new business at £1,585,000 showed a small increase of £16,000, in spite of the fact that 1935 was the first year of the valuation quinquennium, when new business normally has a tendency to recede from the previous year's total. Annuity consideration moneys increased substantially from £77,000 to £126,000. There was an increase of 1s. 8d. per cent. to £3 19s. 10d. per cent. in the net rate of interest. New fire premium income was practically unchanged at £1,110,000 but accident premium income increased from £1,091,000 to £1,128,000 and marine premium income from £245,000 to £253,000. The reserve for unexpired risks in the fire department is equal to 50 per cent. and in the accident department to 45 per cent. of the premium income, but in accordance with our custom we have assumed 40 per cent. in both cases. The results are given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	189,332	17.1	149,743	13.5
Accident	74,952	6.9	49,021	4.3
Marine	5,751		8,560	
Life	23,801		18,545	
	293,836		225,869	
Less items debited to profit and loss	122,010		99,471	
	171,826		126,398	

* Including transfer to investment reserve of ... 50,764 50,000

Separate balance sheets are made up for each branch, and total assets increased from £15,245,000 to £15,500,000. The Guardian life assets alone increased from £7,648,000 to £8,188,000. The main movement in investments consisted in a decrease of some £270,000 in British Government securities and increases of about £200,000 each in preference and ordinary stocks. The dividend is again at the rate of 100 per cent., and costs £174,000, compared with available net interest earnings of £147,000. In the fire department an additional reserve is held of £1,100,000, contrasted with 1935 premium income of £1,110,000, while in the accident department the additional reserve amounts to £420,000, which is equal to 37 per cent. of last year's premiums. The marine fund amounts to £471,000, which—including the suspense account of £574,000—is equivalent to 226 per cent. of the current premium income.

North British and Mercantile Valuation.—The 1935 report marks the close of another quinquennium in the life department. The basis of the valuation of the life assurance contracts was strengthened by the use of the A1924/29 mortality table in conjunction with interest at $2\frac{3}{4}$ per cent. instead of, as in 1930, 3 per cent. In the annuity department the basis is unaltered. In considering the following table it should be borne in mind that the trading surplus shown in respect of the past quinquennium is

arrived at after making provision for the increased stringency of the valuation:—

	1926–30	1931–36
Trading surplus earned during valuation period	3,205,479	3,054,467
Investment profits brought into account	26,436	366,575
Brought forward	54,880	125,514
	3,286,795	3,546,556
Allocations:—		
To Bonuses to policyholders	2,739,235	3,035,704
„ Shareholders	422,046	337,300
„ Carried forward	125,514	173,552
	3,286,795	3,546,556

The rate of bonus is reduced from 40s. per cent. per annum to 36s. per cent., calculated on the sum assured and existing bonuses. In 1931, the first year of the quinquennium, £300,000 and £55,000 were transferred to investment reserve from the life and annuity funds respectively, owing to the depreciation then suffered; last year these entries were reversed. In addition, credit was taken in 1935 in the life account for £373,000 for realised profits on investments.

—And Results for 1935.—New assurances increased from £5,286,000 to £5,507,000, but annuity consideration moneys fell from £1,031,000 to £701,000. The net rate of interest was £3 15s. per cent. against £3 19s. 6d. per cent. Death claims showed considerable reduction from £1,218,000 to £1,007,000. In the fire department premiums were somewhat larger at £3,383,000 and the results were very satisfactory. Claims amounted to only 37.3 per cent. of the premium income, and, it is understood, this is the lowest rate experienced for considerably more than half a century; the ratio of profits to premiums at 13.6 per cent. is the best for a quarter of a century. The exceptionally good results of the past two years were doubtless assisted by the favourable experience in the United States of America. The accident department is represented by the Railway Passengers' Assurance Company—the pioneer of accident assurance and the oldest accident assurance company in the world. Here also results were very good. Marine premium income (Ocean Marine Insurance Company) increased from £324,000 to £333,000. The results are given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	457,904	13.6	461,648	13.6
Railway passengers	143,134	12.7	148,209	12.2
Fine art and general	41,055	12.7	42,646	12.8
Ocean marine	30,000	14.1	40,000	18.4
Profit on investments ..	40,020		67,460	
Life	...		759,963	
	712,113		759,963	
Less items debited to profit and loss account	177,025		59,958	
Net trading surplus	535,088		819,921	

In the general balance sheet, which includes the figures of the life, annuity and sinking fund branches, and also associated companies, total assets increased from £50,890,000 to £53,200,000, of which the life assurance, annuity and sinking fund assets accounted for £31,494,000, £7,371,000 and £478,000 respectively. In the fire department there is a reserve of £2,000,000 in addition to the usual 40 per cent. of premium income of £3,383,000 for unexpired risk. Stock Exchange securities are taken at or under cost, but no comparison is given with market values; at the annual meeting, however, the chairman mentioned that the "appreciation" or book values amounts to a very considerable sum. There is a contingency fund of £1,000,000, and the profit and loss balance after payment of the dividend is £2,746,000. A transfer of £1,031,000 has been made from profit and loss to form a reserve for the purpose of paying up uncalled capital made in January of this year (an account of the adjustment of capital was given in our issue of November 9th of last year). A special dividend was credited to the North British and Mercantile profit and loss account of £100,000 from the Railway Passengers. The dividend is 25 per cent. and costs £539,000, compared with available interest earnings of £527,000.

THE STOCK EXCHANGE

WHICH ORDINARY SHARES ARE TOO HIGH?

In last week's *Economist* we discussed Mr J. M. Keynes's famous protest, three months ago, that existing prices of ordinary shares were excessive. We showed that every ordinary share quotation was a compound of two distinct elements: a number of years' purchase of a supposed minimum dividend, and an allowance (plus or minus) for the possibility that the rate might change. We outlined the case for the view that general interest rates might harden during the next few years, but that their return to the levels of the nineteen-twenties was improbable. What are the possibilities on the "recovery" side?

Since British industry touched bottom, in 1932, the *Economist's* business activity index has risen by 25 per cent. Industrial ordinary shares, according to the Actuaries' index, have appreciated by 90 per cent. Ordinary shares were at their lowest in June, 1932, while the business activity index took the turn in August, 1932, two months later. In this respect the market ran true to form, for movements in share values tend almost invariably to precede changes, favourable or otherwise, in industry. Adjustments in dividends come last in sequence, for periods of several months normally elapse between the placing of orders, their execution, the receipt of the proceeds, and the publication of annual accounts based on the resulting profits. In the *Economist* of April 18th last (page 118) we showed that it was only in the first quarter of 1934 that a representative sample of about 550 British companies issued reports showing even a modest recovery in earnings.

The tempo of British industry is still *accelerando*, and investors may assume that company reports will continue to disclose higher profits and dividends for some months to come. Investors, however, may expect a turn in the market for ordinary shares, whenever it occurs, to come in advance of a turn in profits. Ordinary shares moved steadily downwards seven years ago, from February, 1929 onwards, though many companies continued to report increased profits until the early months of 1930. If industrial activity were checked, for any reason, past experience suggests that such a development might be discounted by a fall in ordinary share values a few months before its occurrence was reflected in our business activity index, and, possibly, a year or more before the generality of dividends began to decline. What is the outlook in this direction?

"Recovery," by general recognition, is no longer in its first stages. Economic advisers in touch with the Government expressed the view, some months ago, that the country might be faced with a falling-off in industrial activity in 1937 or thereabouts. This opinion was based

on the crucial part played in the present revival by the stimulus given to popular purchasing power by cheap food, unaccompanied by a proportionate fall in money wages, and by the extraordinary activity of the building trades. If a decline in building occurred before the end of 1936 and became substantial in 1937, its effect on the economic position in general would be correspondingly powerful. Since this view was first mooted, however, the Government has come forward with its re-armament proposals, and the expenditure of considerable sums of money on this form of "public works" may have a perceptibly lengthening effect on the duration of recovery. On the other hand, any tendency (such as has recently been in evidence) for the prices of industrial raw materials and, possibly, wages, to rise more substantially than those of manufactured articles would, *pro tanto*, tend to slow down the rate of increase in industrial profits. On the whole, while there is no check to recovery in the near future, "on guard" may be the appropriate stance for prudent investors in ordinary shares from, say, the late summer or early autumn of this year onwards.

So much, then, for prospects in relation to the two elements in ordinary share values—"interest" and "recovery." It remains to apply our conclusions to contemporary prices of different share groups. No two shares, any more than two human faces, have exactly the same lineaments, but there are, broadly, three categories into which, for investment purposes, the great majority fall. The first group includes all ordinary shares which are valued in the market mainly for the *stability* of their dividends, either because, like J. Lyons, their profits for the last ten years or more have never varied by more than a small amount from a "constant mean," or because, like Imperial Chemical Industries, a plain directorial ruling has been given that dividends are not to be significantly raised in the near future. On the border-line are shares like Distillers, United Dairies and International Tea, whose equity, though substantial and impressive, is distinctly of a long range character. The second group comprises those shares which have participated in the fruits of industrial recovery during the last three years, and may still have increased profits to harvest, but whose prospects, having been within the market's cognisance for some considerable time, have been well discounted. Some of these shares may even have a "negative equity," in so far as they may be vulnerable to any future downturn in industry. The shares of companies serving the building trades are a case in point. Thirdly, we have those shares to which recovery came late in the day, particularly those of various steel,

engineering, naval shipbuilding and aircraft manufacturing concerns whose profits and dividends, in the near future, will be intimately affected by the Government's re-armament programme. Outside these main categories a number of minor groups may be distinguished. These include "depressed ordinaries" in industries like cotton textiles, shipping and railway transport, which have little or no earnings capacity behind them at the moment. At the other extreme are shares whose *cash* yield is of slight importance since they are held mainly on account of the ability and willingness of directors to translate "geometric" earnings into regular capital bonuses which even Mr Neville Chamberlain's grasping hand has been unable, so far, to capture for supertax purposes. The table on the preceding page shows (a) the extent of the rise since 1932 and (b) the present price and yield of representative ordinary shares in all these classes. The examples are confined to shares in well-established companies, and exclude all "new" or exotic shares—the *demi-monde* of every rising market.

The first feature revealed by our table is the wide range—or, as statisticians would say, the dispersion—of yields in all the main groups. In the "long equity" category the yields on the securities we have cited vary from £2 11s. per cent. on Boots Pure Drug to £4 12s. per cent. on International Tea. In the "recovery" group the range is from £2 11s. per cent. on General Electric to £6 per cent. on London Brick. In the "re-armament" class it extends (in the examples given) from nil to over 3 per cent. In the second place, there is little difference between the average yield in the "long equity" and "recovery" classes. The mean figures for the shares selected are about £3 15s. and £4 2s. per cent., respectively. In the "re-armament" group the current return is definitely lower, at approximately £1 17s. 6d. per cent. for the companies cited. It is with these three groups that investors are mainly concerned. The valuation of "doubtful" shares is anybody's guess, while "supertax" shares, as the chairman of British Electric Traction has aptly pointed out, are not so much dividend-paying securities as a species of savings bank.

Are "re-armament" shares over-valued? Here the "interest element" counts for little and the "equity element" for a great deal. Certainly, all the conditions making for potential over-valuation are present, including (1) an immense speculative following which has been attracted by widespread publicity; (2) uncertainty over the future extent of Government orders, their allocation between different firms, and the rate of profit which will be secured; (3) the initiation of the armaments boom when markets were already active; and (4) the possibility that capital raised to finance extensions of plant may earn a reduced return when the Government's programme has been completed. Sound investment quarters would undoubtedly hesitate to follow any new spectacular rise in quotations in this section of the market.

We come, then, to the basic valuation of the "long equity" and "recovery" shares. These are the great market leaders, found in the portfolio of every substantial private investor, every investment trust, most insurance companies, and in fixed trust portfolios, *passim*. If holders cannot look forward to a greatly increased yield in the near future, what income should these shares offer at a time when "Consols" are yielding just under 3 per cent? Clearly, the strongest ordinary share should yield substantially more than a gilt-edged security. Not for one moment can investors rate the security behind the best junior industrial share on a par with that behind a British Government stock which, in effect, is charged on the entire national income. For an entirely "stable dividend" share it may be suggested that a "yield margin" of only $\frac{1}{2}$ per cent. over the Consols yield is narrow, and that something that is nearer to $1\frac{1}{2}$ per cent. (i.e. about $4\frac{1}{2}$ per cent. in all) would be more appropriate. A couple of years ago, investors might cheerfully have accepted a return of $3\frac{1}{2}$ per cent. on a "recovery" share, on the well-founded expectation that they would be receiving $4\frac{1}{2}$ per cent., $5\frac{1}{2}$ per cent., or even more, within a relatively short period. That expectation, however, does not hold equally good to-day.

We reach the conclusion, therefore, that, though the progress of industrial expansion is under no immediate threat, the process of discounting its further benefits may have reached a stage at which holders of ordinary shares which have already increased their dividends, and/or are unlikely to raise them very significantly in the near future, should at least hesitate to follow any new and pronounced upward market movement. Such shares have a dual vulnerability. If interest rates harden, their price will certainly be affected. If economic revival reaches a stage where increased profits are more difficult to achieve (either because raw material costs are rising or because enhanced output requires new capital equipment), investors may demand a wider "yield margin" over that obtainable on gilt-edged stocks.

INVESTMENT NOTES

The Work of the Stock Exchange.—The Stock Exchange Committee must be one of the hardest-worked voluntary bodies in existence. According to its report for the year ended March 24, 1936, the main committee held 69 meetings and the various sub-committees 348 meetings during the year. Thus, a Committee member who sat also, say, on the sub-committees, on new issues and official quotations, disputes, and introductions would have had, on the average, four meetings to attend every week of the year. In a characteristically dignified and conservative way, the report bears eloquent witness to the thoroughness with which the unending administrative responsibilities of a great institution are carried out. Some 2,907,108 items were cleared through the Settlement Department last year—a slight decline from the 3,043,328 of the preceding year—while the Share and Loan Department certified 296,334 transfers, compared with 292,990. The number of members continues slowly to rise, thanks to a steady increase in the number of members without "nominations." In 1905, after the rules relating to nominations and qualification shares had first been introduced, the total membership was 5,471. In 1926 it had fallen to 3,892. Subsequently, with the turn of the tide, the number of members has risen by 160, and the total population on the floor of the "House" (including authorised and unauthorised non-member clerks) has increased by 426, from 5,776 to 6,202. There are now some 5,974 securities, to a nominal total of £18,523,041,451, in the Official List, and, additionally, 48,680,463 shares of no-par value. The total amount declined by nearly £78½ millions last year, but this reduction was "nominal" in a dual sense. If a reduction of £17½ millions under the heading "British Funds, etc." (including the redemption of 2 per cent. Treasury bonds), be omitted from calculation, it appears that a net addition of 92 securities was effected, to a total value of £93½ millions. Applications for permission to deal were considered i. 1,582 and granted in 1,571 instances. Consideration was postponed in 10 cases and refused in one. The percentage of successful candidates is high, but the salutary control which the Committee exercises can only be measured in terms of propositions which never reach the sub-committee room, and waste their sweetness on the desert air.

The New Issue Market.—It is remarkable that a depression which provoked important theoretical conclusions concerning the part played by savings and investment in the different phases of the trade cycle has been followed by a recovery in which the new issue market has provided relatively limited sums for new investment, in an economic sense. Certain large-scale industrial issues, in the iron and steel, electricity supply and engineering industries, have been made in recent months for plant extensions, but activity in the public new issue market has been more frequently associated with the transfer of existing business to the new owners subscribing for the shares. Many of these, in the last few weeks, have been relatively small undertakings, making their public offering with high-denomination preference and low-denomination ordinary

PRESENT YIELDS ON ORDINARY SHARES

Share	Lowest Price, 1932-36	Present Price	Yield (%)	Share	Lowest Price, 1932-36	Present Price	Yield (%)	Share	Lowest Price, 1932-36	Present Price	Yield (%)
"Stable Dividend" or "Long-Equity" Shares			£ s. d.	"Recovery" Shares			£ s. d.	"Doubtful" or "Long-Shot" Shares			£ s. d.
Boots Pure Drug (L).....	28/9	54/3	2 11 0	General Electric (L).....	32/3	79/-	2 11 0	Bleachers Ord. (L).....	4/6	5/-	Nil
Thos. Tilling (L).....	43/6	70/-	2 17 0	Ford Motors (L).....	14/9	31/10½	3 2 6	Fine Cotton Spinners (L).....	5/8	6/10½	Nil
Imperial Tobacco (L).....	71/3	158/9	2 18 6	Babcock & Wilcox (L).....	30/4½	49/4½	3 4 9	Furness Withy (L).....	11/-	17/6	Nil
Distillers (L).....	23/8	48/9	3 1 6	Turner & Newall (L).....	20/-	73/2	3 6 0	P. & O. Defd. (L).....	11/3	20/-	Nil
Imperial Chemical (L).....	91/3	146/3	3 0 0	British Oxygen (L).....	8/6	91/3½d	3 6 0	L.M.S. Ry. Ord. Stk.	9½	24½	Nil
American Tobacco.....	66/10½	125/-	3 2 0½	Associated Electric (L).....	14/-	46/6	3 9 2				
Match (L).....	18/9	40/-	3 17 6	Levyland Motors (L).....	21/1½	95/-	3 15 0				
Bank of India (L).....	62/3	93/6	3 8 0	S. Durham Ord. (L).....	14/10½	62/6	3 10 6				
Eastern Electric (L).....	22/-	35/-	3 8 7	Assoc. Cement (L).....	47/8	130/-	3 18 0				
Ed. London Elec. (L).....	40/6	56/6	3 11 6	Austin Motor (L).....	21/7½	86/10½	4 12 6				
Ed. London Elec. (L).....	35/9	55/6	3 12 9	Unilever (L).....	17/10½	32/-	4 2 0				
Ed. Union Ass. (L).....	84	10½d	3 12 9	London Brick (L).....	27/9	75/-	6 0 0				
A. G. Union (L).....	62/6	159/6	3 13 9								
Harrods (L).....	41/3	82/6	3 18 0	"Re-armament" Shares							
Distillers (L).....	40/-	102/3	3 18 0	John Brown (L).....	-/8	19/3	Nil				
United Dairies (L).....	34/-	63/9	3 18 6	Consent Ord. (L).....	3/7½	10/6	Nil				
Gas, Light & Coke (L).....	18/-	28/3	4 0 9	Cammell Laird (L).....	-/8	9/6	1 14 0				
Imperial Chemical (L).....	16/7½	39/3	4 1 6	Fairey (L).....	11/-	24/-	2 1 8 0				
Tate & Lyle (L).....	38/1½	59/4½	4 7 0	Rolls-Royce (L).....	28/6	160/-	2 13 0				
International Tea (L).....	20/9	32/9	4 12 0	Hadfields (L).....	3/6	24/6	3 1 7 0				
				Vickers (L).....	5/0½	23/9	3 7 4				

† Free of income tax

shares at fairly high premiums. This procedure, though it has not been carried to the extremes of the 1928 issue boom, may be criticised on the ground that a dual capitalisation for a small company limits the marketability of both issues of shares, involves a high "gearing" element in the ordinary shares, and is frequently devised to leave the vendors with voting control despite their small residual stake in the undertaking. Such issues do not contribute directly to the volume of new investment, although the vendors, or their bankers, or the persons from whom the vendors may purchase other securities for investment, may ultimately find an avenue for new investment in the technical sense. Existing public concerns, however, have undoubtedly financed much of their recovery development from internal sources, and in addition considerable sums have been raised from existing shareholders from new issues on bonus terms. The secondary effects of new mining issues, moreover, are important, for the Rand boom has brought much business to manufacturers of mining equipment in this country. It is, nevertheless, significant that two of the largest issues destined for new investment—the London Transport and Railways loans—have been floated with Government guarantee. There is, as Herr Leo Grebler has pointed out in a recent paper in "Index," a tendency for State and public institutions to be responsible for an increasing share of total investment, involving new methods of financing, and reducing the part played by profit motives in investment. Further, an increasing resort to indirect investment has been obvious since the war. The sinews of the building boom have been provided by the building societies; the increase in life assurance has implied corresponding support for the gilt-edged market; and the small investor has been attracted to the fixed and flexible trusts. At the same time, private avenues for new investment have increased, particularly affecting mortgage and hire-purchase transactions. The public issue market appears to have suffered a relative decline as a consequence, and a significant area in the market is now subject to informal control. For the investor, these changes are already significant, and they might involve considerable adjustments of investment policy if they became permanent.

Industrial Profits in April.—At this stage of recovery two factors are suggested by the results of our industrial profits calculations, and these have an intimate bearing on the ordinary share outlook, discussed in a leading article on page 372. The percentage advance over the results of the previous trading year is tending to decline, although this is clearly compatible with a very satisfactory increase in total profits. The nature of the monthly figures, however, is apparently affected by the fairly regular inclusion of individual companies in the results of given months. While the changes in the number of companies rob the results of the same month in succeeding years of precise comparability, the influence of a substantial block of reports which are regularly published from year to year gives a rather marked character to each month's results. This is evident in comparing the percentage advances in February and March for this year and last. Both factors may partially explain the comparative modesty of the increase of 9.66 per cent. increase for April. Figures for recent months are set out below:—

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

* After payment of debenture interest.

The reports for the month disclose net profits of £38,660,148, compared with £35,255,579 in the preceding year. Analysis by industries discloses that the motor and

aviation and shipping groups combined more or less equally to provide approximately half the month's increase. Twelve iron and steel reports showed a rise in net profits from £986,255 to £1,088,090, and the companies in the electrical equipment group recorded a 46 per cent. increase at £533,540. The year 1935 did not favour rubber companies, and some 75 concerns report a fall in profits from £778,748 to £515,364.

Actuaries' Investment Index.—As a result of divergent price changes in the component groups the Actuaries' Investment Index for 178 industrial equities is only slightly changed at 83.1, compared with 83.0 a week ago and 83.6 a month ago (December 31, 1928 = 100). The yield is unchanged on the week at 3.68 per cent. compared with 3.63 per cent. a month ago. Movements in various groups are tabulated below:—

Group (and No. of Companies)	Price (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (Apr. 14, 1936)	Week ago (May 5, 1936)	This week (May 12, 1936)	Month ago (Apr. 14, 1936)	Week ago (May 5, 1936)	This week (May 12, 1936)
Higher This Week:						
Building materials (5)	102.0	99.9	100.7	4.73	4.82	4.79
Oil (5)	83.7	83.3	84.3	2.61	2.61	2.56
Home rails (4)	72.1	71.5	73.0	1.84	1.59	1.56
Breweries and distilleries (21)	145.2	144.8	145.7	3.96	3.97	3.95
Lower This Week:						
Coal (7)	98.8	97.2	96.5	4.12	4.16	4.21
Iron and steel (12)	71.7	70.6	69.7	3.15	3.17	3.19
Motors (5)	57.9	56.9	56.5	4.02	4.16	4.19

The most marked declines are in coal, iron and steel and motor shares. The home rail index, calculated on Tuesday's prices, reflects the previous week's traffics, and was unaffected by the later N.U.R. decision.

COMPANY NOTES

Motor Accessory Companies.—In an earlier Note on motor accessory companies (October 27, 1934, page 788) we pointed out that the industry had been fortunate in that the depression had affected the sale of private motor cars in slighter degree than the majority of businesses, and had coincided with an increase in the number of accessories normally carried per car sold. The fact that the accessory makers had, nevertheless, been unable to achieve more than a modest increase in earnings clearly indicated the strength of competition in the trade. More than one liquidation among accessory companies pointed the same way. We therefore concluded that, in a highly competitive period, the leaders had established themselves more firmly than before, but with reduced profit margins. The leading shares, therefore, appeared to carry sound prospects, without the buoyancy of earnings, which, at first sight, might be expected to accompany the great increase in private car sales. The subsequent 18 months have confirmed these conclusions. It is evident that, though the leading concerns have now established their costs on a mass-production basis and are relatively safe from attack by small undertakings, the profit expectations of the motor industry as a whole directly govern price conditions in the accessory business. The manufacturer of popular private cars (which are quantitatively much the largest market for the accessory maker) is operating in a market keenly sensitive to prices. Being compelled to allocate a higher proportion of his total costs to accessory equipment, he can only afford the minimum profit margin on the accessories he buys from the specialists. The latter, in turn, must govern their price policy so that the motor manufacturer will not be tempted to manufacture accessories for himself. Moreover, competition in accessories is predominantly price competition, since many accessories are already longer lived than the chassis to which they are attached, and quality competition is therefore irrelevant in many respects. These conditions are likely to continue—

the chairman of S. Smith (Motor Accessories) warned shareholders in his last speech that increasing turnover was likely to be accompanied by reduced profit margins. There remains, however, an opening for new invention of useful accessories, of which examples in recent years are provided by the screen wiper, the "trafficator," the hydraulic fixed jack, and, on a larger scale, the pressed steel body. Apart from such unpredictable factors, however, the profit prospect, though sound and progressive, remains slow

	(Profits in £'000)						
	1929	1930	1931	1932	1933	1934	1935
Bluemel Bros. (Sept. 30)—							
Earned for ord.	12.5	3.6	<i>Dr. 1.1</i>	<i>Dr. 0.04</i>	7.1	11.5	11.8
Earned %	15.6	4.8	Nil	Nil	8.0	13.6	14.0
Div. %	11½	10	5	5	7½	10	10
J. Lucas (Aug. 7)—							
Earned for ord.	219.8	212.2	196.7	207.6	228.0	236.8	242.9
Earned %	33.5	28.1	28.9	28.4	31.2	15.6†	16.0
Div. %	25	25	20	20	25	12½†	12½
Mulliners (Holdings) (Dec. 21)—							
Earned for pref.	13.5	15.0	11.0	17.3	22.9	25.9	19.9
Pref. ord. earned %	10.0	10.0	7.4	15.4	12.1	12.5	11.4
Pref. ord. div. %	10	10	Nil	12	11½	11½	11½
Serck Rads. (July 31)—							
Earned for div.	28.9	25.7	19.8	14.3	15.4	20.6	27.8
Earned %	30.1	27.7	21.9	15.9	17.1	22.2	23.9
Div. %	17½	17½	15	12½	12½	12½	15
Simms Motor Units (Dec. 31)—							
Earned for ord.	38.3	9.3	<i>Dr. 27.7</i>	<i>Dr. 26.4</i>	<i>Dr. 16.4</i>	<i>Dr. 6.0</i>	...
Earned %	16.8	4.1	Nil	Nil	Nil	Nil	...
Div. %	5	2½	Nil	Nil	Nil	Nil	...
S. Smith (M.A.) (July 31)—							
Earned for def.	36.4	22.5	0.9	5.1	24.4	36.4	39.4
Earned %	81.4	46.5	2.0	12.1	49.7	59.9	53.3
Defd. div. %	37½	37½	18½	Nil	Nil	25	25
Triplex (June 30)—							
Earned for div.	10.2	36.7	34.5	30.8	60.4	75.2	85.5
Earned %	3.4	12.0	11.5	10.3	40.2	48.5	55.1
Div. %	5	5	10	10	25	25	30
J. Brookhouse (Sept. 30)—							
Earned for ord.	32.3	26.7	4.6	4.6*	18.1	18.3	33.5
Earned %	14.1	12.0	2.1	2.1*	8.5	8.3	14.4
Div. %	10	10	6	5	7	7½	10
Pressed Steel—							
Earned for pref.	33.1*	39.4	17.4	8.2	104.3	122.0	181.3
Earned % for ord.	Pref. divs. in arrears during this period.						35.5
Ord. div.	Nil	Nil	Nil	Nil	Nil	Nil	Nil

• 15 months reduced to 12 months.

† On capital increased by 100 per cent. bonus

* 15 months reduced to 12 months.

† On capital increased by 100 per cent. bonus.

moving. Such companies as S. Smith, Triplex, and Pressed Steel are developing lines outside the accessory business proper. These may, in time, yield useful contributions. In addition, the aircraft instrument business of S. Smith is capable of special benefit from the present special demand for aircraft, though here again profit margins are low. The evolution of the industry suggests that the coachbuilt body business of Mulliners may have to adjust itself to the adoption of standard pressed steel bodies even on the more expensive types of car.

Stewarts and Lloyds Meeting.—Mr A. C. Macdiarmid's speech to Stewarts and Lloyds shareholders on Tuesday was devoted to a full review of the special factors which reduced the company's earning power in a year of record output in the steel industry. The chairman's anticipations at last year's meeting have proved right in the event. Extreme competition in the export market has followed the breakdown of the tube cartel, and the company was forced to meet its effects as far as possible by the economies realised at Corby. Exports during the year were in fact largely increased over the 1934 level, and were maintained at nearly 50 per cent. of total production. But for Corby, the chairman estimated that the apparent reduction in profits due to lower export prices might have amounted to £600,000 to £700,000, and these advantages do not, apparently, exhaust the total benefits of the new plant. The balance sheet changes, to which reference was made in last week's *Economist*, page 318, relate to the assets of three subsidiary companies which have been taken into the parent company's books. The balance of the increase in the land, buildings and plant item is attributable to capital expenditure at Corby, less depreciation. Advances to subsidiaries are lower owing to repayments made to the parent company, while the other principal changes in the

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balance sheet are mainly due to the greater volume of turnover and diversification of trade. It may, therefore, be presumed that the substantial increase in stocks from £1,695,000 to £2,090,000 falls under the latter heading. Dealing with future developments, the chairman disclosed that important extensions were planned at Corby, involving the installation of new coke ovens and rolling mills, which are expected to reduce steel production costs and to employ the full steel ingot capacity. Temporary finance for these extensions has been arranged with the company's bankers. Despite the further deterioration in the export tube markets during recent months, it is suggested that the company can hold its own without any further reduction in profits. At home, greater co-ordination has been achieved and will be further strengthened by the British Mannesman Tube arrangement announced recently. In the export market no improvement in prices can be expected unless and until the cartel is reformed, and although conversations are taking place, negotiations are proving difficult. Deferred shareholders may be inclined to question whether the present price and yield—no more than 3 per cent.—does not generously value the long-term prospects and the ultimate possibility of a reformed tube cartel. There is limited prospect, it would seem, of any immediate recovery in earnings.

Union-Castle Accounts.—The results of the Union-Castle for 1935 show little discernible change in the trading position. Investment income has offset a slight fall in voyage profits, and total profits have increased from £458,012 to £462,445. Depreciation of the fleet has been provided on the usual 5 per cent. basis. The distributable profits, at £329,914, would have covered almost the full amount required to bring the 6 per cent. "A" preference share dividends up to date. Shareholders, however, are aware of two factors affecting the Union-Castle dividend position. There is, firstly, a serious disparity between the book value of the investments (standing in the balance sheet at £2,687,381 net) and their actual value. Moreover, extensive fleet renewals are in progress. Both factors have affected this year's policy. After paying one year's dividend on the "A" preference shares, bringing the payments up to June, 1934, the sum of £240,000 is reserved for depreciation of investments. This transfer reduces the credit balance to £47,444, as the following table shows:—

	Years to December 31,		
	1933	1934	1935
Profits on voyages, after providing for depreciation	350,768	367,849	351,119
Other income	70,961	90,163	111,326
Total profits	421,729	458,012	462,445
General interest	25,593	5,589	27,531
Debtenture interest	113,549	100,000	100,000
Fees	4,524	5,000	5,000
Earned for dividends	278,063	347,423	329,914
Preference dividends	127,270	127,526	124,620†
Reserve account	200,000	250,000	240,000§
Carried forward	112,252†	82,149	47,444

† Includes £2,144 profit on investments realised, less £31,477 debenture issue expenses. § Reserve for depreciation of investments. ‡ 4½ per cent. preference dividend for year 1935; 6 per cent. "A" preference dividend for year to June 30, 1934.

Fleet renewals are fully described in the directors' report. The "Stirling Castle" was delivered in January last, and the "Athlone Castle" is expected to be ready for commission during the present month. Another mail vessel has been ordered in this class, and several existing vessels will require alteration to enable the mail fleet to provide a fourteen-day service to the Cape from the end of 1938. Satisfactory arrangements have been made for financing the new mail vessel and two new cargo vessels. The company's mail contract with the Union Government has been extended for ten years from January, 1937. Following the indefinite adjournment of the litigation regarding the validity of the grant of permanent voting rights to the preference shareholders, stockholders of R.M. and E.D. Realisation will have a closer interest in the indicated earnings of 7½ per cent. on the Union-Castle ordinary stock, before provision for preference arrears and investments. That they must curb their estimates of the value of this holding, however, is apparent, for the present policy of Union-Castle is intended to strengthen the internal position of the company.

Hudson's Bay Company.—The accounts of the Company of Adventurers of England trading into Hudson's Bay invariably provide a general reflection of Canadian economic conditions. An advance of £110,000 in net trading profits to £321,058 must be regarded as reasonably satisfactory, for the report makes it clear that, while Canadian conditions continued to improve, the purchasing power of the Western farmers, on which the prosperity of the company's stores largely depends, was affected considerably by the smaller prairie crop and the reduced yield of higher grade wheat. The improvement in the stores results, therefore, must be attributed as much to increased efficiency of management as to the irregular recovery which Canada as a whole experienced last year. The fur collections were satisfactory and realised somewhat higher prices, although sales remain affected by exchange and trade restrictions. An analysis of the results of the past three years follows:—

	Years to January 31,		
	1934	1935	1936
	£	£	£
Trading Account—			
Profit on trading*	213,866	211,681	321,058
Land department	20,039	34,110	29,544
Total revenue (including fees)	234,335	246,218	350,602
Buildings, etc., depreciation	199,382	199,382	199,382
Other expenses	6,200	5,855	6,503
Net balance	28,753	40,981	144,717
Part Preference dividends	Nil	Nil	137,250†
Total carried forward	28,753	69,734	77,201
Land Account—			
Total receipts	46,640	73,345	64,052
Total expenses†	100,656	69,105	58,258
Balance	Dr. 54,015	4,240	10,034

* After charging administration and other expenses in Canada and London.

† Six years' dividend to June, 1936, or 30s. of each preference share to be repaid.

‡ Including taxes, capital reserve fund, etc.

After providing the usual sum of £199,382 for depreciation of buildings, the available profit amounts to £144,717. The Governor and Committee have decided to recommend repayment of 30s. of each £5 cumulative preference share, under the powers given in the 1912 Charter. Arrears on this repaid proportion, which date from June, 1930, will be paid at the 5 per cent. rate. The capital repayment will be £600,000, and since gilt-edged investments appear on the balance sheet at £1,866,386, the advantages of this at a time of low interest rates, are evident. The reserve fund now amounts to £661,101, so that further opportunities for substantial capital repayments may not arise for some time. Under present conditions the 5 preference shares at 5½ are difficult to value, since this price includes six years' arrears of dividends and the capital repayment due in July. Taking arrears on a gross basis, the value of the resulting £3 10s. shares cum arrears would be approximately 3½, carrying dividend arrears equivalent to approximately 2½. The latest earnings would cover two years' preference dividends, and a high cash return

would be obtained, on an ex arrears basis, if repayments of arrears were effected and normal dividends resumed in the course of the next few years. Such calculations, however, are subject to the immediate possibility of a refunding scheme and to the ultimate possibility of further capital repayments. The £1 ordinary shares, at 22s. 3d., appear adequately valued, for no dividend has been received since 1930, and their recovery equity is still deferred.

Cable and Wireless (Holding) Accounts.—Stockholders who had anticipated the publication, with the report, of a scheme for dealing with the preference arrears of Cable and Wireless (Holding) have now to postpone their hopes until the meeting next Friday. The accounts show that total income rose during 1935 from £1,080,393 to £1,120,234. After charging administration expenses (£69,122) and providing £25,071 for brokerage in connection with the capital reduction scheme—a slight increase on corresponding charges in 1934—the disposable balance is increased from £986,901 to £1,026,041. The net revenue covers a full year's preference dividend to March, 1934, with £104,000 to spare, of which £64,534 is required for interest on assented preference stock from June, 1935 to the date of repayment at the end of November. The accounts, therefore, confirm earlier estimates that a full year's preference dividend was earned last year with little to spare. Special dividends received from the Eastern and Western Telegraph undertakings have been applied to eliminate formation expenses (£500,000) and to reduce the book value of these shareholdings, the latter by as much as £8½ millions. The consolidated balance sheet reflects the sale of investments to Cables Investment Trust, the total having fallen from £17.6 millions to £11.4 millions.

J. and P. Coats Setback.—The market was unpleasantly surprised by the J. and P. Coats results on Thursday. Profits fell by the substantial sum of £456,987 to £2,006,340. Quarterly dividends totalling 10 per cent. had already been paid in respect of 1935, but since no additional bonus is declared, the total distribution is at the same low level as that of 1931, compared with 13½ per cent. for 1934. Exchange differences reserve requires £250,000, against £100,000 in 1934, and the balance carried forward is reduced from £388,025 to £339,365. On these disappointing results, the £1 ordinary units dropped abruptly from 63s. to 53s. 9d. and closed little better around 55s. 6d. On a 10 per cent. dividend basis, they yield only £3 12s. 9d. per cent. Pending the issue of the full accounts, investors will doubtless adopt a cautious attitude, on the lines suggested in the leading article on page 372.

Other Company Results.—Our usual table of Company profits on page 402 includes the results of 81 companies, the total including a number of plantation concerns. The *Buchanan-Dewar* increased profits and dividend, coupled with the results of other Distillers' concerns, have attracted market interest in the latter stock, although the prospective increase in distillers' profits resulting from the *Buchanan-Dewar* and *John Walker* dividends is well under one per cent. Two property companies, *London County Freehold* and *Metropolitan Housing*, report increased profits, the net earnings of the former having increased from £297,236 to £350,056. Dividends are in each case unchanged. *Armstrong-Whitworth Securities* report improved results. Following the debenture redemption scheme adopted last year certain assets have been transferred to a new subsidiary and the redemption effected by loans against these assets. In the oil group, *Venezuelan Oil Concessions* report an advance in net profits from £1,182,935 to £1,236,009, the dividend being raised from 11½ to 18½ per cent. Although deliveries of crude oil rose appreciably during the year, exchange difficulties were only slightly less adverse. *British Borneo Petroleum*, which has a substantial holding in Apex (Trinidad), has increased its profits, and pays 17½ against 15 per cent. *Salts (Saltire)* have achieved a considerable increase in earnings from £151,548 to £241,777, and the dividends on the high-gear equity issues have been substantially raised. Among the general industrial

companies, *Ever Ready (Great Britain)* has achieved higher profits through a 9½ per cent. increase in sales, and a reduction in costs which offset lower selling prices. Expenditure from the special advertising reserve greatly assisted the increase in sales. Several concerns in the Beechams Pills, including *Pritchard and Constance*, *Veno Drug*, and *Yeast-Vite* report increased profits and dividends. *Marconi's Wireless Telegraph* experienced an adverse trading year, marked by a reduction in the ordinary dividend to 4½ per cent. The full report, however, shows that revenue from investments—largely owing to a special Cable and Wireless dividend—accounted for an increase in total profits from £225,733 to £259,806. Eleven trust reports show relatively small changes in earnings, not all in the upward direction. The general trend in recent rubber profits is maintained. *Straits Rubber* (£23,576, against £44,592), and *Rembau Jelei* and *Changkat Salak*, with more moderate falls in profits, are representative; but *Chersonese (F.M.S.)* records increased profits. In the tea group, *Eastern Produce and Estates* profits have increased sharply from £19,915 to £49,719. The preliminary profits statement of *James Finlay* discloses a fall of £36,795 in profits at £186,233, and the ordinary dividend is reduced from 7½ to 6 per cent. *International Nickel* reports earnings of 54 cents per share for the first quarter. A number of interim dividends, including those of *Bass*, *Ratcliff and Gretton*, *London Brick*, *Woolworth* and *Associated Equipment* are unchanged. *United Molasses* has resumed ordinary dividends with a 4 per cent. payment. The final dividend of *Burmah Oil*, at 16½ per cent., brings the total distribution to 20 per cent., against 15 per cent. The market had discounted this result and the shares declined slightly. Total profits of the *Wiggins Teape* group increased from £375,756 to £442,055, and the total distribution is 9 per cent.

Central Mining.—A month or two ago the mining market was inclined to look for an increase in both the profits and dividend of this leading Rand finance concern. More recently, the expectation was modified to an increase in earnings without an advance in the rate of dividend. This view is confirmed by the accounts, which show an expansion of £36,000 in net profits. The total dividend payments are increased, since the preference issue made in the middle of 1934 ranks for a full year's interest. Reserve and income tax appropriations—especially the former—are larger, and a somewhat reduced balance is carried forward. In the following table we summarise the results for the past three years, on the present occasion setting out the gilt-edged holdings separately from the shares, investments and interests:—

	1933	1934	1935
Shares, investments, etc.	4,050,711	5,051,550	5,405,000
Gilt-edged securities	1,767,403	2,117,080	2,146,230
Debtors, less reserves	1,701,050	1,679,910	1,895,940
Loans	1,122,440	1,066,930	1,535,060
Cash	4,416,410	6,142,050	5,769,150
Creditors and dividend	8,533,220	10,054,980	9,761,840
Dividends and profits received	764,230	825,400	867,910
Management, etc., expenses	58,260	60,430	58,040
Taxes	50,360	63,100	72,230
Net profit	655,610	701,870	737,640
Earnings per cent.*	19.3	20.6	21.7
Dividends, amount	382,500	450,000	475,000
Rate per cent. on ordinary	11½	12½	12½
To reserve fund	170,000	125,000	175,000
For income tax	75,000	50,000	60,000
Brought forward	168,970	167,049	182,380
Carried forward†	167,040	182,380	177,560
* On ordinary capital.			
† After deduction of directors' percentage.			

The statistics relating to the producing gold-mining companies of the group show record aggregate earnings, despite a reduction of approximately 8 per cent. in the grade of ore treated. Increased dividends were paid by the Transvaal Consolidated and Trinidad Leaseholds, but the position of the Spanish railway interests shows no improvement. Reference is made to the company's interest in the New Witwatersrand Gold Exploration; the recent strike on this

Assets of the CANADA LIFE Assurance Co.

increased by over
£1,300,000
during 1935

SUMMARY OF REPORT FOR 1935

Assets	£51,143,652
(an increase of £1,343,128 over 1934)	
New Life Business (Net)	£8,810,933
Premium Income	£4,521,610
Interest	£2,065,688
Annuity Purchase Money	£1,116,200
Surplus earned during year	£1,042,615

The Company paid during the year to Policy Holders, Annuityants and Beneficiaries the sum of £5,656,218.

89 YEARS OF SAFETY AND STABILITY

the Traditional Policy of the

CANADA LIFE ASSURANCE CO.

Incorporated in Canada as a Limited Liability Company

ESTABLISHED 1847

W. P. BRAUND, Manager, 2 St. James's Square, London, S.W. 1

property, it will be recalled, renewed market interest in West Witwatersrand. Additional particulars are now given of the company's holdings—in conjunction with Selection Trust—in Kopaonik and other base metal properties in Yugoslavia. On the basis of the dividends for the past two years, Central Mining £8 shares at current quotation at around £25 show a yield of approximately 4 per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Hambros Bank, Alliance Assurance, Guardian Assurance, Yorkshire Insurance, San Paulo (Brazilian) Railway, Scottish Mortgage and Trust, Southern Areas Electric Corporation, Oriental Telephone and Electric, Calcutta Electric Supply, South-Eastern Gas Corporation, Calcutta Tramways, Rubber Plantations Investment Trust, Anglo-American Debenture Corporation, Pataling Rubber Estates, Dunlop Rubber, Indian Copper Corporation, British Match Corporation, Smith's Potato Crisps, Marston Valley Brick, Spaarwater Gold Mining, Crown Mines, and City Deep. Shareholders in Hambros Bank learned that the Bank had extended its issue department for British industrial finance. At the Guardian Assurance meeting Colonel Lionel H. Hanbury disclosed that the investment valuation showed a surplus of £1,439,790 over the book values, and that no investment appeared in the books at a value exceeding its redemption price or its market value at December 31st last. Mr Lionel N. de Rothschild discussed the effect of falling interest rates on the Alliance Assurance bonus position, and anticipated a satisfactory rate after the 1938 valuation had been made. Lord Middleton reported substantial increase in business done by the Yorkshire Insurance Company compared with the previous year. At the San Paulo (Brazilian) Railway meeting the chairman described conditions which had obliged the company to apply for higher tariffs on goods carried. Southern Areas Electric Corporation secured an increase in gross receipts of £12,799 over the previous year, with average price per unit of 2.38d., compared with 2.77d. The chairman

of Oriental Telephone and Electric Company reviewed progress in the company's overseas undertakings. Sir David Milne-Watson, at the South-Eastern Gas meeting, discussed the necessity for centralised control of sales organisations. Sir Geoffrey R. Clarke gave figures of passengers carried and mileage run by the Calcutta Tramways, showing a continued and sustained improvement. Lord Meston discussed agitation in Calcutta against the domestic tariff of the Calcutta Electric Supply Corporation. Sir Eric Geddes, at the Dunlop Rubber Company meeting, reviewed the various activities of the company, and pointed out that since June, 1932, the price of rubber had increased fourfold. Mr C. L. Read described development work of the City Deep Company, and reported a new record of tonnage milled. At the Indian Copper Corporation meeting the chairman reported an improvement in prices obtained for the company's products for the first time for several years. Mr Clarence E. Bartholomew, of the British Match Corporation, criticised sales prices of Russian matches. The chairman of Marston Valley Brick Company reported an increase in the output of Fletton bricks in the last 30 years from 2½ per cent. of the country's output to 32½ per cent. Mr W. A. Mackenzie described development work undertaken by the Spaarwater Gold Mining Company. Mr. John Martin said that the ore milled and the working revenue of Crown Mines during 1935 were the highest in the company's history. Mr Maxtone Graham discussed the conditions for a resumption of foreign lending at the Scottish Mortgage and Trust meeting. His views accorded closely with those of Mr Richard Guinness at the Anglo-American Debenture Corporation meeting. The chairman of Smith's Potato Crisps referred to the recent acquisition of the Nocton estate to safeguard potato supplies. Mr H. J. Welch referred to the desirability of prolonging the rubber and tea restriction schemes, at the Rubber Plantations meeting, with safeguards for termination when their objects had been secured. Mr Eric Miller informed Pataling Rubber shareholders that a substantial reduction in visible stocks was indicated during 1936.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

TICKET MAY 19 | ACCOUNT MAY 21

THE second week of the account has run its course with even less general market interest than in the first. This week there was no mid-week recovery, and after Monday's post-bag had been cleared the general dullness was the more pronounced. Markets were at first in easier mind about the immediate prospects for the franc, but distinctly nervous later in the week regarding the European situation. The lack of response among leading industrial shares to the April unemployment figures and to the record motor registrations illustrates the market's present mood. Without short-term speculative openings, either for rise or fall, and conscious of the mere postponement of all the important political issues which have been raised from March 7th, investors are not unwise in adopting a temporising attitude.

The gilt-edged market opened firmly, but failed to recruit further support, and when conditions became quieter quotations were barely maintained. War Loan, which fact, lost ¼ on Tuesday and Wednesday. The New and scrip opened at ½ discount, and found little support at this level. Home Corporation scrips reacted on the rewriting of the Sheffield loan. The Birmingham loan was portably maintained most of its significant premium, but the more recent issues were dealt in at steadily widening discounts.

In the foreign bond market, European issues were depressed by the prospect of a month's uncertainty from Geneva and by the Austrian Cabinet reshuffle. German bonds lost their earlier gains, and Central European issues reacted without exception. Chinese Customs loans reacted sharply to Sir Frederick Maze's statement that smuggling in North China, at the rate suggested by the April returns, might be put as high as one-third of the total annual

Customs revenue. Fears that the issue might develop into an international question prompted a sudden wave of selling of Japanese issues, which had previously been well supported. Greek issues were weaker on sustained reports that the Government were still unable to provide more than 35 per cent. of the service. South American issues followed the general trend.

The rejection by the N.U.R. Conference of the companies' offer to restore half the wage cut (discussed on page 357) was followed by moderate selling of home rail stocks. Southern issues were sentimentally affected by a poor traffic comparison with last year's exceptional week, and other stocks closed ½ to ¾ lower on Wednesday, with further falls on Thursday when L.N.E.R. 2nd preference closed one point lower at 26½. Argentine rail ordinary stocks were maintained for a time, but the poor traffics were marked by renewed falls. Prior charges were conspicuously dull throughout an idle week.

Conditions in the industrial shares market have been very dull throughout the week, and prices have moved irregularly. Interest has been damped down by the continued stagnation of Wall Street, by the political uncertainties, and also by the greater attractions of the oil and mining sections. Iron and steel shares have suffered most, although the volume of business has been small. The recent boom in armament issues has left the market rather jaded, and not easily stimulated by such humdrum affairs as satisfactory trading reports. Exceptions to this dullness were, however, provided by United Steel, Tube Investments, and by Whiteheads. Stewarts and Lloyds deferred reacted slightly to the chairman's speech, which is discussed on page 375. Aviation issues were similarly dull, Handley Page participating preference being affected by strike news. Hawkers were initially supported in anticipation of good dividend results, but lost ground later. With few exceptions, motor shares were dull, despite the March registrations. Holders of A.E.C. shares were disappointed by the maintained dividend, but Leyland and Rover issues were slightly firmer. Bolsover shares continued to improve in the coal group.

Electrical equipment shares were firm at the beginning of the week, but became easier later. Ever Ready shares remained firm on the report. Woolworth reached a new high level among stores, in hope of a bonus distribution. Among provision and catering issues, Unilever were in demand by Amsterdam buyers, and J. Lyons reflected anticipations of a good report. On the sharp rise in profits, Salts (Saltaire) issues were active. Brewery and distillery shares were firm, Distillers being in active demand on the subsidiaries' results. South African Breweries, and Marston Thompson were also prominent. Godfrey Phillips improved on the increased dividend announced by Abdulla, but in mid-week there was a slight reaction among the leading tobacco shares.

In the miscellaneous industrials section the tone was easy throughout the week, and price movements were small and irregular. Alpha Cement issues were in demand following their acquisition of Metropolitan Cement, but the building materials group were generally dull. Boots Drug shares were sold following publication of the preliminary results, and Valor issues lost ground. London Brick shares were easier on the maintained interim dividend.

Interest in the oil shares market was again concentrated on the Eagle issues. Activity revived this week, and Mexican Eagles passed the 25s. mark. Considerable selective buying of shares likely to benefit from imminent dividend announcements was reported, together with some support for the more speculative issues. The Burmah dividend announcement was followed by considerable activity in the shares. In the rubber share market business followed its recent dull course, but the mid-week recovery in the commodity to 7½d. led to a firmer tendency. Tea shares were more depressed than of late at the beginning of the week, and professional buyers were more reluctant to absorb public sales.

The Kaffir market was generally active, with West Witwatersrand issues in the lead on expectations of good results from a new borehole, whose benefits should extend to other companies in the region, notably Western Reefs. Much attention was paid to the finance company issues, particularly Anglo-American, and Goldfields. Speculative

buying seems to be playing a more important part in the market than of late. Activity in West Africans declined, and prices were inclined to ease. Rhodesian copper issues were neglected, and tin issues were inclined to weaken on the lower commodity price.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to May 8, 1936	May 7, 1936	May 8, 1936	May 11, 1936	May 12, 1936	May 13, 1936	May 14, 1936
Government and Municipal Loans	5,516	1,006	1,123	1,356	1,148	1,250	1,149
Transport, Communications, and Public Utilities	4,761	897	979	1,007	999	976	964
Commercial and Industrial*	21,770	4,050	4,330	4,294	4,047	4,625	5,318
Banks, Insurance and Financial ...	2,785	578	572	604	573	577	564
Mines (including Nitrate) ...	7,276	1,486	1,674	1,880	1,352	1,367	1,240
Oils ...	1,596	255	265	330	303	334	424
Rubber, Tea and Coffee ...	1,189	211	251	244	303	284	263
Total	44,893	8,483	9,194	9,715	8,725	9,413	9,922
Corresponding day in 1935	...	9,141	10,016	11,537	9,915	10,156	10,903

* Including Iron and Steel and Breweries.

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	May 7, 1936	May 8, 1936	May 11, 1936	May 12, 1936	May 13, 1936	May 14, 1936
114.5	107.4	112.3	112.3	112.3	111.8	111.4	110.4

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Mar. 16)	May 7, 1936	May 8, 1936	May 11, 1936	May 12, 1936	May 13, 1936	May 14, 1936
138.4	137.0	137.9	138.0	138.0	138.0	138.0	138.0

FOREIGN STOCK EXCHANGES

NEW YORK

ANOTHER week of dullness has shown that Wall Street is unable to shake off its concern over the position of the franc. In conditions of continued idleness, prices moved erratically, although there were signs of a slight improvement in midweek, particularly in chemical and liquor shares. There is, moreover, some evidence of renewed buying for investment, but speculative operations are hanging fire pending a settlement of political uncertainties at home and abroad. On Monday the call money rate was increased to 1 per cent. and the time money rate to 1½ per cent., but the bond market recovered from last week's dullness and quotations strengthened generally, French issues showing a distinct improvement. Business circles are hoping for considerable modification of the tax programme before it becomes law, and the President is apparently willing to accept a compromise. The defeat of the Frazier-Lemke Farm Mortgage Bill found similar approval, and talk of possible further devaluation of the dollar does not seem to be justified by any successes for the inflationary bloc in Congress. Business reports remain fairly good. Steel mill activity is slightly lower than last week, but automobile output is still increasing.

	May 6, 1936	May 13, 1936	May 13, 1936		May 6, 1936	May 13, 1936	May 13, 1936
U.S. 2½ Treas. Bds. 1945-47 ...	103½	103½	103½	Natl. Biscuit	34	33½	33½
Atchafalaya ...	71½	69½	69½	Phelps Dodge	34½	33½	33½
Erie ...	20½	19½	19½	Pullman	42	42½	43
Illinois Central ...	34½	33½	33½	Sears Roebuck	65½	65½	65½
N.Y. Central ...	30½	29½	29½	Un. Fruit	71	74	74
Pennsylvania ...	31	30½	30½	U.S. Leather	6½	6½	6½
Southern Pacific ...	14½	14	14½	U.S. Rubber	29½	28½	28½
Southern Ry. ...	124	122	122½	U.S. Steel	58½	56½	56½
Union Pacific ...	125½	128½	129½	Westinghouse	107½	106½	107½
Am. Can. ...	77½	75½	76½	Woolworth	48½	48½	48½
Amer. Smelting ...	34½	33½	33½				
Anaconda ...	51½	48½	49½	Am. Tel. and Tlg.	155½	156½	157½
Bethlehem Steel ...	96	92½	93½	Int. Tel. Teleg.	13½	13	13½
Chrysler Motor ...	75½	74½	75½	Utilities P. & L.	77½	75½	76
Corn Products Rf. ...	161	164	165½	W. Union Tlg.	77½	75½	76
Eastman Kodak ...	36½	35½	36½				
Gen. Electric ...	64½	62½	62½	Shell	47½	46	46½
Gen. Motors ...	82½	81½	82	Shell Union	17½	17½	17½
Int. Harvester ...	39½	40½	40½	Std. California	38½	38	38½
Mont. Ward ...				Do., N.J.	60	60½	61½

† Calculated at \$4.97 to £.

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

	1935		1936 (Jan. 1 to May 13)		Be- ginning of Year 1936	Apr. 29, 1936	May 6, 1936	May 13, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Apr. 8				
351 Industrials ...	74.5(1)	112.3	112.7	127.1(d)	112.3	112.7	117.7	116.2
33 Rails ...	27.4	43.0(w)	42.8	51.1(b)	41.5	42.8	45.5	44.6
37 Utilities ...	52.2	93.6	91.2	106.2(a)	93.6	91.2	94.2	93.2
Total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	97.7	102.0	100.7
Average yield of 50 Industrial Common Stocks	3.02% (v)	4.06% (b)	High 3.60% (c)	Low 2.95% (e)	3.22%	3.60%	3.21%	3.25%

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

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

Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	May 6, 1936	May 7, 1936	May 8, 1936	May 9, 1936	May 11, 1936	May 12, 1936	May 13, 1936
147.6	126.2	135.1	132.7	132.6	133.7	132.3	132.3	133.4

TOTAL DEALINGS IN NEW YORK

	May 7, 1936	May 8, 1936	May 9, 1936	May 11, 1936	May 12, 1936	May 13, 1936
Stock Exchange—Shares (Thous.)	1,010	780	340	680	600	590
Bonds (Value Thous. \$)	9,530	7,160	3,430	6,690	7,080	7,220
Curb—Shares (Thous.)	248	169	49	156	167	171

* Two-hour session.

PARIS

Last week the Bourse closed under the Communist threat of heavy taxation on large incomes, and was still depressed by the continued franc crisis. On Friday rentes closed irregularly, and Banque de France shares lost 450 francs to 5,250. Conditions improved somewhat this week, thanks to M. Blum's renunciation of devaluation, and Banque de France shares recovered to 6,210. Industrials advanced, and internationals, which last week were in demand as a refuge from domestic issues, again lost favour. Suez Canal shares declined by 415 francs, and diamond, copper and Kaffir issues were lower. A reaction was provoked, however, by the withdrawal of the Italian delegation from Geneva, and rentes gave way. Banque de France shares, however, continued to improve in the expectation that M. Blum will advocate not nationalisation of the Banque, but merely reform. Industrials were once more depressed, while internationals returned to favour. Technical conditions accounted for a slight improvement as the end of the account approached, and buying orders in several departments led to a rise in prices.

	May 6, 1936	May 11, 1936	May 13, 1936		May 6, 1936	May 11, 1936	May 13, 1936
Banque de France	6,300	6,210	6,500	Wagons Lits.....	46	46½	45
Crédit Lyonnais ...	1,405	1,412	1,385	Mexican Eagle ...	80½	80	95
Suez Canal ...	19,725	19,505	19,285	"Chartered"	119½	118½	113
Chargeurs Réunis	283	273	271	Ford	48	46½	47
Rio Tinto ...	1,042	1,030	1,060	De Beers	651	628	631
Royal Dutch	26,750	26,300	26,525	"Johnnies"	295½	294	293½

BERLIN

After reacting in the early part of last week, the share market became firmer, and on the whole week closed with a slight average advance. In addition to the standard heavy industrials, the main improvements were recorded by lignite, rubber, linoleum and brewery issues, and Bemberg and Aku shares among rayons. Shipping issues were steady, potash shares irregular. Foreign currency shares were bought. The new week opened with a further advance, but

TEN PER CENT.

Block of Service Flats in West End, fully let, will be sold for £15,500 to show 10 per cent. net, after providing for management by well-known Estate Agents, who would continue to act, if required, thus making the investment

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on Tuesday prices were irregular with sharp advances shown by electric cable shares, and Westdeutscher Kaufhof (Tietz) issues. Reichsmark loans were little changed, certificated dollar State and bank bonds weaker, and other dollar bonds irregular. On Wednesday political uncertainties led to an opening setback, but the tone improved somewhat toward the close of business. The official shares index (1924-26 = 100) for April was 96.22, as against 93.31 for March; bonds index 95.34, against 95.32.

	May 6, 1936	May 11, 1936	May 13, 1936		May 6, 1936	May 11, 1936	May 13, 1936
Reichsbank	183-00	184-60	184-50	A. E. G.	35-40	38-60	38-10
D.D. Bank	88-50	89-25	92-50	Siemens and Halske	183-25	187-50	185-00
Dresdner	88-50	89-50	92-50	A. K. U.	50-90	54-90	54-60
I.G. Farben	166-25	171-25	171-00	Hamburg-Amer.	14-90	15-25	15-25
Norddeutscher				(“Hapag New”) ..			
Lloyd (New)	16-00	17-25	17-00				

AMSTERDAM

There was a sharp rise in many share prices at the end of last week, in anticipation of devaluation. Royal Dutch touched a new high at 257½, rubber, sugar and industrial shares gained, and bonds were naturally inclined to be easier. Following M. Blum's declaration of orthodox intentions toward the franc, prices fell throughout the market on Monday, and became irregular later in the week. Business is still very quiet, but the tone of the market tends to be a little firmer.

	May 6, 1936	May 11, 1936	May 13, 1936		May 6, 1936	May 11, 1936	May 13, 1936
2½% Dutch Loan ..	75½	75½	75½	Steel Common	34½	34½	34½
5½% German	19½	18½	19	A. K. U.	22½	22½	22½
Unilever N.V.	106½	114½	115½	Ford Motor	205½	207	201½
Philips Lamps	180½	182½	182½	Deli Batavia Tob.	177½	175½	175½
Netherlands Ship				Royal Dutch	252½	252½	256½
Union	44½	42	42½	Handels Am.	219½	217	221½

CAPITAL ISSUES

THIS week's issues cater exclusively for the fixed interest investor. The *Sheffield* loan, on identical terms with its six forerunners since Birmingham set the queue moving three weeks ago, appears under less auspicious market conditions, for after Birmingham's resounding success—on generous terms—the decreasing cordiality of the market's reception to later corporation issues has been matched by the dwindling of opening premiums to slight discounts. The *Sheffield* prospectus gives full information regarding the profits of the trading undertakings, which account for a significant part of the City's debt. It may be asked, on general grounds, whether the small but distinct differences between the credit-ranking of the borrowers of the last three weeks should not be recognised, at least in the redemption terms. The *Lloyd's Building* prospectus relating to the issue of 3 per cent. first mortgage debenture stock at 95½ discloses that Royal Mail House changed hands for £800,000, a figure considerably less than market report at that time. The stock has a maximum life of 37 years, and its service is well secured on the lease rental payable by the Corporation of Lloyd's. The 3½ per cent. stock of *John Lewis Properties*, issued at 95, with final redemption in 1971, or optionally from 1940, gives the borrower a wide repayment option. The rent charges are satisfactorily covered by the latest profits of the trading concern, but the difference in terms reflects the presence of a certain trading risk. *Kellner-Partington Paper Pulp* 4½ per cent. debenture stock is guaranteed by a Norwegian company which operates the company's mills in Norway and Austria. The guarantor's profits have been relatively stable during the past three years and provide satisfactory cover for the service. The issue may be regarded as a valuable industrial debenture. *Meesons Limited* provide a somewhat unusual type of dual issue, of 4½ per cent. debenture stock, and 5½ per cent. redeemable preference shares, both at par, the equity being retained by the vendors. The fixed assets provide a cover of little over twice the amount of the debentures, but the income cover is larger. Income cover for the preference shares calculated in the prospectus at more than three times by the “prior deductions” method, works out at two and a quarter times by the “cumulative requirements” method. Statements “for information only” have been published

on behalf of *Franco Signs*, *Heatrae*, and *Aircrow Company*.

ISSUES OF THE WEEK

	Nominal Capital	Conversions	New Money
January 1 to May 9, 1936, including conversions, Old Basis, £136,618,541.			
January 1 to May 9, 1936, excluding conversions, Old Basis, £78,230,390.			
January 1 to May 9, 1936, including conversions, New Basis, £186,842,238.			
January 1 to May 9, 1936, excluding conversions, New Basis, £127,554,136.			
National Savings Certificates, Net receipts week ended May 9, 1936, Dr. £150,000.			
To the Public			
John Lewis Properties, £1,000,000 3½% 1st mt. deb. stk., at 95½ (offer of conversion to £1,050,000 John Lewis and Co. 4% deb. stk. and £44,950 4½% deb. stk. of Lance and Lance)	1,000,000	950,000	...
Lloyd's Building, £600,000 3% ext. deb. at 95½	600,000	...	573,000
Kellner-Partington Paper Pulp, £1,100,000 4½% deb. stk. at par (to redeem £1,111,900 6% deb. stk.)	1,100,000	1,100,000	...
Meesons's Ltd., £100,000 4½% 1st mt. deb. stk., at par	100,000	...	100,000
Do. 200,000 5½% red. cum. pref. shares £1, at par	200,000	...	200,000
Sheffield Corporation, £2,500,000 3% stk., 1956-58, at 99%	2,500,000	...	2,500,000
Total	5,500,000	2,050,000	3,373,000
To Shareholders only			
Advance Laundries, 800,000 2½- ord. shares, at 3/-	80,000	...	120,000
Borax Consolidated, 150,000 deferred £1 ord., at 27/-	150,000	...	202,500
Broome Rubber Plantations, 468,750 2½- shares, at 27½	46,875	...	61,520
Central Wagon Co., 100,000 new ord. shares £1, at par	100,000	...	100,000
City Deep, 259,000 £1 ord. shares, at 27½	259,000	...	356,125
Compton (J.), Sons and Webb, 280,000 ord. 4½- at 5/6	56,000	...	77,000
Tea Corporation, £40,000 4½% 1st mt. deb. stk., at par (to repay £25,103 4½% deb. stk.)	40,000	25,103	14,897
United Steel Companies, 2,200,000 ord. shares £1, at 25/-	2,200,000	...	2,750,000
Total	2,931,875	25,103	3,682,042
By Stock Exchange Introduction (at opening price)			
Aircrow Co., 750,000 2½- ord. at 13/3	75,000	...	48,875
Do. 100,000 6% cum. £1 pref. at 21/6	100,000	...	107,500
Franco Signs, 400,000 10/- ord. at 18/-	200,000	...	360,000
British Northrop Loom, 300,000 10/- ord. shares, at 10/6	150,000	...	157,500
Cheltenham £250,000 3% stock, 1956, at 98½	250,000	...	246,250
Total	775,000	...	1,368,125
By Permission to Deal			
During week ended May 9, 1936	1,040,197	...	2,594,080
Total Capital raised—			
Including Conversions	Excluding Conversions	Including Conversions	Excluding Conversions
January 1 to date—			
1936 (New Basis)	199,784,638	138,421,383	
1936 (Old Basis)	145,598,686	85,135,432	
1935 (New Basis)*	177,134,427	99,146,361	
1935 (Old Basis)	121,251,183	39,801,949	
January 1 to date—			
1934	226,930,743	76,289,345	
1933	132,257,589	76,512,540	
1928	...	214,921,583	
(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.			
Total Offered for Subscription—			
Including Conversions	Excluding Conversions	Including Conversions	Excluding Conversions
Whole year (Old Basis)—			
1933	548,351,393	236,147,637	
1934	410,980,300	169,108,700	
1935	467,921,500	244,780,500	
1932	2,699,684,265	188,969,963	
1928	693,100,056	369,058,073	

	Debt	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	61,078,451	14,577,956	62,764,976	138,421,383
1936 (Old Basis)	53,270,227	6,238,210	25,626,995	85,135,432
1935 (New Basis)*	26,029,129	23,501,687	59,536,815	99,146,361
1935 (Old Basis)	13,268,398	15,584,378	10,949,173	39,801,949
Whole year—(Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,481,000	44,878,400	169,108,700
1935	167,185,509	31,696,741	37,265,587	236,147,637
* Including securities for which “permission to deal” was given in twenty weeks ended May 18, 1935.				

Nature of Borrowing (Excluding Conversions)

	Debt	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	61,078,451	14,577,956	62,764,976	138,421,383
1936 (Old Basis)	53,270,227	6,238,210	25,626,995	85,135,432
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1935	167,185,509	31,696,741	37,265,587	236,147,637
* Including securities for which “permission to deal” was given in twenty weeks ended May 18, 1935.				

PUBLIC OFFERS

Sheffield Corporation.—Issue of £2,500,000 3 per cent. stock at 99 per cent. Proceeds to repay mortgage bonds. Redeemable at par April, 1958, or from April, 1956, on three months' notice. Population, 520,950. Rateable value, £3,078,291 (£5 18s. 2d. per head). Debt, £24,634,315, of which £19,012,055 for productive undertakings. Net debt per head, £47 5s. 9d. Net debt per £ of rateable value, £8 0s. 1d. Property and permanent works, £36,346,766. Combined profits of trading undertakings, 1934-35, after providing for debt redemption, £776,496, equal to 7.74 per cent.

Lloyds Building, Ltd.—Issue of £600,000 3 per cent. extension first mortgage debenture stock at 95½ per cent., to provide part of purchase price of Royal Mail House of £800,000. Secured on the freehold property known as Royal Mail House, adjoining Lloyd's Building, and benefit of 99 years' lease to Corporation of Lloyd's at £40,000 per annum, £27,000 per annum to be set aside for interest on outstanding stock, balance to be credited to sinking fund, at the rate of 1½ per cent. per annum. Redeemable at par, June 30, 1973, or from June 30, 1963, on six months' notice. Profits, after deduction of income tax, years ended June 30: 1933, £33,361; 1934, £32,340; 1935, £33,050.

John Lewis Properties, Ltd.—Issue of £1,000,000 3½ per cent. first mortgage debenture stock at 95 per cent. New stock repayable at par on August 1, 1971, or after August 1, 1940, at 101 per cent. on three months' notice. Valuation of properties previously held, £1,307,580; valuation of properties now acquired from John Lewis and Company, £1,515,205; total value, £2,822,785. Purchase price, £1,350,900. Combined profits of John Lewis and Company and its trading subsidiaries for 1935-36 amounted to £287,190, before pro-

viding for depreciation and income tax. Aggregate rents of £166,200 payable by John Lewis and Company. 500,000 4½ per cent. £1 preference shares to be subscribed in cash at par, and John Lewis and Company to subscribe further 150,000 £1 ordinary shares at par. Lists closed at 2 p.m. May 13th, over-subscribed.

Meesons, Ltd.—Issue of £100,000 4½ per cent. first mortgage debenture stock at par and 200,000 5½ per cent. cumulative £1 preference shares at par. Stock repayable at 102½ in January, 1967, or from January, 1940, at 104 on three months' notice. Preference shares repayable by 2 per cent. cumulative sinking fund up to 1990 at 21s. 6d. per share. Acquires Weller and Meesons, Ltd., manufacturers and retailers of sweets. Net assets £243,081, acquired for £275,000 (including goodwill, £31,919), payable £175,004 in cash and by allotment of 199,993 10s. ordinary shares. Profits, after depreciation, years to January 31st: 1934, £33,547; 1935, £42,274; 1936, £39,647. Lists closed at end of business hours May 12th.

BY STOCK EXCHANGE INTRODUCTION

Aircrow Company, Ltd.—Issued capital 590,000 2s. ordinary shares and 100,000 6 per cent. cumulative £1 preference shares. Founded in 1923 to manufacture aircrews, fans, etc. Net assets March 31, 1936, £62,819, excluding goodwill. Profits after charging depreciation, years ended March 31, 1934, £6,625; 1935, £7,579; 1936, £16,993. Total assets, March 31, 1936, £141,555. Shares already placed have yielded £127,250 net.

Franco Signs, Ltd.—Issued capital 400,000 10s. shares. Incorporated in England May 8, 1936. Acquires for £199,996 in shares, share capital of Franco-British Electrical Company and associated concerns. Manufactures signs under Trade Mark “Franco Signs.” Net surplus assets, September 30, 1935, excluding goodwill, £122,032. Combined profits after charging depreciation, years ended September 30: 1933, £9,055; 1934, £29,600; 1935, £34,218.

Heatrae, Ltd.—Issued share capital 500,000 2s. ordinary shares and 25,000 6 per cent. cumulative £1 preference shares. Cheviot Trust, Ltd., offer for sale 200,000 2s. ordinary shares at 3s. 6d. each which the Trust acquired for 3s. each. Acquires electrical engineering business established 1920 for £60,000, to be satisfied by the allotment of 10,000 preference shares and 500,000 ordinary shares. Company does not bear preliminary expenses. Net assets, February 29, 1936, £43,000, excluding goodwill. Net profits after depreciation, years to end February, 1934, £7,251; 1935, £11,356; 1936, £12,402.

BY TENDER

North Middlesex Gas.—This company offers for sale by tender £25,000 6 per cent. standard consolidated stock. The minimum price is £171 for each £100 of stock.

BONUS ISSUES

Beechams Pills.—It is proposed to distribute a capital bonus of one deferred share for every 20 held.

A. J. White, Ltd.—It is proposed to distribute 100,000 shares of 10s. among shareholders as a capital bonus, in the proportion of one to every six shares held to shareholders on register June 11th. The bonus shares will not participate in the dividend for the past year. The directors are advised that the distribution will be of the nature of an accretion to capital, and that no income tax will be payable in respect thereof.

ISSUES TO SHAREHOLDERS ONLY

Advance Laundries.—Advance Laundries propose to issue 800,000 2s. ordinary shares to holders, in the proportion of four for every nine shares held, at a premium of 1s. per share.

Borax Consolidated.—The directors are offering to preferred ordinary and deferred ordinary shareholders 150,000 deferred ordinary shares of £1 at 27s. each.

Brett's Stamping.—20,000 £1 ordinary shares have been offered to ordinary shareholders registered on April 15th at 30s. per share, in the proportion of one new ordinary share for every two ordinary shares held.

Broome Rubber Plantations, Ltd.—Issue of 468,750 shares, 2s., at 2s. 7½d. per share to shareholders and option-holders on the company's registers on May 1, 1936, in the proportion of three new shares for every eight shares and options held, to rank for dividend as from the beginning of the financial year commencing July 1, 1936.

Bushtick Mines (1934).—Bushtick Mines (1934) is issuing 100,000 shares of 10s. at 10s. 3d. each. Existing shareholders are offered 90,000 of the shares in the proportion of one for every 10 held on April 27th.

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Central Wagon Company.—Issue of 100,000 new £1 shares to the shareholders at par, in the proportion of one new share for every four shares held.

Champion Reef Gold Mines of India.—Shareholders registered on April 24th are entitled to apply for an issue of 130,000 10s. shares at 35s. per share, in the proportion of one new for every four old shares held.

City Deep.—259,000 £1 shares are offered to shareholders at £1 7s. 6d. per share.

J. Compton Sons & Webb, Ltd.—Issue of 280,000 of these new shares to existing ordinary shareholders at 5s. 6d. per share on the basis of one new share for every five.

General Refractories.—Issue of 70,000 new shares in the proportion of one share to every ten held, at 26s. 6d. each.

Palmietkuil Gold Mining Company.—Shareholders are invited to subscribe at par to 1,400,000 10s. shares in order to provide the further working capital now required.

Robinson Deep “B” Shares.—Issue of 152,479 “B” shares of 7s. 6d. at 40s. each. The offer is to “B” shareholders on the register at the close of business on May 13th in the proportion of one new for every 12 held. The lists will close on June 10th.

South Wanarajah Tea Estates.—Issue of 3,200 ordinary shares of £1 at 30s. per share.

United Steel Companies, Ltd.—At an extraordinary general meeting held May 12th, it was decided to increase the authorised capital of the company to £10,000,000 by the creation of 3,350,000 shares of £1 each. The chairman intimated that approximately 2,200,000 shares would be offered at a premium of 5s. per share to members of the company in the proportion of one new share for each £3 stock held (excluding fractions). Applications must be lodged by first post on May 28th accompanied by a payment of 10s. per share. The balance of 15s. per share will be payable on or before July 20th.

CONVERSIONS AND REPAYMENTS

State of Parana 7 per Cent. Consolidated Bonds.—The State of Parana has accepted all tenders both of 7 per cent. sterling and dollar bonds made at the prices at or below 28 per cent. of the nominal value.

Kellner-Partington Paper Pulp Company, Ltd.—Issue of £1,100,000 4½ per cent. guaranteed mortgage debenture stock at par. Redeemable at par October 1, 1961, or after October 1, 1946, at 101 per cent., on three months' notice. Proceeds of issue to repay £1,111,900 outstanding 6 per cent. debenture stock. Company incorporated 1889. Owns pulp and paper mills in Norway and Austria operated by Aktieselskapet Borregaard, who guarantee interest and principal unconditionally. Consolidated profits of guarantor group, after depreciation: 1933, £248,069; 1934, £230,663; 1935, £253,994. Total net assets December 31, 1935, £3,138,486.

FORTHCOMING ISSUES

Consett Iron.—The company's £2,500,000 6 per cent. debenture stock is being repaid at 9½ per cent. premium. An issue of £1,500,000 of 4½ per cent. debenture stock is being made. Holders of each £10 of 6 per cent. stock will have the right to subscribe for £6 of 4½ per cent. stock at par and six ordinary shares of 6s. 8d. at 8s. 6d. each. Holders of the 3,000,000 ordinary shares of 6s. 8d. will have the right to subscribe for seven shares of 6s. 8d. at 8s. 6d. each in respect of every six shares held.

Preston Breweries, Ltd.—We are now informed that arrangements have been completed for the issue in a few days of 165,000 5½ per cent. cumulative preference shares 10s. each at par and 165,000 ordinary shares 4s. each at 5s. per share.

Southern Areas Electric.—It is understood that the new issue to be made in the course of the next few weeks by this corporation will be in 450,000 new ordinary shares of £1 each at the price of 21s. per share. Public subscriptions will be invited for these new shares, but preferential consideration in allotment will be given to the company's existing shareholders and consumers.

(Continued on page 384)

LONDON ACTIVE SECURITY PRICES AND YIELDS

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

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

Prices, Year 1935				Prices, Year 1936 Jan. 1 to May 13, inclusive				Name of Security	Price, May 6, 1936	Price, May 13, 1936	Rise or Fall	Yield, May 13, 1936			
High-est	Low-est	High-est	Low-est	High-est	Low-est	High-est	Low-est								
Prices, Year 1936 Jan. 1 to May 13, inclusive															
British Funds															
108 1/2	108 1/2	108 1/2	108 1/2	Consols 2 1/2%	108 1/2	108 1/2	...	2 18	6	dis	108 1/2	108 1/2	...	2 18	6
108 1/2	108 1/2	108 1/2	108 1/2	Do. 4% Red. at par on or after Feb. 1957 (m)	108 1/2	108 1/2	...	3 0	5	0	108 1/2	108 1/2	...	3 0	5
108 1/2	108 1/2	108 1/2	108 1/2	Conserv. 2 1/2% 1944-48	108 1/2	108 1/2	...	2 3	0	0	108 1/2	108 1/2	...	2 3	0
108 1/2	108 1/2	108 1/2	108 1/2	Do. 8% 1948-53	108 1/2	108 1/2	...	2 7	6	79 1/2	108 1/2	108 1/2	...	2 7	6
108 1/2	108 1/2	108 1/2	108 1/2	Do. 3 1/2% after 1961 (a)	108 1/2	108 1/2	...	2 19	9	48 1/2	108 1/2	108 1/2	...	2 19	9
108 1/2	108 1/2	108 1/2	108 1/2	Do. 4 1/2% 1961-66	108 1/2	108 1/2	...	2 12	0	23 1/2	108 1/2	108 1/2	...	2 12	0
108 1/2	108 1/2	108 1/2	108 1/2	Do. 5% 1964-64	108 1/2	108 1/2	...	2 12	0	23 1/2	108 1/2	108 1/2	...	2 12	0
108 1/2	108 1/2	108 1/2	108 1/2	Funding 2 1/2% 1956-61	108 1/2	108 1/2	...	2 15	0	23 1/2	108 1/2	108 1/2	...	2 15	0
108 1/2	108 1/2	108 1/2	108 1/2	Funding 3% 1959-69	108 1/2	108 1/2	...	2 16	0	80 1/2	108 1/2	108 1/2	...	2 16	0
108 1/2	108 1/2	108 1/2	108 1/2	Funding 4% 1960-90	108 1/2	108 1/2	...	2 19	3	15 1/2	108 1/2	108 1/2	...	2 19	3
108 1/2	108 1/2	108 1/2	108 1/2	Victory Bonds 4%	108 1/2	108 1/2	...	3 9	0	16 1/3	108 1/2	108 1/2	...	3 9	0
108 1/2	108 1/2	108 1/2	108 1/2	War Loan 3% after 1952 (p)	108 1/2	108 1/2	...	3 0	0	85 1/2	108 1/2	108 1/2	...	3 0	0
108 1/2	108 1/2	108 1/2	108 1/2	Local Loans 3%	108 1/2	108 1/2	...	2 16	0	56 1/2	108 1/2	108 1/2	...	2 16	0
108 1/2	108 1/2	108 1/2	108 1/2	Austria 3% 1933-53	108 1/2	108 1/2	...	3 8	0	53 1/2	108 1/2	108 1/2	...	3 8	0
108 1/2	108 1/2	108 1/2	108 1/2	India 2 1/2%	108 1/2	108 1/2	...	3 9	6	11 1/2	108 1/2	108 1/2	...	3 9	6
108 1/2	108 1/2	108 1/2	108 1/2	Do. 3%	108 1/2	108 1/2	...	3 10	6	61 1/2	108 1/2	108 1/2	...	3 10	6
108 1/2	108 1/2	108 1/2	108 1/2	Do. 3 1/2%	108 1/2	108 1/2	...	3 10	6	61 1/2	108 1/2	108 1/2	...	3 10	6
108 1/2	108 1/2	108 1/2	108 1/2	Do. 4 1/2% 1958-68	108 1/2	108 1/2	...	3 6	0	9 1/2	108 1/2	108 1/2	...	3 6	0
108 1/2	108 1/2	108 1/2	108 1/2	U.K. & Arg. 4 1/2% (1947)	108 1/2	108 1/2	...	3 9	0	98 1/2	108 1/2	108 1/2	...	3 9	0
Dom. & Colonial Govts.															
108 1/2	108 1/2	108 1/2	108 1/2	Australia 5% 1945-75	108 1/2	108 1/2	...	3 10	6	46 1/2	108 1/2	108 1/2	...	3 10	6
108 1/2	108 1/2	108 1/2	108 1/2	Canada 4 1/2% 1940-60	108 1/2	108 1/2	...	2 19	6	15 1/2	108 1/2	108 1/2	...	2 19	6
108 1/2	108 1/2	108 1/2	108 1/2	Gold Coast 4 1/2% 1956-60	108 1/2	108 1/2	...	3 7	8	500 1/2	108 1/2	108 1/2	...	3 7	8
108 1/2	108 1/2	108 1/2	108 1/2	Nigeria 5% 1950-60	108 1/2	108 1/2	...	3 7	8	15 1/2	108 1/2	108 1/2	...	3 7	8
108 1/2	108 1/2	108 1/2	108 1/2	N. Zealand 5% 1946	108 1/2	108 1/2	...	3 7	6	98 1/2	108 1/2	108 1/2	...	3 7	6
108 1/2	108 1/2	108 1/2	108 1/2	Queensland 5% 40-80	108 1/2	108 1/2	...	3 1	6	0	108 1/2	108 1/2	...	3 1	6
108 1/2	108 1/2	108 1/2	108 1/2	S. Africa 5% 1945-75	108 1/2	108 1/2	...	2 17	0	93 1/2	108 1/2	108 1/2	...	2 17	0
Foreign Governments															
108 1/2	108 1/2	108 1/2	108 1/2	Argentina 4% Resc. 1952	108 1/2	108 1/2	...	3 18	6	15 1/2	108 1/2	108 1/2	...	3 18	6
108 1/2	108 1/2	108 1/2	108 1/2	Austria 7% 1957	108 1/2	108 1/2	...	7 16	0	14 1/2	108 1/2	108 1/2	...	7 16	0
108 1/2	108 1/2	108 1/2	108 1/2	Do. 4 1/2% 1954-59	108 1/2	108 1/2	...	5 13	0	30 1/2	108 1/2	108 1/2	...	5 13	0
108 1/2	108 1/2	108 1/2	108 1/2	B. Aires (Prov.) 3 1/2%	108 1/2	108 1/2	...	5 9	8	16 1/2	108 1/2	108 1/2	...	5 9	8
108 1/2	108 1/2	108 1/2	108 1/2	Belgium 7% red. by 1958	108 1/2	108 1/2	...	16 2	6m	12 1/2	108 1/2	108 1/2	...	16 2	6m
108 1/2	108 1/2	108 1/2	108 1/2	Bulgaria 7 1/2% Loan	108 1/2	108 1/2	...	6 19	9	28 1/2	108 1/2	108 1/2	...	6 19	9
108 1/2	108 1/2	108 1/2	108 1/2	Brazil 5% Fund. 1914	108 1/2	108 1/2	...	38 1/2	34 1/2	30 1/2	108 1/2	108 1/2	...	38 1/2	34 1/2
108 1/2	108 1/2	108 1/2	108 1/2	Chili 6% (1929)	108 1/2	108 1/2	...	3 2	0	3 1/2	108 1/2	108 1/2	...	3 2	0
108 1/2	108 1/2	108 1/2	108 1/2	China 5% (1912)	108 1/2	108 1/2	...	5 4	0	26 1/2	108 1/2	108 1/2	...	5 4	0
108 1/2	108 1/2	108 1/2	108 1/2	Do. 5% (1913)	108 1/2	108 1/2	...	5 4	0	26 1/2	108 1/2	108 1/2	...	5 4	0
108 1/2	108 1/2	108 1/2	108 1/2	Czechoslovakia 8%	108 1/2	108 1/2	...	7 16	0	18 1/2	108 1/2	108 1/2	...	7 16	0
108 1/2	108 1/2	108 1/2	108 1/2	Danish 3 1/2%	108 1/2	108 1/2	...	9 10	0	40 1/2	108 1/2	108 1/2	...	9 10	0
108 1/2	108 1/2	108 1/2	108 1/2	Egypt Unified 4%	108 1/2	108 1/2	...	3 17	6	12 1/2	108 1/2	108 1/2	...	3 17	6
108 1/2	108 1/2	108 1/2	108 1/2	French 4 1/2% (British)	108 1/2	108 1/2	...	5 2	0	11 1/2	108 1/2	108 1/2	...	5 2	0
108 1/2	108 1/2	108 1/2	108 1/2	German 7% Dawes Ln.	108 1/2	108 1/2	...	12 3	6	10 1/2	108 1/2	108 1/2	...	12 3	6
108 1/2	108 1/2	108 1/2	108 1/2	Do. 5 1/2% (Young Ln.)	108 1/2	108 1/2	...	10 3	8	4 1/2	108 1/2	108 1/2	...	10 3	8
108 1/2	108 1/2	108 1/2	108 1/2	Greek 6% Stab. Ln.	108 1/2	108 1/2	...	4 4	0	8 1/2	108 1/2	108 1/2	...	4 4	0
108 1/2	108 1/2	108 1/2	108 1/2	Do. 7% Refugee	108 1/2	108 1/2	...	8 1	2	11 1/2	108 1/2	108 1/2	...	8 1	2
108 1/2	108 1/2	108 1/2	108 1/2	Hungary 7%	108 1/2	108 1/2	...	8 12	3/4	21 1/2	108 1/2	108 1/2	...	8 12	3/4
108 1/2	108 1/2	108 1/2	108 1/2	Japanese 5% 1936-65	108 1/2	108 1/2	...	6 10	0	280 1/2	108 1/2	108 1/2	...	6 10	0
108 1/2	108 1/2	108 1/2	108 1/2	Do. 6% (1924) red 1959	108 1/2	108 1/2	...	2 19	9	59 1/2	108 1/2	108 1/2	...	2 19	9
108 1/2	108 1/2	108 1/2	108 1/2	Norwegian 4% 1911	108 1/2	108 1/2	...	7 8	1/2	3 1/2	108 1/2	108 1/2	...	7 8	1/2
108 1/2	108 1/2	108 1/2	108 1/2	Peru 7% 1922	108 1/2	108 1/2	...	17 9	0	17 9	108 1/2	108 1/2	...	17 9	0
108 1/2	108 1/2	108 1/2	108 1/2	Poland 7%	108 1/2	108 1/2	...	8 8	8	53 1/2	108 1/2	108 1/2	...	8 8	8
108 1/2	108 1/2	108 1/2	108 1/2	Roumania 4% Con. 1922	108 1/2	108 1/2	...	2 6	0	15 1/2	108 1/2	108 1/2	...	2 6	0
108 1/2	108 1/2	108 1/2	108 1/2	Swedish 3 1/2% 1908	108 1/2	108 1/2	...	4 5	0	280 1/2	108 1/2	108 1/2	...	4 5	0
108 1/2	108 1/2	108 1/2	108 1/2	U.K. & Argentine 1933	108 1/2	108 1/2	...	3 14	6	35 1/2	108 1/2	108 1/2	...	3 14	6
108 1/2	108 1/2	108 1/2	108 1/2	5 1/2% B. Certs. (1951)	108 1/2	108 1/2	...	4 5	0	18 1/2	108 1/2	108 1/2	...	4 5	0
108 1/2	108 1/2	108 1/2	108 1/2	Do. C. Certs. (3% Max.)	108 1/2	108 1/2	...	3 14	6	312 1/2	108 1/2	108 1/2	...	3 14	6
Corporation Stocks															
108 1/2	108 1/2	108 1/2	108 1/2	Berlin 6% 1932-57	108 1/2	108 1/2	...	3 1	0	183 1/2	108 1/2	108 1/2	...	3 1	0
108 1/2	108 1/2	108 1/2	108 1/2	Birmingham 5% 1948-58	108 1/2	108 1/2	...	3 1	0	30 1/2	108 1/2	108 1/2	...	3 1	0
108 1/2	108 1/2	108 1/2	108 1/2	Bristol 5% 1948-58	108 1/2	108 1/2	...	3 1	0	27 1/2	108 1/2	108 1/2	...	3 1	0
108 1/2	108 1/2	108 1/2	108 1/2	Danzig 7	108 1/2	108 1/2	...	3 8	6	25 1/2	108 1/2	108 1/2	...	3 8	6
108 1/2	108 1/2	108 1/2	108 1/2	E. London 5% 1960-70	108 1/2	108 1/2	...	3 14	6	25 1/2	108 1/2	108 1/2	...	3 14	6
108 1/2	108 1/2	108 1/2	108 1/2	Johnston 5 1/2% 1937-52	108 1/2	108 1/2	...	3 8	0	244 1/2	108 1/2	108 1/2	...	3 8	0
108 1/2	108 1/2	108 1/2	108 1/2	L.C.C. 3% 1937-52	108 1/2	108 1/2	...	3 1	6	244 1/2	108 1/2	108 1/2	...	3 1	6
108 1/2	108 1/2	108 1/2	108 1/2	Seine (Dpt. of) 4 1/2% 18											

of quality, 86 per cent. of world racing records were achieved on Dunlop tyres.

The growth of motoring—both pleasure car and commercial vehicle—is a favourable factor, and our reputation for quality, coupled with the activity of our sales force and the goodwill value of the name Dunlop, ensures our share of the business.

Dividends, however, depend on the maintenance of reasonable price levels, and our energies are strenuously employed to that end.

SUBSIDIARY DIVISIONS

The assimilation of the varied businesses carried on by the Chas. Macintosh group of companies is now completed, and no major problem of consolidation remains. What we call our subsidiary divisions now represent a harmonious community of specialised interests.

Most of the businesses involved are subject to seasonal conditions. A poor year in one division may be more or less compensated by a record year in another.

Bearing this fact in mind, it is extremely pleasing to report that the 1935 profits, taken as a whole, show a satisfactory improvement over those for the previous year.

These results have been achieved in spite of the fact that selling prices have not kept pace with the increased cost of raw material.

A second turnover of general rubber goods was reached and a profit was made. Here again the increase in selling prices did not meet the increased cost of materials.

The productions of the footwear division continue to be regarded as first-class in every way. The demand for winter rubber footwear, assisted by weather conditions, was quite remarkable, and a satisfactory profit was made. There is no doubt that the popularity of rubber footwear with the people of this country is greatly increasing, but we still lag behind certain other countries in this respect.

We could have given still greater employment at our factory at Liverpool, which specialises in the production of rubber footwear, if the competition from Hongkong had not continued. It is to be hoped that our Government will not continue wedded to a policy which must result in reducing employment in the United Kingdom, or, alternatively, in reducing the standard of life enjoyed by our operatives, which it has been the endeavour of the company to raise.

I informed you that in 1934 the garment division had not reached the profit-bearing stage. I am very glad to say that greatly improved results were obtained in 1935. We turned the corner and a profit was made. The policy we adopted of offering only the best quality in material, style and finish has justified itself.

Turning to the sports division, we continue to develop satisfactorily. It will be found that for the 1936 season our golf balls, our tennis balls and our rackets have again been greatly improved, particularly in this so in the case of our golf balls.

MANUFACTURE FROM LATEX

I would like to add a word with regard to the use of Latex in our factories. The introduction of this material called for a new technique. At Fort Dunlop we have a special research staff engaged in considering the application of Latex in general terms. At others of our works we have equally well qualified staffs applying Latex to specific purposes. An example is the Latex Boot, which is quite a scientific achievement, and places at the disposal of the public a much improved article.

Latex is, of course, also the basis for Dunlopillo cushioning. You will remember that at the annual general meeting in 1932 you saw a display of this material. You will be glad to hear that it is making remarkable progress. Dunlopillo seating is in great and increasing favour in all types of public service vehicles. It is gradually winning a position for itself in steamship equipment, as mattresses and upholstery. It is appearing on railroads in Europe and in America. In domestic use, for furniture and bedding, the qualities of the material are being recognised to an increasing extent.

During the year Dunlopillo underlay for carpets was introduced, and this has been so successful that, in spite of constant additions to our plant, we have been unable to keep pace with orders. It is not only luxurious under foot, but under proper conditions very economical.

OVERSEAS FACTORIES

The year was a much more difficult one for all commercial undertakings in France than even 1934 had been, and the fact that the French Dunlop factory increased its turnover and showed

an improved profit position in spite of an unsatisfactory price situation, speaks well for the efficiency of the organisation.

In Germany, conditions still continued quite abnormal. Sales of almost all products showed substantial increases on 1934, assisted by the policy of the Government in developing the motor industry, and prices were well maintained. Unfortunately, it is, as I have said, still impossible for us to obtain remittances.

In America, you will remember, 1934 showed improvement, and the price position seemed at the end of the year, likely to become more stable, but once more we were disappointed, and conditions unfortunately deteriorated substantially in 1935. In consequence, a substantial loss was incurred. With only a small and stable increase in prices the American Corporation would be turning from a loss to a profit, and our advice to the American Board is to persevere.

Canada followed the course of events in the U.S.A.. In spite of the rise in raw material prices, there was a general reduction in tyre prices.

Our Toronto factory increased its quantity sales for most of its products, and continued progress was made in the efficiency of the plant, thus reducing conversion cost. Promising progress was also made with Dunlopillo upholstery. Results of the company's operations, in spite of the fall in prices and increased cost of raw materials, were better than 1934, though a profit was not earned.

In Japan, an increase in tyre prices was effected in March, 1935, but this did not make up for the increase in raw material prices. There were other difficulties in the domestic market, and the Dunlop Company did well to improve its net turnover by a small amount, and to make a satisfactory profit, which, however, was less than that for 1934.

In Ireland, the factory established at Cork is progressing well and is now producing giant, car and bicycle tyres, rubber footwear and tennis balls. The profit results for 1935 were satisfactory, and the Irish plant promises to be a most useful addition to Dunlop resources.

Production of tyres by our new South African factory began in January of last year, and was rapidly expanded. The company operated at a profit for the last half of the year, but, as was anticipated, the preliminary expenses and the inevitably high costs during the initial stages of production prevented the year showing a profit as a whole. Prospects for 1936 are good.

The volume of our export business has been reduced by these developments and by the closing, in whole or in part, of important territories on the Continent and in Latin America, brought about by high tariffs, quotas and exchange difficulties. The result has been a reduction of profits from the export division. We can, however, look with confidence to the profits of the new overseas factories improving the position in the reasonable near future.

PROSPECTS

You will have gathered from what I have said that the degree of our future prosperity is largely dependent on three factors. The prices of our raw materials; the prices of our finished products and the restoration of international trade. The last of these is a matter beyond our control; it depends upon the commercial policy of other nations and upon currency stabilisation, of which there seems as yet to be no indication. The price of our principal raw material is dependent on artificial regulation. Prices of our manufactures are, of course, subject to competition. You may be sure that whatever our own organisation can do to influence these very difficult factors will be done, particularly in stabilising market conditions and mitigating the worst effects of reckless competition. So far as that organisation is concerned, your board is more than satisfied.

Our relations with staff and operatives have never been better. Equally satisfactory are our relations with our customers of every class. As to our goodwill with the public, I think you will realise yourselves from Press comment and the many other means through which public opinion finds expression, that few companies are in a happier position in this respect.

We must not forget that Dunlop activities and commitments are not confined to the comparatively safe markets of our own country and Empire, but extend to all parts of a world which is to-day distracted with every kind of economic and political difficulty; that we are engaged in a highly competitive industry, and that within a comparatively short time the price of our principal raw material has been increased over fourfold.

The excellent state of our organisation, the high quality of our products, the goodwill value of the Dunlop name, the soundness of our balance-sheet position, and the good profit which we are able to show to-day, justify a feeling of optimism, but a policy of caution is still essentially necessary.

The report and accounts were unanimously adopted.

ALLIANCE ASSURANCE COMPANY, LIMITED

ANOTHER SUCCESSFUL YEAR

MR LIONEL N. DE ROTHSCHILD'S REVIEW

The annual general court of the Alliance Assurance Company, Limited, was held, on the 13th instant, at the Head Office, Bartholomew Lane, London, E.C.

Mr Lionel N. de Rothschild, O.B.E. (the chairman), said that the new life business amounted to £3,579,859. Although that was some £10,000 less than in the year 1934, it was still largely in excess of the amount completed in any other previous year in the company's history. The recent revision in the rates in consequence of the changes in the rates of mortality had probably retarded the expansion in their new life business.

The continued fall in the rate of interest that could be earned on new money was bound to affect the profits that could be earned in the life funds in the future. If the fall in interest rates persisted profits must diminish, and it was for that reason that they had instructed their branch managers and agents to refuse absolutely to make any estimates of future bonuses. It appeared to them that in a time of uncertainty such as the present, it was especially undesirable that persons effecting life policies should be given figures, however, carefully guarded, which might lead them to suppose that bonuses on any specified scale could be absolutely guaranteed. Nevertheless, they were confident that unless some serious financial disturbance occurred they would be able to declare a satisfactory rate of bonus when the results of the valuation at the end of 1938 were announced.

SATISFACTORY FIRE BUSINESS

Their fire business during the year had been, as usual, very satisfactory. There had been a modest increase in the premium income, and loss ratio showed only a very small increase. The transfer to profit and loss on the fire account, including interest on the fund, exceeded £435,000. Their home business was, of course, the principal source of profit in that department, but during the past year a substantial profit had been derived from foreign fire business.

In the marine account the premium income was very little below that of the previous year. For several years he had been reporting a continual shrinkage in the income, and they had now reached a comparatively low figure. Unfortunately, market conditions remained unfavourable; competition was even more keen, the values of ships for insurance purposes were being constantly reduced, and rates were being similarly reduced. Unless conditions improved, it might not be possible to maintain their income even at its present level. The marine fund was exceptionally strong, being more than three times the premium income. Unless some unexpected disaster occurred, they could look forward to a satisfactory surplus at the end of 1936.

ACCIDENT DEPARTMENT

In the accident department there was an increase in the premium income, and the results were again satisfactory. It was especially gratifying to report that premiums in the workmen's compensation section showed an increase, because that was largely a reflection of the improvement which had taken place in the trade and industry of the country. Compared with 1933 the income in that section of their business had increased by over 17 per cent.

The motor business showed only a slender margin of profit and that had not been achieved without the greatest care and attention. Shareholders would have noticed in the Press reports of very large damages awarded to persons injured by motor accidents, and the tendency seemed to be for those awards to increase. The result of that was, of course, very serious. That increase in the cost of claims gave additional point to the remarks he had made last year with regard to the very heavy liabilities which motorists might incur in the event of a serious accident. It was essential that when effecting insurance they should look for absolute security. Such security could, of course, be obtained from the larger companies like the Alliance, and it was false economy on the part of a motorist, for the sake of a slight saving in premium, to place his insurance in a quarter where the same security was not available.

Summarising the position generally, after paying their usual dividend and making full provision for all liabilities they had increased their reserves by £284,000 as the result of the year's operations—a satisfactory result.

The report and accounts were unanimously adopted.

HAMBROS BANK LIMITED

IMPROVING ECONOMIC CONDITIONS

The twenty-fourth annual ordinary general meeting of Hambros Bank, Limited, was held, on the 14th instant, in London.

Mr G. L. d'Abo (a managing director) presided in the absence through indisposition of the chairman and managing director, Mr R. Olaf Hambro, and read his speech, which stated:—There has been a very decided trend towards improvement in the economic conditions throughout Europe during the year in spite of what one might call the almost frenzied bickerings among the political parties in all countries.

In the countries remaining on a true gold basis, France, Holland and Switzerland, the commercial improvement has of course been hampered by the periodic scares regarding their currencies, with the result that their Bank rates have been moved rapidly up and down, which was bound to prohibit new capital expansion.

In Italy, which is the one exception in the general trend, for all practical purposes our commercial relations have almost ceased. This we hope is a passing phase.

At home the steady improvement has been very marked; nearly every day our daily papers contain some reference to the reports of our various industrial and commercial companies, and the tale is, with but few exceptions, one of increased prosperity. We have enjoyed cheap money, which has enabled fixed capital charges to be reduced all round, industries have been able to obtain new moneys on very reasonable terms, and thereby increased their productive capacities, and has so largely been instrumental in giving more employment, and this may be said to be true of the Scandinavian countries and Finland.

The profit and loss account speaks for itself. All branches of the business have been able to earn slightly increased profits in spite of the low rate for money and the various difficulties and complications which surround all international business. I stress the word "international," because our business is and has always been that, and we have not made any special effort to cultivate the inland acceptance.

On the other hand, we have been able to extend our issue department in the field of British industrial finance, where we hope to be able to increase our activities in the future.

The report was adopted.

YORKSHIRE INSURANCE COMPANY, LIMITED

STRONG POSITION

The annual general meeting of the Yorkshire Insurance Company, Limited, was held, on the 12th instant, at York, Lord Middleton (chairman of the company) presiding.

The Chairman, in moving the adoption of the report and accounts, said that the result of the year's trading had been good.

Turning to the departmental accounts, Lord Middleton pointed out that the net new life sums assured amounted to £2,430,353, as against £2,579,543 for 1934.

It was satisfactory to report that the new business so far for the current year showed a substantial increase over that for the same period of last year.

The outgo in respect of claims by death was notably less at £180,495 than the same item of £221,107 for 1934, and was below the average amount for the last valuation period.

It was pleasing to note that the amount for which policies had been surrendered was well below the previous year's figure—an indication, he thought, of lessened financial strain among their policyholders.

Although there was a slight reduction in the premiums on fire account at £912,503, against £916,740, the amount carried to profit and loss account was £128,461, as compared with £118,484.

The accident and general account had shown a marked improvement, certain unprofitable sections having been eliminated. Though this had had the effect of reducing the premium income, the amount carried to profit and loss had risen from £13,218 to £62,578.

Having announced that the directors recommended that the dividends be at the rate of 9s. 6d. per share on the fully-paid £1 shares, 4s. 9d. per share on the £2 10s. (10s. paid) shares, and 2s. 4½d. on the fully paid 5s. shares, free of tax, Lord Middleton emphasised that the financial position of the company and the security which it offered to its assured had been fully maintained.

All the departments had substantial reserves in excess of the necessary provision for the unexpired liability. There was also the general reserve of £1,134,553, while the market value of the Stock Exchange securities as at December 31st exceeded the balance-sheet values by over £500,000.

The report and accounts were unanimously adopted.

SCOTTISH MORTGAGE AND TRUST COMPANY, LIMITED

SUCCESSFUL RESULTS—GOOD PROSPECTS

MR J. MAXTONE GRAHAM'S REVIEW

The twenty-seventh ordinary general meeting of the Scottish Mortgage and Trust Company, Limited, was held, on the 14th instant, within the registered office, No. 3, Glenfinias Street, Edinburgh.

Mr J. Maxtone Graham, C.A. (the chairman), presided.

The notice calling the meeting and the auditors' report having been read by a representative of Messrs. Baillie, Gifford and Company, the managers and secretaries,

The Chairman said:—

The year which has just closed has been of unusual importance in the history of the company. In the first place, on the capital side of our accounts you will observe a new entry of 40s. preference stock amounting to £75,000, and our ordinary stock has also been increased by that amount, and now stands at £825,000. To correspond with these additions, we made an issue during the year of 3½ per cent. debenture stock of £150,000, with the result that the total of each side of the balance sheet now amounts to £4,070,000, as compared with £3,736,000 last year. The issue of new ordinary and preference capital was made in July and August of last year, and the debenture stock was placed in the autumn.

SATISFACTORY YIELD FOR ORDINARY SHARES

The ordinary shares were offered to stockholders in proportion to their holdings of ordinary stock at 32s. for each £1 share, at which price, on the basis of the previous year's dividend of 8½ per cent., they give a return of £5 6s. per cent., thus affording remunerative investment to those stockholders who took up the shares, while those who did not wish to take them were able to sell them at a satisfactory premium, and thus in effect to obtain a bonus. The offering of £75,000 4 per cent. preference shares was also made to our stockholders and was much oversubscribed, as was natural, looking to the good security and the fair rate of interest. The debenture stock was placed without difficulty in the ordinary way with investors who require that type of investment.

You will observe from the report how the premium received on the ordinary shares has been dealt with. We have increased our reserve fund to £550,000 and the balance of £27,685 has been used to strengthen our inner reserves. I am satisfied that the issue was made at a favourable time for investment, and that the company, as a whole, has benefited by this increase of capital.

VALUE OF INVESTMENTS

You will see from the report that we are able to say that, on a valuation made at the close of the year, it appears that the investments the company holds are of a value in excess of the figure at which they stand in the balance sheet. The surplus of value is substantial, and I am satisfied that the improvement in our capital position has been accelerated by the new issue of capital which we made last year.

While I am dealing with the capital side of the accounts, I think it would be convenient to give you a statement showing the distribution of our investments on the basis of cost. The statement is as follows, per cent.: Great Britain, 38.96; Dominions, 8.86; Europe, 9.98; United States, 28.81; Latin-America, 10.04; Asia, 2.95; Africa, 0.40—100.00.

From this you will see that the percentage of our investments in Great Britain is practically the same as a year ago, but that there have been diminutions of 2 per cent. in the amount invested in the Dominions, of 3½ per cent. in the amount invested in Europe, and of 1 per cent. in the amount in Latin-America. We have only a small percentage in Asia and Africa, and the changes in these figures are trifling. On the other hand, we have increased the percentage of our funds invested in the United States of America from 21.74 per cent. to 28.81 per cent. up to date. That has certainly been a prudent movement of our funds. You will not expect me to say that in a year in which the Presidential election takes place the outlook in U.S.A. is a settled one, but I think there can be little doubt that during the past year confidence in the immediate future of the United States has steadily increased, and the record of profits earned and dividends distributed during and in respect of 1935 is undoubtedly encouraging.

I see that a year ago I referred to some of the factors which caused nervousness in the United States and in particular to recent silver legislation and to the prominence of such people as Huey Long and Father Coughlin. To-day, of these factors one has disappeared, and the others are much less prominent and disturbing, and it is difficult to point to anything at the present time which causes anxiety comparable to what was caused by them twelve months ago.

CONDITIONS IN BRITAIN

Conditions continue to be favourable in Great Britain for industry and commerce. For the rest of the world, confidence in our investments abroad would have increased owing to improving commercial conditions, were it not for current anxiety about politics and peace. Personally, I am not greatly perturbed at the International outlook at present so far as it affects our investments, nor do the scare headlines which appear from time to time in some of our newspapers discompose me; time only will tell whether or not I am unduly optimistic, but I feel confident that there is a strong undercurrent of commonsense among most European nations which causes them to realise the futility of war, and the fact that conquest can be too dearly bought.

There is one consideration with regard to our investments abroad to which, as chairman of an investment trust company, I ought to refer. There is, I think, far too strong a tendency on the part of the uninstructed to regard British investments abroad as deserving little consideration from our Government and Legislature, and as being almost harmful to our industrial interests. I would take the opportunity to remind you that our investments abroad represent the profitable exports made by our industries in bygone years, and that the interest and sinking fund payments, which ought to be made at the present time, but which are often omitted and hindered, are merely the deferred payments to this country for the goods supplied to foreign countries in the past. There is little hope for enduring revival of our export industries producing capital goods unless there can first be revival of confidence in lending to foreign countries. Foreign countries will not be able to purchase capital goods in Great Britain unless they can also borrow in Great Britain the means with which to pay for them. In the first instance, borrowing here will not be possible unless there has been a fairly full resumption of regular payments by former borrowers of interest and sinking fund on their existing obligations. The amounts received from such payments form a very important part of the country's annual balance sheet, and go a long way to provide this country with the higher standard of living it possesses, which is so marked in comparison with almost all other European countries.

EXCHANGE REMITTANCES

It is important that these facts should be realised, otherwise there is a constant danger of the efforts of foreign countries to transmit exchange with which to meet their obligations being hindered, or of failure to put pressure when trade agreements are being arranged upon recalcitrant countries. The interests of this company in this matter are obviously great and justify my referring to it at some length.

On the revenue side of our accounts, although the new capital has probably not been fully productive during the year just closed, our gross revenue has risen from £194,000 to £216,400 and the percentage earned on the ordinary stock, including the new issue has risen from 9.36 per cent. to 11.05 per cent. We recommend that the rate of dividend paid last year be repeated for this year, namely 8½ per cent., and this allows us to resume our pre-depression practice of carrying a substantial sum from revenue account to strengthen the position of the company. We have transferred £15,000 to reduce the book cost of our investments. The result is that the balance carried forward shows a small increase at £18,200.

These are, I think, good results, and it is natural that, in these circumstances, our debenture holders continue to have a first-class security. The interest paid and accrued on borrowed money

CITY DEEP, LIMITED

FURTHER IMPROVEMENT

Mr C. L. Read, presiding at the annual meeting of City Deep, Ltd., held in Johannesburg on May 6, said that the directors' report and audited accounts reflected the further improvement in the company's position. Payment of dividends had been resumed, and notwithstanding the setback caused by the serious overwind at Number One Vertical Shaft at the end of October the year had closed with an improved cash balance and a total unappropriated balance of £140,767. Reviewing the company's operations, the Chairman pointed out that a fresh record in tonnage milled had been established last year. Working costs were higher by 1s. 1d. per ton milled, two chief causes of increase being the larger amount of mine development achieved and the accident at Number One Shaft.

Reviewing the progress of the mine, the Chairman said that the development footage accomplished during the past year amounted to 67,132 ft., an increase of 10,496 ft., or 18.5 per cent., on that accomplished in 1934, payable ore developed was estimated at 855,800 tons of an average value of 4.9 dwt. per ton. Direct expenditure on development charged to working costs was £180,528, or 2s. 11.1d. per ton milled, an increase of 5.4d. per ton milled on the previous year's figure. Ore reserve, as recalculated at the end of 1935, comprised 3,624,400 tons of an average value of 5.38 dwt. per ton over an estimated stoping width of 50.7 in.

Available reserve, which exceeded that of the previous year by 121,800 tons with value lower by 0.21 dwt., was made up of 2,287,800 tons of main reef leader, averaging 5.53 dwt. over 49.3 in., and 745,800 tons of south reef, averaging 4.03 dwt. over 62 in. The south reef development in the upper levels of the mine gave promise of exposing further considerable tonnages of profitable, although mainly low-grade, ore.

SATISFACTORY DEVELOPMENT

He went on to say: In the lower levels of the mine the main reef leader development west of No. 4 shaft continues to give satisfactory exposures; east of No. 4 shaft some slight favourable indications have been encountered since the close of the year, but the area both east and west of No. 1 (a sub-incline shaft) continues unfavourable. East of No. 1 C sub-incline shaft development results are distinctly encouraging.

The eastern section of the mine connects with the surface through the No. 1 shaft system, on which it depends for ventilation and travelling ways. Present advance faces are some 1½ miles distant from the No. 1 shaft system, and it can readily be understood that in such circumstances ventilation is poor, and much time is occupied in transporting men and materials between the surface and working places. Hence the prospects of exploring and working this attractive eastern section laterally and in depth in satisfactory and efficient manner are extremely remote with the existing shaft facilities.

Owing to the disappointing development results in the central section of the mine, it is advisable to proceed with further exploitation of the eastern section sooner than would otherwise have been required.

The most effective method of dealing with the eastern section has been a matter of careful consideration by our technical advisers, and, as shareholders were informed by means of a circular issued on March 12th last, they have recommended that a rectangular five-compartment vertical shaft be sunk to a depth of approximately 5,875 ft. The shaft will be sunk to the twenty-seventh level. A connection will be made with a shaft at the nineteenth level on its attaining that depth, and immediate benefit to ventilation should then accrue.

Estimated expenditure directly connected with the new shaft is £370,000. Capital expenditure commitments at December 31st last under authorised votes amounted to £86,554, and additional estimated requirements of a capital nature during the period 1936 to 1940 bring the total to £650,350. The main items of the additional capital expenditure are power cables, ventilation equipment, winding and haulage equipment, air conditioning plant, and additional native compound accommodation.

Of the total of £650,350 estimated to be required, £412,000 will be provided by a proposed issue of 300,000 shares, and a further sum of £65,000 will be available if and when options to the underwriters of the issue are exercised.

The report and accounts were adopted unanimously.

At a subsequent extraordinary general meeting the shareholders approved an increase of capital in the terms of the circular of March 12th.

during the year was £53,000, to meet which there was a net revenue of £154,000. After deducting the debenture interest there remained £101,000 with which to meet the preference dividend of £32,000.

As to the current year, I am hopeful that we shall at least maintain as good earnings as in the year under review. Though we shall have to pay out slightly larger sums in respect of preference and debenture interest, but, in the absence of some unforeseen catastrophe, I am hopeful that we shall be able to maintain our dividend and still further to strengthen the company's position.

A resolution authorising the increase of the company's nominal capital to £2,000,000 by the creation of 175,000 cumulative preference shares and 175,000 ordinary shares, all of £1 each, was passed, the Chairman explaining that no immediate issue of shares was under consideration.

The remainder of the business was formal.

CALCUTTA ELECTRIC SUPPLY CORPORATION, LIMITED

CONTINUED PROGRESS

Lord Meston (chairman of the company), presiding over the annual meeting of the Calcutta Electric Supply Corporation, Limited, held, on the 11th instant, at Victoria House, London, W.C., said that, although the difficulties of the jute trade continued acute, the turn of the tide towards general prosperity was perceptible, and the company sold 183 million units for high tension power in 1935, against 155 millions in 1934. Improvement in low tension power was also satisfactory; but the increase in domestic consumption from 44 to 46 million units was a somewhat disappointing response to the reduction in the flat rate from 2½ to 2½ annas per unit in January. This gift to the consumer was, however, more than counterbalanced in July, by the new Government tax of half an anna per unit which had to be added. The betterment in total receipts was £69,000. Working expenses were £87,000 higher, the chief addition being £35,000 for Indian taxation on a heavy increase in their assessment. The same dividend was declared on the ordinary shares as last year, 12 per cent., free of income tax, £50,000 added to general reserve and £7,000 to retiring gratuity fund. They had secured, while money was cheap, a very substantial part of capital for their extensive development programme.

A subject of great importance was the result of a certain amount of agitation which had been simmering for some years in Calcutta against their domestic tariff. When the agitation came to a head in the Legislative Council the Government of Bengal appointed in July last a Committee of Inquiry into the whole subject. It had submitted its report to the Government and the company had been favoured with a copy to enable them to send out a representation with their views upon it. Nothing on their part was left undone to place the company's case fully and forcibly before the committee. The committee's report was, in many respects, a gratifying document. It spoke in high terms of the technical efficiency of the company's business and dismissed nearly all the irresponsible and ill-founded allegations made; but it recommended reductions in the tariff which would mean a serious loss of revenue.

The report and accounts were unanimously adopted.

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SOUTHERN AREAS ELECTRIC CORPORATION

IMPROVED RESULTS AND PROSPECTS

The third annual general meeting of the Southern Areas Electric Corporation, Limited, was held, on the 8th instant, at Winchester House, London, the Rt. Hon. Viscount Elibank (chairman of the company) presiding.

The Chairman, in the course of his address, said: We have to record dividends receivable from all our subsidiary companies amounting to £23,850 4s. 1d., as compared with £9,788 11s. 9d. in respect of the previous year, an increase of £14,062 12s. 4d.

Before arriving at their dividends for the year, our subsidiary electricity supply companies had set aside in the aggregate the sum of £14,095 for depreciation, an increase of £2,039 over the previous year's allocations. A further sum of £2,408 has been provided for depreciation in the accounts of Mawdsley's, Limited, making the aggregate sum for depreciation of £16,503 mentioned in the directors' report. In addition, a commencement has now been made in writing off the cost of changing over from direct to alternating current—and of assets discarded in consequence.

Adding these sums to the other reserves in the accounts of your holding company and its subsidiaries, our combined depreciation and reserve accounts at December 31, 1935, totalled £125,867, as compared with £79,020 a year ago, a satisfactory increase.

PROGRESS OF THE YEAR

In the year under review we are able to report a further increase of 37 per cent. in units sold.

We have connected up an additional 1,542 consumers, bringing the total connections to 10,816. The gross receipts of our electric supply undertakings from the sales of electricity aggregated £85,388, an increase of £12,799 over the previous year. The average price received per unit fell from 2.77d. to 2.38d., which means a reduction to our consumers of no less than £13,570 during the year 1935. Here I think we may reasonably claim that we have recognised in a practical manner our obligations to our consumers as operators of public utility undertakings.

The amount due on December 31, 1935, to our bankers stood at £416,918. This has since increased to £430,000. As the bank were good enough to agree to meet our requirements on favourable terms until such date as we made a public issue, some time during 1936, it was not necessary to make this issue last year authorised under the increase in capital to £850,000, which you sanctioned a year ago. For this and other reasons we deferred the issue, but we have it in mind to make it a few weeks hence—assuming market conditions to be then favourable—and to give shareholders and consumers in our subsidiary companies preferential allotment.

Turning now to the profit and loss account, you will see that the gross profits for the year were £21,604 12s. 4d., which compares with £8,471 15s. 4d. last year. We now propose to declare a final dividend of 2½ per cent., less tax, making 4 per cent. for the year, which will absorb £6,357 0s. 9d., and to carry forward to the next account the balance of £2,692 4s. 7d.

After we assumed the management of all our subsidiary undertakings in July last, we were able to decide upon and to effect certain economies which are only partially noticeable in the accounts I have been reviewing. We shall, I hope, reap greater advantages therefrom in the current and subsequent years, and also from the more rapid development which should result from the reorganisation carried out and from the greater drive for new business now being applied.

BURDEN OF LOCAL RATES

Once more, as last year, I have to refer to the custom now generally pursued by local authorities of augmenting their revenues by continually increasing the rates payable by electricity supply undertakings. On the one hand, the consumers are constantly demanding lower charges, while those representing them in their capacity as ratepayers—for probably most consumers of electricity are as well—are piling on the rates. The two processes are incompatible, as higher rates on electricity undertakings must affect the capacity to reduce charges.

It seems to me that as this custom is becoming so insistent, the time has arrived when the Minister of Transport, who is responsible to Parliament for the well-being of electricity supply in this country, should institute a public inquiry with a view to putting this matter on an equitable and more satisfactory basis. This appears to be a question which the associations who represent the interests of the electric supply undertakings might very well take up with the Minister of Transport, and I venture to make this suggestion.

The report and accounts were unanimously adopted.

ORIENTAL TELEPHONE AND ELECTRIC COMPANY, LIMITED

GOOD PROGRESS

The forty-second ordinary general meeting of this company was held, on the 12th instant, in London, Sir A. Henry McMahon, G.C.M.G., G.C.V.O., K.C.I.E., C.S.I. (chairman of the company), presiding.

The Chairman, in the course of his speech, said:—I am glad to be able to say that, on the whole, good progress has taken place during the past year. But to take, first of all, the balance sheet, there are one or two departures from last year's figures which call for comment and explanation.

On the debit side the item "sundry creditors" is up by some £23,000, which is due to the fact that, whereas in 1934 income tax was paid in advance under discount, no such payment was made in 1935, and consequently the company was still indebted to the revenue to that extent. The increase in the "subsidiary company deposit" represents additional surplus funds accumulated by the China and Japan Company, which have been placed on deposit with this company, while the general reserve is augmented by the amount appropriated for that purpose last year.

On the credit side the book value of the shares in the subsidiary and associated companies shows a reduction of £42,170. This is due to the sale of part of this company's shareholding in some of those undertakings, the proceeds of which have been credited to this account.

In the case of "sundry debtors" the increase of £7,075 is accounted for mainly by advances to the Bombay Telephone Company and to an increase in the amount of refund due from the Indian income-tax authorities.

IMPORTANCE OF SUBSTANTIAL RESOURCES

The item "British Government securities," however, shows an increase of £41,827, representing the cost of War Loan and Conversion Loan purchased during the year. You will remember that I have, from time to time, emphasised the necessity for an undertaking of this nature to be in a position to meet any demands which may be made upon its resources, whether for its own requirements or to afford temporary assistance to its subsidiary and associated companies.

During the year the Bombay Telephone Company has informed me of its intention to embark upon an extensive scheme of capital expenditure necessitated by the expansion of its business, and also by the need for modernising portions of its existing equipment. The cost of this is estimated, so far as can be foreseen at present, at about 34 lacs of rupees. Part can be furnished out of the Bombay Company's own resources, but as to the remainder, your directors have undertaken to finance them to the extent of £60,000, and they may possibly require even more.

In Singapore, an important contract is expected to mature shortly, which will require a very substantial outlay in addition to our normal expenditure on capital account, while, as you may have observed in the Press, notice has been given to our debenture stockholders of the company's intention to redeem the outstanding debenture stock next October. This latter alone will absorb, in addition to securities held on account of the sinking fund and the unapplied balance now due to the fund, a round sum of about £100,000.

There is also an obligation in respect of the partly paid shares in the Hongkong Telephone Company, the calls on which, if and when they are made, will have to be financed to a great extent by this company, although we do not anticipate that this will be the case for some considerable time to come.

The item "cash at bankers" shows an increase of £61,000, which is represented in part by the proceeds of the sale of the shares to which I have alluded previously, and in part by the income tax still payable, to which I have also made reference.

PROFIT AND LOSS ACCOUNT

Turning now to the "profit and loss account," there are but few variations from last year's figures which call for comment.

On the credit side the revenue from subscriptions, rentals, etc., is up by £7,477, while dividends from subsidiary and associated companies also show an increase of £3,318, the net result being a balance carried down of £101,625, as against £97,433 last year.

The Chairman then dealt at length with the two branches at Singapore and Mauritius, and the associated companies in India, Burma and Hongkong.

The report and accounts were unanimously adopted, and a final dividend of 8 per cent. (free of income tax) on the ordinary shares was approved.

RUBBER PLANTATIONS INVESTMENT TRUST LIMITED

TEA AND RUBBER POSITION

MR H. J. WELCH ON RESTRICTION

The annual general meeting of the Rubber Plantations Investment Trust, Limited, was held, on the 14th inst., at 19 Fenchurch Street, London, E.C.

Mr H. J. Welch (the chairman), in the course of his speech, said that the outstanding feature of the income account for the year was the decrease in the profits derived from their tea estates foreshadowed in his speech last year. That decrease, however, was fortunately counterbalanced by an increase of over £22,000 in their income from investments. The tea estates continued to work under the serious disadvantage of adverse exchange rates, which, when compared with the par rate of exchange for the guilder, represented a difference of over £55,000 for the past year. That amount was equal to about 2½ per cent. upon their issued capital.

PROFIT AND DIVIDEND

The total profit, before charging income tax, amounted to £99,027. It showed a small increase over 1934. They added to that £10,000 from the dividend equalisation account, and, after charging income tax and making a provision of £2,000 as a special staff contingency reserve, there remained an available balance of £175,323. They proposed to pay a dividend of 5 per cent. for the year, to carry forward £85,792 and to leave £30,000 to the credit of the Dividend Equalisation Account.

The estates, buildings and machinery were all reported to be in a satisfactory condition. Full attention continued to be given to the supply or replacement with new plants of the somewhat large percentage of vacancies or low-yielding bushes.

As regarded the outlook for the current year, it was difficult to make a forecast. It was improbable that the income from investments would be higher, and it might be lower, as the bulk of increased dividends likely to be earned by rubber and tea companies, arising from the recently improved prices, would not be receivable by the Trust until next year. If the improvement in the tea market continued, they hoped that a larger profit than last year would be realised from their estates, and such profit would be further increased if Holland abandoned the gold standard or devalued the guilder.

REGULATION SCHEMES

Discussion had already commenced as to the advisability of renewing the tea and rubber regulation schemes at the end of their present terms. As the schemes were now in being and had not yet fully achieved their purpose, it seemed likely that it would be considered advisable and necessary that they should be prolonged, but he hoped they would not be renewed for long periods, or, if long periods were agreed upon, that some reasonable provision would be included for their earlier termination immediately it appeared that they had attained their main object and that the industries could again stand upon unrestricted and competitive foundations.

With reference to the rubber industry, he welcomed the recent decision of the Governments concerned and the International Committee to raise the exportable percentage of rubber for the second half of this year. The permanent interests of the Trust and of all investors were bound up with those of the industry, and in his opinion it was of the utmost importance that the price of rubber should not be allowed to run away, and it was far healthier under restriction for it to be too high than too low. It was estimated that by the end of this month the total visible stocks would have been reduced to about 520,000 tons, and it seemed certain that they would be further substantially reduced during the remainder of the year. The outlook for absorption continued to be favourable.

THE INCREASED TEA DUTY

Only deep regret could be felt that the Government had recently deemed it advisable to increase the duty on tea imported into this country at a time when the industry was battling with grave difficulties. It was to be hoped that relief might be given to the industry at the earliest opportunity. The lack of the marked differentiation existing before the world depression between the prices given for "high-grade and good medium" teas, and "low-grade and low medium" teas was still a feature of the markets, and it was believed that the increased duty would further favour the poorer at the expense of the better teas. Unfortunately, consumers did not realise that the better blends gave greater value and were the most economical in use.

The report and accounts were unanimously adopted.

INDIAN COPPER CORPORATION, LIMITED

SATISFACTORY RESULTS—INCREASED PROFITS

SIR GODFREY FELL'S REVIEW

The twelfth ordinary general meeting of the Indian Copper Corporation, Limited, was held, on the 11th instant, in London, Sir Godfrey Fell, K.C.I.E., C.S.I. (the chairman), presiding.

The Chairman, in the course of his speech, said: Net proceeds of sales and adjustment of stocks on hand increased by no less than £81,000. With the much increased production, it is natural that the expenditure on ore extraction and treatment should be higher, but we have no cause to complain of the average cost per ton extracted or per ton treated, as compared with the costs in previous years. The balance carried down is £154,612, a gratifying increase of £47,000 on the figure for 1934.

We recommend a final dividend of 6 per cent., less income tax, making 10 per cent. for the year. It would, of course, be possible to recommend a more generous distribution, but several considerations have weighed with us in regard to this matter.

Firstly, we think it very desirable to begin to make provision for the repayment in due course of the debentures, and we have set aside for this object £20,000 out of our available resources. Secondly, we have thought it prudent to place £12,000 to general reserve to cover expenditure on development. We are left with £15,550 10s., which we propose to carry forward. This is more than double the sum brought forward from the previous year.

Some shareholders may think our proposals unduly conservative, and would prefer to see a more generous distribution of the available profits. I would, however, remind them that the Indian Copper Corporation is not solely a mining company; it is also an important industrial concern, manufacturing a finished product. Industrial concerns require adequate resources, not only to enable them to carry normal stocks and to purchase raw materials, such as coal and zinc in our case, but also to see them through abnormal times when trade is bad.

ADVANCE IN PRICES

For the first time for several years we can record an improvement in the prices obtained for our products. The increases are small, having regard to the fact that the world price of copper rose from £28 2s. 2d. in January to £35 2s. 8d. in December. Many of our sales, however, are forward sales, and we did not, therefore, get the full benefit of the rise in world prices.

The scheme under which the principal copper-producing companies agreed to curtail production by 240,000 tons a year became effective on June 1, 1935. It is reported that both stocks and prices have responded. World stocks have fallen by over 100,000 tons, and as the agreement has recently been extended to July 1, 1938, we may hope, long before then, to see a position of equilibrium reached between production and consumption. But I think we may safely anticipate that the resultant stabilisation of price will be at a much lower level than prevailed up to 1930. Given a satisfactory increase in world consumption which ought to follow upon the overdue improvement in international trade, coupled with a reasonable price for the red metal, the position of the copper-producing industry should be much healthier than it was before the slump.

THE CURRENT YEAR

During the current financial year, operations both at the mine and the mill continue to be satisfactory. The grade of mill heads so far shows an improvement on the last year's average. The output of copper for the first quarter has been at an average monthly rate of 635 tons, as compared with an average monthly rate of 575 tons in 1935. The production of yellow metal sheets and circles has been slightly lower than last year's average, but there will be no difficulty in increasing it if demand revives. Costs in each case are lower; in fact, the costs for February were the lowest yet recorded. We only need to see a brisker demand for our products, so that our sales may reach at least the figures of 1935. Recent speeches by the Finance Member of the Government of India and by the chairmen of important banks doing business in India give grounds for hoping that the worst of the economic slump, which has affected India in common with most other countries during recent years, is now over, and that we may look for a general recovery. Such recovery would mean an increase in the purchasing power of India's teeming millions, and could not fail to have its due effect on the demand for our yellow metal.

The report and accounts were unanimously adopted.

BRITISH MATCH CORPORATION, LIMITED

SUCCESSFUL YEAR

The ninth ordinary general meeting of the British Match Corporation, Limited, was held, on the 13th instant, at River Plate House, London.

Mr Clarence E. Bartholomew, O.B.E. (chairman and managing director), said that they proposed to continue the policy of writing down the goodwill, rights, etc., and hoped eventually to eliminate them altogether from the balance sheet. The amount owing by a subsidiary company showed further reduction. There had been two amounts last year, one of which had been paid off. The remainder related to their Brazilian business, which had for several years been largely financed by advances both from Bryant and May, Limited, and from the British Match Corporation. As shareholders had been informed on former occasions, their investment in Brazil had been a cause of anxiety by reason of the serious fall in the exchange and the difficulties in making remittances from that country. Matches were still so heavily taxed in Brazil as to restrict their consumption to a serious extent, but trading there had been fairly satisfactory last year when reckoned in milreis. The low exchange value of the milreis, however, limited the return in sterling to a very modest percentage.

The revenue account showed a slight saving in the cost of administration, and, on the opposite side, an increase in the revenue from their shareholdings. Of those, the most important in amount were the dividends from Bryant and May, Limited, and from J. John Masters and Company, Limited, which were at the same rate as in the previous year. The volume of business in the best classes of matches in the home trade had been well maintained. The sales of the famous "Swan Vestas" constituted a record once again, while discriminating buyers of the familiar penny box had shown that, if they must pay a penny, they wanted the best quality for their money. It was one of the little peculiarities of the trade that there were still consumers in London, and a few other places, who would accept in exchange for a perfectly good penny matches which were of less certain value.

COMPETITION FROM SOVIET RUSSIA

The market for the cheaper grades of imported matches had been seriously disturbed for some time past by the importation into this country of large quantities of matches from Soviet Russia. Most of those had been sold—though "sold" was hardly the proper word—thrown on the market at prices which bore no kind of relation to commercial values, or to costs of production and distribution. The prices had often been less than half the bare cost of raw material. The boxes were marked only "Foreign made." Those were almost the only matches which were not marked with the country of origin, and it was significant that their Russian origin was thus concealed from the ordinary buyer. There had always been a market here for imported matches, and so long as those were sold on a fair commercial basis they would know how to hold their own, as they had done in the past, but this was a development which could scarcely have been foreseen when the Trade Agreement between the United Kingdom and Soviet Russia had been negotiated.

The returns from their businesses within the Empire had continued steady and satisfactory, though they could wish that the "good old times" would return when an Australian or a New Zealand pound was worth 20 English shillings.

He was glad to be able to inform them that all the factories in which they were interested were in good order, and were being kept up to date. They were constantly devising improved methods and machinery, and were continuing everywhere the policy of producing only matches of the highest possible quality.

Those did, of course, vary very largely in the different countries where they had to cater for different requirements, and where widely differing qualities of raw material had necessarily to be used.

The alteration in the method of paying their dividends, less tax, instead of free of tax, yielded a fractional increase in the ordinary shareholder as compared with last year. In spite of the recently increased rate of tax, for, owing to the Dominion tax on some of their investments, the company had to deduct from the final dividend was only 10 per cent. in the £.

They had, as shareholders would have gathered, experienced another good year, for which they might well be grateful in times when international political uncertainty made it almost impossible to take any long view in commerce and industry. They would continue to mind their own business according to the best of their ability and judgment, and trusted they would continue to achieve results which merited the approval of their shareholders.

The report was unanimously adopted.

SMITH'S POTATO CRISPS (1929), LIMITED

CONTINUED SUCCESS OF COMPANY

CAPITAL BONUS AND INCREASED DIVIDEND

The seventh ordinary general meeting of Smith's Potato Crisps (1929), Limited, was held, on the 14th instant, at the Holborn Restaurant, London, W.C.

Sir Herbert E. Morgan, K.B.E. (the chairman) said that the report proved the continued success of the company, the net profit of £137,759 showing an increase of £1,597. This increase in profit did not represent the real progress made by the business in the last twelve months, as during that period their trade had expanded, thousands of new customers had been obtained and the turnover had increased by no less than 25 per cent. That advantage, however, had been offset by the fact that during some months of the year the prices of certain of their raw materials were considerably higher than they had known for some years. In the case of potatoes they had taken special steps which should alleviate the situation for the future by the purchase of the Nocton Estate. In the case of other materials of which they were large consumers, the high prices, due in part to the international situation, were only temporarily maintained, and they were now easier. It was a cause for congratulation that the company had been able to meet these rises in prices and still maintain its profit. The turnover for the first few weeks of the current year was in excess of their records of last year.

WIDESPREAD DISTRIBUTION OF PRODUCTS

They were fortunate in having so many sources of distribution for their commodities, and he could claim with confidence that hardly any other company had such an enormous number of retailers interested in its articles. Wherever foods were sold Smith's Potato Crisps could be obtained. Practically the whole of the 55,000 licensed houses in Great Britain supplied Smith's Potato Crisps, and with each succeeding year the domestic trade of the company through grocers had increased so that now practically all of them stocked the company's goods. Other sources from which the public obtained supplies were ham and beef shops, fishmongers, clubs, roadside cafés and seaside kiosks. The board were satisfied, however, that there still remained great opportunities for expansion. Development of flat life was creating a demand for prepared food from which they substantially benefited. Their crisps were sold at a very much lower cost in time, trouble and money than the housewife could prepare them for herself. The company enjoyed its present prosperity because it was giving great value and the quality of their products was always strictly maintained.

The cash dividend for the year was being increased to a total distribution of 20 per cent., against 15 per cent. for the preceding two years, and, following the policy of the past two years, a share bonus distribution of 5 per cent. was recommended. Even with the increased cash dividend, only approximately half the net profits were being distributed, but he was sure that the policy of providing capital for developments out of profits and capitalising the same was one which would appeal to shareholders. That policy would be continued so long as the situation warranted it, and when it was discontinued the board would consider the distribution, by way of cash dividend, of a larger proportion of the company's earnings.

SMITH'S CORN FLAKES

With regard to Smith's Corn Flakes, Limited, they had met with strong competition in the development of this new business, but progress was being made, and there were signs that the public and the retailer were beginning to appreciate that the company was producing an all-British product which was the finest on the market.

Smith's Potato Estates, Limited, had been formed to acquire the Nocton Estate Farm for the purpose of safeguarding their supplies from violent market fluctuation and ensuring supplies of the right quality. The purchase had mainly been financed by an issue of £350,000 4 per cent. debenture stock of the estates company guaranteed by the parent company. The annual charge for interest would amount to £14,000, and during the past three years, including the current year, the profits from the estate were estimated to average £24,500 per annum.

As to their old and close allies, the licensees, the trade was still harassed by meddlesome legislation and absurd inequality in hours of closing. The company was always prepared to do its share in rendering the trade its assistance.

The report was unanimously adopted, and the dividend and capital bonus proposals were approved.

SAN PAULO (BRAZILIAN) RAILWAY COMPANY

RESULTS OF A DIFFICULT YEAR

The ordinary general meeting of the San Paulo (Brazilian) Railway Company, Limited, was held, on the 12th instant, in London.

Mr Oliver R. H. Bury, M.I.C.E. (the chairman), said that the year under review was one of special difficulty for the company. The average rate of remittances was only 2.89d., the lowest rate they had ever experienced, compared with 3.90d. in the previous year.

An increase in rates came into force on January 1, 1935, but notwithstanding rigid economy in expenditure and an encouraging increase in goods carried, it very soon became evident that with the falling value of the milreis these new tariffs would prove quite insufficient for the realisation of a return of the 7 per cent. on the recognised capital, which was the minimum return contemplated in the company's contract with the Federal Government. So clearly did this deficiency take shape as the year went on that they found themselves obliged to make application for a further increase in tariffs. Their efforts received the sympathetic consideration of the Government, and, as a result, from January 1, 1936, a further increase of 15 per cent. on all classifications, with the exception of coffee, had been put in force.

There was a net profit of £287,548, as compared with £299,832 in the previous year, and the Board recommended a dividend on the ordinary stock for the year of 2½ per cent., free of income tax, carrying forward £20,869, against £30,057 brought in. The results at first glance appeared disappointing, but in the previous year they had a special credit of £91,000 in respect of freights of former years collected in 1934 and interest. In spite of this credit and the serious fall in exchange, the net profit was only some £12,000 less than the previous year.

With regard to the prospects for the current year, the traffic receipts to May 31 were 41,040 contos, compared with 33,489 contos for the same period last year. The comparison in sterling was £513,000, compared with £393,356 in 1935. He hoped that the greater tonnage and the increased rates which came into force on January 1st last might bring them more nearly to their statutory minimum return on the recognised capital without the aid of a rise in the average rate of exchange.

The report was unanimously adopted.

CALCUTTA TRAMWAYS COMPANY, LIMITED

INCREASED TRAFFIC RECEIPTS

The ordinary general meeting of this company was held, on the 12th instant, at 1 Queen Victoria Street, London, Sir Geoffrey R. Clarke, C.S.I., O.B.E. (chairman of the company), presiding.

The Chairman, in the course of his speech, said:—The traffic receipts show the satisfactory increase of £15,602, and working expenditure has increased by £5,290.

The balance on the revenue account is £118,147, representing an increase of £9,253 over the corresponding figure for 1934. The net revenue available is £78,324, and we are now recommending the payment of a final dividend of 5½ per cent., making a total dividend of 9 per cent. for the year, less income tax, which will take £38,500, and to carry forward to next account the balance of £15,324.

Some idea of the steady growth and magnitude of our public service may be gathered from the numbers of passengers carried and the mileage run for the last five years, which are as follows:—

	Passengers carried.	Mileage run.
1931	83,200,000	8,900,000
1932	89,200,000	9,400,000
1933	94,100,000	9,200,000
1934	98,300,000	9,400,000
1935	101,500,000	9,800,000

When you remember that this is quite a small system, I think we are working it for all it is possibly worth.

Following the refusal of the Corporation to sanction the laying down of a tramway on a certain new route we have applied for the right to run trolley-buses, and if sanction is given it will be necessary to get an amendment of the company's Tramway Act so as to allow the word "Tramway" to cover trolley-buses. Under the company's agreement with the Corporation, the Corporation has the right to purchase the undertaking at the end of every seven years. This condition prevents any appreciable expansion of the undertaking, and it is hoped it will be possible to come to some arrangement with the Corporation whereby the company's tenure is secured over a reasonable period of years.

The report and accounts were unanimously adopted.

PATALLING RUBBER ESTATES, LIMITED

DIVIDEND OF 7 PER CENT.

The annual general meeting of this company was held, on the 15th instant, at 19 Fenchurch Street, London, E.C.

Mr H. Eric Miller (the chairman) said:—The net result of the year's operations was a profit of £19,108, which can, I think, be regarded as not unsatisfactory. Recalling the deplorable position of the industry a few years ago, under the circumstances, that it is quite creditable to be able to pay a dividend of 7 per cent., for which mercy we have to thank the international regulation of rubber exports.

During the twelve months ended May 1934 (the year immediately preceding the introduction of regulation), over 1,050,000 tons of rubber were turned out by producing countries. In the following twelve months (the first complete year of the operation of the scheme) 875,000 tons came out, and in the twelve months ending May, 1936, the corresponding figure will be in the neighbourhood of 810,000 tons. The apparent absorption during these three periods was respectively 900,000 tons, 920,000 tons and 950,000 tons, but the real absorption was probably less than 900,000 tons in the first period and will be greater than 950,000 tons in the third period.

Visible stocks, which were already excessive, increased by no less than 150,000 tons in the twelve months ended May, 1934. During the first two years of the regulation scheme they will have been reduced by over 180,000 tons, the contraction in the nine months September, 1935, to May, 1936, inclusive being upwards of 140,000 tons. During the remainder of 1936 a further substantial reduction in stocks is indicated.

The recent rapid contraction in stocks has been reflected in the price of the commodity, which increased steadily to 7½d. in April. The decision of the International Committee at their last meeting to increase the exportable percentage to 65 during the second half of 1936, the political unsettlement of Europe and rumours of labour trouble in the United States have caused a slight reaction, but the undertone is sound, and we look forward to presenting satisfactory accounts to you a year hence.

Mr Eric Macfadyen gave an account of his visit to the estates in 1935.

The report and accounts were unanimously adopted.

MARSTON VALLEY BRICK COMPANY, LIMITED

CONTINUED GROWTH

The seventh annual ordinary general meeting of the Marston Valley Brick Company, Limited, was held, on the 11th instant, at Winchester House, London, E.C.

Mr A. W. Allard, who presided, said that the trading profits of £135,471 showed an increase on last year of £30,653, and there was a profit on realisation of investments of £25,200. After allowing for reserves for income tax in respect of the year ending March 31, 1937, and depreciation amounting to £28,573, there remained a net profit of £123,368, of which £98,152 was from trading, an increase on last year of £26,439. That followed an increase of £23,456 in 1934-35 over 1933-34, and, therefore, in the two years there had been an increase in the net profit from trading of nearly £50,000. Cash amounted to £101,740, an increase of nearly £80,000; investments, £9,992, an increase of £6,000; and debtors, £50,502, an increase of over £24,000.

During the year every brick produced at their works had been sold, and the demand for Fletton bricks was still increasing. The Fletton brick was by far the cheapest brick produced in this country. Bricks were delivered to building sites within 60 miles radius of the works, and, as every ton of bricks during the course of manufacture and delivery had to be man-handled four or five times, shareholders would agree that the price of 21s. per ton for Fletton bricks delivered to building sites was a modest one.

Three years ago the company had started producing a cheap facing brick at the rate of 50 tons per day. To-day the company was manufacturing 250 tons per day and still had difficulty in coping with the demand for that class of brick. Thirty years ago the tonnage of Fletton bricks produced had been equivalent to 2½ per cent. of the whole tonnage of bricks produced in this country. To-day the percentage had increased to 32½ per cent.

The Ridgmont Fletton Brick Company, formed early last year with the object of erecting works about four miles from the Marston works, was now producing large quantities of bricks which were being easily disposed of. The directors considered it would be advisable to amalgamate the two businesses on equitable terms, and with that in view a scheme was being prepared.

The report was unanimously adopted and a final dividend of 12½ per cent., making 20 per cent. for the year, was declared.

CROWN MINES, LIMITED

RECORD TONNAGE MILLED

MR JOHN MARTIN'S REVIEW

Mr John Martin, presiding at the annual meeting of the Crown Mines, Limited, held in Johannesburg on May 6th, in the course of his speech, said it was worth noting that the tonnage milled and the working revenue in 1935 were the highest in the company's history. Tonnage milled, at 4,003,000 tons, was 445,000 tons more than the ore crushed in 1934.

The yield showed a decline of 0.728 dwt. per ton milled to an average of 4.902 dwt., but working costs were also reduced by rs. 4d. per ton milled and working profit amounted to £3,262,037, this being £153,252 less than the working profit earned in the previous year.

The total footage of development, excluding vertical shaft sinking, amounted to 141,557 ft., or nearly 27 miles.

Development results on the main reef leader were on the whole satisfactory, but in the extreme western area exposures continued to be disappointing, though there was reason to hope that as these workings extended to the west more favourable conditions would be encountered.

On the south reef larger development footage was accomplished, and the tonnage opened up and added to reserve showed a considerable increase. The total ore developed and classed as payable amounted to 4,449,776 tons, with an average value of 4.9 dwt. per ton. The value of ore developed showed a decrease of 0.9 dwt. per ton compared with the previous year, largely due to the increase in the proportion of low-grade south reef ore. The available ore reserve, re-estimated at the end of last year on the basis of current working costs and the price of gold, and excluding 5,086,400 tons of an average value of 6.21 dwt. in the shaft and safety pillars not at present available for stoping, was 19,817,125 tons of an average value of 5.07 dwt. over a stoping width of 50.6 in.

"Compared with the previous year," said Mr Martin, "the available reserve shows an increase of 2,482,205 tons, its average value being lower by 0.63 dwt. An available ore reserve of practically 20,000,000 tons represents an exceptionally strong and satisfactory position."

Mr Martin went on to discuss the problem of mining at great depth in relation to the extended life of the gold industry, drawing attention to the fact that in the Turf section of the Robinson Deep development was proceeding at a depth of 8,500 ft. vertical, and stoping at over 7,500 ft.

He believed that Crown Mines, thanks to the foresight and wisdom of those responsible for its technical and financial structure, would in course of time be able, as perhaps nowhere else, to demonstrate what was possible on a large-scale basis in the direction of mining at maximum depths.

On the Crown Mines there were four vertical shaft systems placed more than a mile apart, serving an area in which the main reef series lying below a vertical depth of 4,000 ft. extended east and west over a distance of nearly five miles. These shafts would play a vital part in the programme of great-depth mining.

Four of the major problems in layout and development at great depths, particularly on a mine of the size of the Crown Mines, were:—

1. Loss of working time and energy in travelling to working places must be reduced to a minimum.
2. Good facilities must be supplied for the transport of stores and materials into the mine.
3. The handling of ore must be assisted by good underground haulage ways.
4. Adequate ventilation must be provided.

Crown Mines lowered daily some 18,000 natives through its shafts on the day shift, 1,800 natives on other shifts, and 1,800 Europeans.

Expenditure on underground by Europeans was limited to 48½ hours, any delay in hoisting arrangements, or loss of time in descending underground, resulted in a serious decrease in the output of the whole labour force.

The need for good ventilation was evident when it was considered that at 9,500 ft. in depth rock temperature was approximately 101 degrees Fahrenheit, and increased by 2½ degrees for every additional 500 ft. in depth.

Four vertical shaft systems which enabled Crown Mines effectively to cope with these requirements ranged from vertical depths of 6,500 ft. to 8,500 ft. They were connected by large underground haulages, equipped with overhead electric trolley wires and locomotives, for transporting ore in trains of 10 trucks. The first of the haulages was situated at a vertical depth of 3,100 ft.,

and connected with Number five shaft, the main rock hoisting shaft, which had an average daily hoisting capacity of 12,000 tons.

Below this there were six similar haulage levels, the lowest being at a vertical depth of 7,500 ft. The total underground haulage footage already developed and equipped for transporting ore and material by electric power was 173,000 ft. equal to 32.8 miles.

The total quantity of air eventually required to be delivered through the four vertical shaft systems for ventilation would be not less than 1,400,000 cu. ft. per minute. Ample upcast shafts were needed for that large volume of air, and in this connection the sinking of Number 18 shaft was completed at the beginning of the current year. A fan was now being erected at the collar of Number 18 shaft which would be capable of drawing out of the mine, direct from the vertical depth of 4,000 ft., 500,000 cu. ft. of air per minute.

There were five other upcast shafts, and the total quantity of air upcasted in these five shafts was 1,200,000 cu. ft. per minute.

Capital expenditure upon four vertical shaft systems, which had been financed out of profits, had amounted to over £3,000,000. This was the outlay already incurred for obtaining access to ore lying at great depth, and was supplementary to the large capital expenditures in the past upon general structure and equipment of property and thus afforded further illustration of the magnitude and variety of problems that accompanied the policy of mining at great depth and seeking to mine on a large scale at an even greater depth.

Some conception of the scope of the activities of Crown Mines as a whole might be obtained from an appreciation of the fact that the tonnage milled by Crown Mines in 1935 was equivalent to 9 per cent. of the total tonnage milled by all mines on Witwatersrand, and gold won was equivalent to 9.3 per cent. of the total output.

The working profit at £3,262,037 was 10 per cent. of the total working profit of the industry; on the other hand, payments made in respect of (1) normal tax and (2) excess profits duty and surtax were approximately 13 per cent. and 16 per cent. respectively of the total payments made under these headings by all Witwatersrand mines.

For the year 1935 the amount provided for Union and provincial taxation came to the huge sum of £1,412,568. The new system of mining taxation, which represented a change for the better, was therefore to be welcomed, notwithstanding that the scale of taxation remained very high and, Mr Martin suggested, unnecessarily high.

In a recent quarterly report an estimate had been given of the taxation liability of Crown Mines for the first three months of this year on the basis of the new mining taxation proposals, the amount being £313,251.

The report and accounts were adopted unanimously.

ANGLO-AMERICAN DEBENTURE CORPORATION, LIMITED

INCREASED DIVIDEND

The forty-sixth ordinary general meeting of this corporation was held, on the 14th instant, at Winchester House, London.

Mr Richard S. Guinness (the chairman) said it was a matter of satisfaction to the board that the results of the past year enabled them to recommend an increase in the dividend from 10 per cent. to 11 per cent. The net revenue available for the ordinary stock showed an earning power of 14.5 per cent., which compared with 12.3 per cent. in 1935.

With regard to the capital position, the value of their investments at the date of the balance sheet was £2,790,392. The value in excess of the book costs was £370,654, as against £88,672 last year; in addition, the reserve account amounted to £335,000, and the amount of undivided revenue was £50,744.

With regard to their investments in Europe, amounting in book value to approximately £258,000, when they made these investments they did so in the belief that after the horrors of war and the errors of peace the time must come when wise statesmanship would encourage the nations to readjust their political and economic affairs and stage in peace and amity a recovery from the ravages of war. Unfortunately, instead of wise statesmanship they had seen a succession of blunders—political and economic—which had led to the present sorry position in Europe. To-day, however, they had the picture of eminent politicians peering down the penitential road to Canossa and reconsidering the doctrines they had so long preached with such unhappy results. It was to be hoped that this was the first sign of a world-wide return to sanity. If so, they might hope that the day was not too far distant when European peace and stability were at hand; then and only then would it be possible to stabilise currencies, reopen

trade and reorganise international indebtedness so that all European countries should, proportionately to their credit standing, benefit from the fall in interest rates and be entitled to refund their foreign and internal liabilities upon a basis both equitable to the lender and within the paying capacity of the borrower whose prosperity was in process of restoration instead of destruction. The report and accounts were unanimously adopted.

SPAARWATER GOLD MINING COMPANY, LIMITED

HIGHLY SATISFACTORY DEVELOPMENT

The first annual general meeting was held on May 11th at Johannesburg. Mr W. A. Mackenzie presided and said:—

The authorised capital of the company stands at £2,000,000 in 8,000,000 shares of 5s. each. At December 31st last 4,806,657 shares had been issued, the balance of 3,193,343 shares being held in reserve to cover options. I would remind shareholders that these options are issued to bearer and entitle the holder to exchange them for an equivalent number of shares of the nominal value of 5s. on payment of 10s. per share. These options may be exercised up to and including December 31st next, after which date they cease to exist. The receipts and expenditure to December 31st last are summarised in the directors' report, and at that date the balance of cash in hand, after allowing for current liabilities, amounted to £839,541. In addition the options if and when exercised will provide further funds to the extent of £1,596,671 10s.

The report of the joint consulting engineers gives a complete survey of the progress of the company. The Sub Nigel, Limited, carried out preliminary development prior to formation of the company and supervised all operations, including the sinking of No. 1 shaft, during the period under review. Development work consists of three haulages which are being advanced into the Spaarwater property from Sub Nigel and the 19 Drive West in the Droogebult area acquired from Sub Nigel, which recently intersected the reef to the west of a known fault. The total footage advanced in the Spaarwater area, including subsidiary development, to the end of last month amounted to 12,510 ft. The total footage sampled was 5,600 ft., of which 2,950 ft., or 52.7 per cent., proved payable, having an average value of 22.8 dwts. over a reef width of 13.1 ft., or 10.1 dwts. over a calculated stoping width of 29.6 in.

As I mentioned at the statutory meeting last year, it was decided to commence subsidiary development from the 21st and 28th haulages in order to develop stretches of payable ore disclosed by the main haulages. This decision was taken in view of the fact that faulted ground was being encountered in all the main haulages necessitating a considerable footage being driven off reef. The footage advanced to April 30th last in respect of this subsidiary development was 3,874 ft., and of this 2,740 ft. was sampled, and 2,160 ft., or equal to 78.8 per cent., proved payable, averaging 23.8 dwts. over a reef width of 14.1 in. or 11.2 dwts. over a stoping width of 29.9 in.

In order further to accelerate the opening up of the large area held by your company with a view to reaching the production stage earlier than would otherwise be possible, steps were taken during the period under review to decide upon the most favourable site for shaft sinking, and with this object in view preliminary geophysical work was carried out. Following upon the selection of the shaft site sinking operations commenced in June, 1935, and at the end of last month, the shaft had reached a depth of 1,871 ft. A reinforced collar sett was installed to a depth of 87 ft. and timbering has been completed to a depth of 1,845 ft. It is estimated from the information at the disposal of the company's technical advisers that the main reef should be intersected at a depth of approximately 3,000 ft. During sinking operations a number of conglomerate bands of low gold content, a chamber was cut at 1,111 ft.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

The Reporting Manager,
THE ECONOMIST,
8 Bowyer Street,
Fleet Street,
London, E.C.4.

GUARDIAN Assurance Company Ltd.

ANNUAL GENERAL MEETING—
11th MAY, 1936

Extracts from

COLONEL LIONEL H. HANBURY'S Speech

LIFE DEPARTMENT

New life assurances were completed during 1935 for a net amount of £1,584,760, which exceeded by £15,699 the new business secured in 1934.

The net single premiums received for annuities amounted to £115,544, as compared with £70,476 in the previous year.

FIRE DEPARTMENT

The experience of the year was very favourable. The net premium income was £1,110,463 and underwriting profit amounted to £149,653, representing 13.5 per cent. of the net premiums. The sum of £152,122 has been transferred to the Profit and Loss Account, and £52,406 to the department's general reserve, which now stands at £1,100,000.

ACCIDENT, BURGLARY AND GENERAL DEPARTMENTS

The net premium income of the year was £1,128,485, being £37,171 greater than for the previous year. The sum of £17,292 has been added to the department's general reserve, bringing it to £420,000, and £95,201 transferred to the Profit and Loss Account.

MARINE DEPARTMENT

The premium income for the year amounted to £253,488, a slight increase on that for the previous year. The fund at the end of the year was £470,743, after transferring the sum of £27,810 to the Profit and Loss Account.

VALUE OF INVESTMENTS

There was at the end of the year the very satisfactory surplus of £1,439,790 in the aggregate market value of the Stock Exchange investments over the values at which they appear in the Balance Sheet. No such investment appears therein at a figure in excess of its redemption price or its market value at 31st December last.

PROFIT AND LOSS ACCOUNT AND APPROPRIATION

The balance on this Account was £159,482 after transferring £20,000 to Staff Pension Fund and £50,000 to Investment Reserve and Contingency Fund.

A dividend at the same rate as last year was declared, namely 10s. on each Ordinary and Staff Share, leaving a balance to be carried forward of £72,574, as compared with £45,912 at the end of the previous year.

ALL THE PRINCIPAL CLASSES OF INSURANCE
TRANSACTION

including

FIRE : LIFE : ACCIDENT : MARINE

ALSO

TRUSTEE & EXECUTORSHIP BUSINESS

Head Office :

68 King William Street, London, E.C.4

SOUTH-EASTERN GAS CORPORATION, LIMITED

YEAR OF STEADY PROGRESS

The meeting of the South-Eastern Gas Corporation, Limited, was held, on the 13th instant, in London, Sir David Milne-Watson, LL.D., D.L. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said that the balance to net revenue account for the year was £93,051 as against £87,014. The directors recommended a final dividend of 3 per cent. on the ordinary shares, making 6 per cent. for the year.

The directors hoped to give special attention in the early future to the question of sales organisation. The guiding principle would be that co-ordination and rationalisation could be applied to the sales side of a group of companies with as beneficial results as they could to purchasing and manufacture. The board would take care to leave to the individual companies proper opportunities for the exercise of individual initiative, but there was no doubt that a measure of guidance and inspiration from a central source, ensuring a degree of uniformity in the main lines of sales and publicity work, would be of great advantage. They had already seen that exemplified in a measure in the gas refrigerator campaign now in full swing, and there was no doubt that not merely in the refrigeration market but in other great fields that required either further exploitation or vigilant defence—the fields of space heating, water heating and cooking—the adoption for the industry as a whole of co-ordinated selling and advertising policies would be of enormous assistance.

The board had actually made reductions in the price of gas in five of their companies, and would probably have done more if it had not been for the general increase in the price of coal. The Government had just introduced a new Coal Mines Bill. The object of Part I of the Coal Mines Act of 1930, the operation of which was to be continued, was to permit of coal marketing schemes being introduced, but unfortunately there were very grave defects. It contained no safeguard for consumers, and it was strongly to be hoped that the Government would amend existing legislation so that consumers should be protected against any arbitrary fixing of prices or refusal to supply coal of the quality demanded.

The report was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended May 9, 1936, amounted to £10,330,500, against ordinary expenditure of £9,021,000. After allowing for an increase in Exchequer Balances of £222,739, the operations for the week, as shown below, decreased the gross National Debt by £1,087,000 to approximately £7,940 millions.*

(000's omitted)	
Treasury Bills.....	+ 3,743
Public Department Advances	— 4,600
National Savings Certificates	— 150
N. Atlantic Shipping Issues	— 10
British Shipping Issues	— 70
	+ 3,743
	— 4,830

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appeared in the *Economist* for April 4, 1936.

REVENUE		Total Receipts into the Exchequer			
		April 1, 1935, to May 11, 1935	April 1, 1936, to May 9, 1936	Week ended May 11, 1935	Week ended May 9, 1936
ORDINARY REVENUE					
Inland Revenue—					
Income Tax					
Sur-tax					
Estate, etc., Duties					
Stamps					
Excess Profits Duty and Corporation Profits Tax					
Land Tax and Mineral Rights Duty					
Total Inland Revenue					
Customs and Excise—					
Customs					
Excise					
Total Customs and Excise					
Motor Vehicle Duties (Exchequer Share)					
Post Office (Net Receipt)					
Crown Lands					
Receipts from Sundry Loans					
Unallocated Receipts					
Total Ordinary Revenue					

REVENUE		Total Receipts into the Exchequer			
		April 1, 1935, to May 11, 1935	April 1, 1936, to May 9, 1936	Week ended May 11, 1935	Week ended May 9, 1936
SELF-BALANCING REVENUE					
Post Office					
Motor Vehicle Duties apportioned to Road Fund					
Total Self-balancing Revenue					
Total					
EXPENDITURE		Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to May 11, 1935	April 1, 1936, to May 9, 1936	Week ended May 11, 1935	Week ended May 9, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt Payments to Northern Ireland Exchequer Other Consolidated Fund Services					
Post Office Fund					
Total					
Total Supply Services (excluding Post Office)					
Total Ordinary Expenditure					
SELF-BALANCING EXPENDITURE					
Post Office					
Road Fund					
Total Self-Balancing Expenditure					
Total					

The aggregate revenue from April 1 to May 9, 1936, is shown below:—

(000's omitted)	
Expenditure	91,689
Increase in balances	152
Revenue	61,138
Gross borrowing	£31,221
Less:	
New Sinking Fund*	518
Net borrowing	30,703
	91,841

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

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—		May 11, 1935	May 9, 1936	May 9, 1936
Advances by Bank of England		5,000,000	—	7,500,000
Advances by Public Departments		19,310,000	28,910,000	+ 2,900,000
Treasury Bills outstanding		842,860,000	756,475,000*	+ 3,740,000
Total Floating Debt		867,170,000	785,385,000	— 860,000

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on May 8, 1936, and the total amount applied for was £75,180,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 4d., about 56 per cent and above in full; Saturday, at £99 17s. 5d., and above in full. The average rate per cent. was 10s. 5-91d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934				
January 5	35,000,000	78,260,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,280,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1-64
April 5	40,000,000	76,085,000	40,000,000	0 10 2-83
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05
1936				
January 3	35,000,000	68,075,000	35,000,000	0 10 10-72
April 3	40,000,000	76,280,000	40,000,000	0 10 2-78
April 24	45,000,000	76,860,000	45,000,000	0 10 6-27
May 1	45,000,000	73,510,000	45,000,000	0 10 6-00
May 8	45,000,000	75,180,000	45,000,000	0 10 5-91

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Five days ended April 11, 1936	606,708	455,031
Five days ended April 18, 1936	599,253	449,440
February, 1916, to April 18, 1936	1,267,155,958	989,304,807

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

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, May 13, 1936

ISSUE DEPARTMENT

Notes Issued:—		Government Debt	
In Circulation	424,790,249	11,015,100	
In Banking Department	39,500,494	247,766,329	
		349,192	
		869,379	
		260,000,000	
		204,290,743	
	464,290,743	464,290,743	

BANKING DEPARTMENT

Proprietors' Capital		Government Securities	
14,553,000		89,889,310	
Rest	3,185,730	Other Securities	247,766,329
Public Deposits*	13,330,790	Discounts and Advances	£8,826,368
Other Deposits		Securities	£12,265,822
Bankers	£83,214,574	Notes	21,092,190
Other Accounts	£37,002,773	Gold and Silver Coin	811,873
	120,217,347		
	151,287,867		151,287,867

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

Both Departments	Amount, May 13, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	424,790,249	+ 2,148,795	+ 34,469,267
Public deposits	13,330,790	+ 4,150,368	+ 5,963,384
Bankers' deposits	83,214,574	+ 5,127,563	+ 19,793,598
Other deposits	37,002,773	+ 346,069	+ 1,487,677
Total outside liabilities	558,338,386	+ 1,517,669	+ 19,151,375
Capital and rest	17,799,730	+ 2,343	+ 23,493
Government debt and securities	348,664,739	+ 1,147,853	+ 3,862,819
Discounts and advances	8,826,368	+ 621,422	+ 3,118,214
Other securities	12,615,014	+ 376,951	+ 1,275,082
Silver coin in issue department	869,379	+ 25,657	+ 920,059
Coin and bullion (bank's reserves)	205,102,616	+ 642,287	+ 11,791,827
Reserves of notes and coin in banking department	40,312,367	+ 1,506,508	+ 22,677,440
Proportion of reserve to outside li- abilities—			
(a) Banking Department only ("proportion")	30.1%	+ 1.0%	+ 12.2%
(b) Gold stocks to deposits and notes ("reserve ratio")	36.8%	+ 0.8%	+ 1.0%

(000's omitted)

Date	Issue Department	Banking Department			Gold in or out of Bank	Bank Rate
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	
1936						
April 22	462,144	415,448	13,231	93,081	38,053	514 in
29	462,734	416,876	7,433	104,705	39,032	590 in
May 6	463,660	422,641	9,180	88,342	36,657	926 in
13	464,291	424,790	13,331	83,215	37,003	630 in

(000's omitted)

Date	Issue Department		Both Depts.		Banking Department			Reserve and "Pro- portion"
	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Dis- counts & Advan- ces	Other Securities		
1936								
Apr. 22	258,619	410	202,901	32 1/2	93,250	7,479	13,889	47,454 36 1/2
29	258,702	404	203,322	35 1/2	101,330	8,290	12,644	46,646 30 1/2
May 6	258,719	386	204,460	36	88,798	9,448	11,852	41,819 31 1/2
13	258,781	349	205,103	36 1/2	82,883	8,826	12,266	40,312 30 1/2

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to April 29	10,910,978	671,571	1,149,464	12,732,013
Week ended May 6	662,634	44,680	81,521	788,935
Week ended May 13	665,496	38,065	66,549	790,100
Total to date, 1936	12,259,298	754,316	1,297,534	14,311,148
Total to date, 1935	12,089,343	705,519	1,188,091	13,982,953
Increase or decrease in 1936	+ 169,955	+ 48,797	+ 109,443	+ 328,195
	= 1.4%	= 6.9%	= 9.2%	= 2.4%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1936	30,740,117	1,789,528	2,984,512	35,484,157
Increase or decrease in 1936	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5.5%	= 7.2%	= 8.1%	= 5.8%

PROVINCIAL
(000's omitted)

No. of working days:	Week ended May 9		Month of April			Aggregate Totals January 1 to May 9	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
BIRMINGHAM	1,698	2,503	8,280	9,558	+ 14.0	44,542	48,909
BRADFORD	618	916	3,833	4,445	+ 15.3	17,055	19,473
BRISTOL	944	1,399	4,650	4,985	+ 7.2	21,788	24,013
DUBLIN	4,938	6,544	...	...	...	102,368	109,404
HULL	708	857	3,072	3,467	+ 12.8	13,916	15,536
LEEDS	584	660	3,128	3,647	+ 16.5	17,376	17,816
LEICESTER	441	761	2,442	2,969	+ 21.5	12,738	14,050
LIVERPOOL	4,280	6,058	21,386	24,142	+ 12.8	110,838	114,837
MANCHESTER	8,172	9,768	41,199	40,792	- 0.9	189,160	190,895
NEWCASTLE	1,175	1,279	4,661	5,157	+ 13.0	26,220	24,173
NOTTINGHAM	369	512	1,856	1,971	+ 6.1	8,875	9,848
SHEFFIELD	609	953	3,217	3,902	+ 21.2	16,389	18,865
	24,836	32,210	97,744	105,036	+ 7.4	581,265	607,821

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the *Economist* for November 9, Turkey in January 4, Danzig in April 11, Lithuania, Estonia, in April 25, Egypt, Austria, Greece, Java, Bulgaria in May 2, International Settlements, Federal Reserve Members, Denmark in May 9.

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

U.S.F.R. BANKS	May 15, 1935	Apr. 22, 1936	Apr. 29, 1936	May
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MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balance APRIL, 1936	Barclays Bank Limited	Coutts and Co.	District Bank Limited	Glyn, Mills and Co.	Lloyds Bank Limited	Martins Bank Limited	Midland Bank Limited	National Bank Limited	National Provincial Bank Limited	West- minster Bank Limited	Williams Deacon's Bank Limited	Agg e- gate
ASSETS	£	£	£	£	£	£	£	£	£	£	£	£
Joint bank notes and balances with the Bank of England	41,867	1,892	7,302	3,423	36,569	8,712	58,781	3,215	29,409	32,561	3,630	227,361
Balances with and cheques in course of collection on other banks in Great Britain and Ireland ..	9,779	684	2,244	991	8,967	2,963	12,361	255	7,650	10,215	1,477	57,586
Items in transit	...	...	...	...	3,109	742	...	...	...	...	...	3,851
Money at call and short notice	23,354	3,056	6,673	5,710	29,259	4,562	27,182	5,324	23,838	24,415	7,310	160,683
Bills discounted	54,643	979	4,372	339	50,814	*5,163	72,394	1,596	33,933	43,561	538	268,332
Investments	110,285	8,775	29,533	10,978	107,541	35,592	114,861	15,312	89,148	104,986	9,844	636,855
Advances to customers and other accounts	170,978	8,995	25,594	14,572	155,388	33,189	190,693	15,099	115,517	121,516	12,790	864,331
Liabilities of customers for acceptances, endor- sements, etc.	7,814	536	5,170	1,474	31,480	5,494	18,134	96	8,989	23,445	1,740	104,372
Bank premises account ..	7,600	412	1,565	740	7,783	2,578	10,241	740	7,321	5,500	1,046	45,526
Investments in affiliated banks and subsidiary companies	7,008	...	...	...	4,985	...	7,579	...	2,514	2,993	...	25,079
	433,328	25,329	82,453	38,227	435,895	98,995	512,226	41,637	318,319	369,192	38,375	2,393,976
Ratio of cash to current, deposit and other ac- counts	10.48	8.30	10.24	9.81	9.62	10.10	12.55	8.54	10.08	9.95	10.69	10.56
LIABILITIES												
Capital paid up	15,858	1,000	2,976	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	77,286
Reserve fund	10,250	1,000	2,976	530	8,500	3,100	11,500	1,100	8,000	9,320	800	57,076
Current, deposit and other accounts	399,406	22,793	71,331	34,893	380,098	86,221	468,344	37,634	291,851	327,092	33,960	2,153,623
Acceptances, endor- sements, etc.	7,814	536	5,170	1,474	31,480	5,494	18,134	96	8,989	23,445	1,740	104,372
Notes in circulation	...	...	...	...	7	20	...	1,307	...	15	...	1,349
Reduction of bank premises account	...	...	...	270	...	...	...	...	...	...	...	270
	433,328	25,329	82,453	38,227	435,895	98,995	512,226	41,637	318,319	369,192	38,375	2,393,976

* Includes an amount of Treasury bonds and first-class securities maturing within six months.

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

ASSETS	May 10, 1935	Apr. 10, 1936	Apr. 17, 1936	Apr. 24, 1936	May 1, 1936	May 8, 1936
Gold coin and bullion	26,068	24,290	23,397	22,931	22,930	22,929
Bills discounted: Foreign ..	6,038	7,074	8,578	9,446	9,043	8,566
Investments	1,726	1,737	1,737	1,737	1,737	1,737
Other assets	13,064	13,862	12,640	11,700	13,103	12,643
LIABILITIES						
Notes in circulation	12,437	13,930	13,907	13,063	14,822	13,957
Government deposits	1,830	3,513	4,607	4,481	3,745	2,658
Bankers' deposits	26,367	22,390	22,648	21,508	21,647	22,072
Ratio of cash reserves to liabilities to public	58.6%	55.5%	53.6%	52.9%	52.5%	52.9%

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

ASSETS	May 10, 1935	Apr. 10, 1936	Apr. 17, 1936	Apr. 24, 1936	May 1, 1936	May 8, 1936
Gold coin and bullion	44,42,13	44,42,17	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	49,62,73	59,19,02	59,49,99	58,93,73	58,93,73	58,93,73
Balances abroad	15,04,18	19,42,07	16,84,09	17,04,34	17,04,34	17,04,34
Sterling securities	48,62,95	68,31,71	68,31,71	68,31,71	68,31,71	68,31,71
Indian Government rupee securities ..	43,05,18	23,42,97	23,43,02	23,43,04	23,43,04	23,43,04
Investments	5,10,08	4,97,20	4,95,23	4,95,23	4,95,23	4,95,23
LIABILITIES						
Note circulation	1,68,92,33	1,70,69,07	1,69,67,85	1,71,94,01	1,71,94,01	1,71,94,01
Deposits:—						
Government	14,96,94	6,46,59	7,15,65	7,21,64	7,21,64	7,21,64
Other	12,07,55	36,77,07	35,02,14	33,82,23	33,82,23	33,82,23
Ratio of gold and sterling to liabilities	50.11%	50.77%	50.77%	50.76%	50.76%	50.76%

* Held against notes.

BANQUE DE FRANCE.—In francs (000's omitted)

ASSETS	May 10, 1935	Apr. 10, 1936	Apr. 17, 1936	Apr. 24, 1936	May 1, 1936	May 8, 1936
Gold	158	62,488,413	61,937,087	60,768,428	58,029,973	58,029,973
Silver	153	1,540,091	1,380,771	1,670,771	1,639,372	1,639,372
Reserve	153	14,187,618	14,569,275	15,020,705	17,222,049	17,222,049
Other assets	153	1,125,249	1,122,338	1,119,429	1,119,429	1,119,429
LIABILITIES						
Note circulation	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Deposits:—						
Government	3,128,296	4,075,880	3,972,060	4,591,454	4,569,398	4,569,398
Other	3,848,438	3,643,316	3,618,108	3,912,794	4,097,737	4,097,737
Ratio of gold and silver to liabilities	82.651%	82,961,877	82,557,224	84,138,403	83,988,285	83,988,285
Ratio of gold to liabilities	80.1%	82,749,572	82,721,782	84,138,403	83,988,285	83,988,285
Ratio of gold and silver to liabilities	80.1%	82,749,572	82,721,782	84,138,403	83,988,285	83,988,285

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

ASSETS	May 7, 1935	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936
Gold	82,200	68,825	69,951	70,969
Of which deposited abroad	21,938	19,520	19,520	19,520
Reserve in foreign currencies	4,048	5,376	5,464	5,338
Bills of exchange and cheques	3,693,112	3,866,741	4,423,483	4,259,174
Advances	160,103	270,120	140,654	190,607
Investments	75,698	36,627	73,426	53,032
Other assets	685,119	589,340	558,995	548,216
LIABILITIES				
Notes in circulation	471,184	473,561	473,561	473,561
Notes in circulation	3,566,619	3,876,467	4,347,978	4,147,078
Other daily maturing obligations	912,750	721,885	687,704	685,852
Other liabilities	245,203	164,352	174,344	174,009
Cover of note circulation	2.41%	1.91%	1.73%	1.85%

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

ASSETS	May 9, 1935	Apr. 8, 1936	Apr. 16, 1936	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936
Gold	3,015,844	3,963,592	3,376,351	3,401,000	3,429,182	3,483,258
Silver and other coin	65,257	60,205	61,427	63,910	61,184	60,915
Securities	1,141,925	1,212,354	1,211,818	1,229,212	1,247,304	1,276,734
Advances	169,709	74,970	77,615	74,974	75,294	75,582
LIABILITIES						
Notes in circulation	3,845,625	4,241,040	4,209,471	4,191,370	4,254,740	4,270,258
Deposits: Govt.	22,728	19,269	21,049	25,137	31,209	15,949
Other	718,507	643,106	688,970	744,879	719,292	802,571

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

ASSETS	May 13, 1935	Apr. 14, 1936	Apr. 20, 1936	Apr. 27, 1936	May 4, 1936	May 11, 1936
Gold	645,297	713,633	713,843	719,983	710,043	697,315
Silver	21,120	17,913	19,192	19,883	19,101	19,412
Home bills discounted	41,796	24,504	24,926	24,450	25,345	28,124
LIABILITIES						
Notes in circulation	168,888	129,641	128,905	127,706	141,944	135,307
Deposits	847,007	771,766	759,328	765,848	799,113	774,987
Other	53,047	134,485	145,729	157,012	118,813	125,790

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

ASSETS	May 7, 1935	Apr. 7, 1936	Apr. 15, 1936	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936
Gold	1,342,838	1,509,451	1,510,851	1,513,872	1,516,430	1,516,430
Of which held abroad	94,713	304,907	306,307	309,327	310,701	310,701
Bills of the Confederation	119,070	69,968	53,655	50,147	77,761	67,089
Advances	32,715	72,651	69,051	68,651	66,051	62,300
Securities	76,356	70,238	64,180	64,559	65,430	65,395
LIABILITIES						
Notes in circulation	1,287,216	1,289,050	1,265,536	1,258,366	1,310,866	1,280,150
Deposits	292,389	418,348	424,393	427,038	402,658	413,508

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

ASSETS	May 7, 1935	Apr. 15, 1936	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936
Gold reserve	324,897	430,713	430,316	430,308	430,285
Government securities—Swedish ..	137,131	28,500	28,500	28,500	28,500
Foreign	47,769	68,400	68,400	68,400	70,680
Gold abroad not included in the gold reserve	28,012	26,174	30,875	30,877	33,089
Bills payable in Sweden	9,692	10,277	10,424	10,341	10,106
Bills payable abroad	405,267	291,853	287,262	281,592	268,452
Balance abroad	155,702	199,852	181,905	193,933	201,729
Advances	34,379	27,112	25,228	24,639	24,513
LIABILITIES					
Notes in circulation	618,544	737,682	708,123	780,430	716,164
Government deposits	305,330	174,309	186,940	193,081	269,260
Private deposits	230,863	254,675	251,921	177,439	166,177

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

ASSETS	May 7, 1935	Apr. 15, 1936	Apr. 22, 1936	Apr. 30, 1936	May 7, 1936
Coin and bullion—Gold reserve ..	118,817	118,860	118,860	118,867	118,867
Balance abroad and foreign bills ..	56,701	47,357	71,476	76,143	77,115
Funds provisioned placed in gold not included in the gold reserve ..	16,379	66,287	66,287	66,287	66,287
Norwegian and Foreign Govern- ment securities	33,649	41,474	38,141	37,772	37,836
Discounts and loans	221,361	210,374	207,789	195,317	192,547
LIABILITIES					
Notes in circulation	317,810	359,247	355,670	363,559	357,568
Deposits at sight	80,343	82,256	105,466	89,163	97,654

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

Assets		May 4, 1935	Apr. 4, 1936	Apr. 11, 1936	Apr. 18, 1936	Apr. 25, 1936	May 2, 1936
Gold		2,269,458	2,227,659	2,227,656	2,227,656	2,227,652	2,227,652
Silver		696,017	680,585	673,360	671,176	675,877	675,849
Discounts		1,045,121	1,151,267	1,133,076	1,120,638	1,089,677	1,077,297
Loans		1,566,932	1,514,177	1,588,365	1,564,755	1,578,771	1,602,684
Treasury bills		77,415	75,998	75,998	75,998	75,998	75,998
Securities		40,995	37,022	36,907	37,260	41,182	41,191
Liabilities							
Notes in circulation		4,656,733	5,332,861	5,380,875	5,359,266	5,354,261	5,433,831
Deposits		915,378	1,085,493	1,053,801	1,064,546	1,085,592	1,058,133

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

London on	Far of Exch. per £	May 8, 1936	May 9, 1936	May 11, 1936	May 12, 1936	May 13, 1936	May 14, 1936
New York, \$	24.86	4.97-98	4.97-99	4.96-97	4.96-98	4.96-98	4.95-97
Madrid, Ptas.	161.5	161.5	161.5	161.5	161.5	161.5	161.5
Paris, Fr.	124.21	75.1	75.1	75.1	75.1	75.1	75.1
Brussels, Bel.	33.00	29.19-26	29.19-26	29.19-26	29.19-26	29.19-26	29.19-26
Milan, L.	92.46	63.1	63.1	63.1	63.1	63.1	63.1
Zurich, Fr.	25.22	15.29-43	15.29-43	15.29-43	15.29-43	15.29-43	15.29-43
Amsterdam, Fl.	110	109.1-110	109.1-110	109.1-110	109.1-110	109.1-110	109.1-110
Stockholm, S.	110	109.1-110	109.1-110	109.1-110	109.1-110	109.1-110	109.1-110
Oslo, N.	110	109.1-110	109.1-110	109.1-110	109.1-110	109.1-110	109.1-110
London, £	100	100	100	100	100	100	100
... (other cities) ...	...	...	...	...	...	...	...

Usage: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 † Pence per unit of local currency. ‡ Par 5-23½ since dollar devaluation on February 1, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official Rate. (c) Per cent. discount. (d) Latest "export" rate. (e) Official rate is 4½ sellers. (f) Official rate is 1½ sellers. (g) Average remittance rate for importers. Rate for payments to the Bank of England. (h) For account Controller of Anglo-Italian debts. (i) Under Anglo-Spanish Agreement. (j) Under Anglo-Turkish Agreement. (k) Nominal. (l) As from April 2, 1936. 1 Rouble equals 3 French francs. (m) Closing. (n) Sellers.

II—Forward Rates (Closing quotations)

London on	May 8, 1936	May 9, 1936	May 11, 1936	May 12, 1936	May 13, 1936	May 14, 1936
New York, cent.	(a) 1 Month	(a) 1 Month	(a) 1 Month	(a) 1 Month	(a) 1 Month	(a) 1 Month
Paris, fr.	(b) 1 Month	(b) 1 Month	(b) 1 Month	(b) 1 Month	(b) 1 Month	(b) 1 Month
Amsterdam, fl.	(c) 1 Month	(c) 1 Month	(c) 1 Month	(c) 1 Month	(c) 1 Month	(c) 1 Month
Brussels, cent.	(d) 1 Month	(d) 1 Month	(d) 1 Month	(d) 1 Month	(d) 1 Month	(d) 1 Month
Geneva, cent.	(e) 1 Month	(e) 1 Month	(e) 1 Month	(e) 1 Month	(e) 1 Month	(e) 1 Month
Milan, lire	(f) 1 Month	(f) 1 Month	(f) 1 Month	(f) 1 Month	(f) 1 Month	(f) 1 Month

OVERSEAS BANK RATES

Changed	From	To	Changed	From	To
Nov. 16, 1935	8	7	Oct. 14, 1935	7	6
Oct. 14, 1935	7	6	July 1, 1935	6	5
July 1, 1935	6	5	Feb. 1, 1935	5	4
Feb. 1, 1935	5	4	Sept. 22, 1934	4	3
Sept. 22, 1934	4	3	May 14, 1934	3	2
May 14, 1934	3	2	Oct. 15, 1933	2	1
Oct. 15, 1933	2	1	Sept. 28, 1933	1	0
Sept. 28, 1933	1	0	Aug. 15, 1933	0	-1
Aug. 15, 1933	0	-1	Oct. 21, 1932	-1	-2
Oct. 21, 1932	-1	-2	Dec. 7, 1931	-2	-3
Dec. 7, 1931	-2	-3	May 7, 1931	-3	-4
May 7, 1931	-3	-4	May 7, 1930	-4	-5
May 7, 1930	-4	-5	Nov. 15, 1929	-5	-6
Nov. 15, 1929	-5	-6	Mar. 11, 1929	-6	-7
Mar. 11, 1929	-6	-7			

(a) Premium, i.e., "under spot." (b) Discount, i.e., "over spot."
 (c) 1% discount rate for member banks, 1½% discount rate for the rest. (d) 1% discount rate for member banks, 1½% discount rate for the rest. (e) 1% discount rate for member banks, 1½% discount rate for the rest. (f) 1% discount rate for member banks, 1½% discount rate for the rest.

NEW YORK MONEY AND EXCHANGE RATES
The Irving Trust Company cables the following money and exchange rates in New York:—

	May 15, 1936	Apr. 15, 1936	Apr. 22, 1936	Apr. 29, 1936	May 6, 1936	May 13, 1936
Call money	1/2	1/2	1/2	1/2	1/2	1/2
Time money (90 days mixed coll.)	1/2	1/2	1/2	1/2	1/2	1/2
Bank acceptances	1/2	1/2	1/2	1/2	1/2	1/2
Members—eligible, 90 days	1/2	1/2	1/2	1/2	1/2	1/2
Non-mem.—eligible, 90 days	1/2	1/2	1/2	1/2	1/2	1/2
Commercial accept., 90 days	1/2	1/2	1/2	1/2	1/2	1/2
Rates of Exchange, New York on—						
London—	4.8666	4.8775	4.9262	4.9437	4.9562	4.9687
Paris—	161.5	161.5	161.5	161.5	161.5	161.5
Brussels—	33.00	33.00	33.00	33.00	33.00	33.00
Milan—	92.46	92.46	92.46	92.46	92.46	92.46
Zurich—	25.22	25.22	25.22	25.22	25.22	25.22
Amsterdam—	110	110	110	110	110	110
Stockholm—	110	110	110	110	110	110
Oslo—	110	110	110	110	110	110
London, £	100	100	100	100	100	100
... (other cities) ...	...	...	...	...	...	...

SOUTH AFRICAN EXCHANGE RATES

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

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period May 11th to 20th at 139.71 per cent. The previous rate was fixed as from May 1st at 139.38 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

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

Bolivia.*	"Export" market selling rate fixed at 50 bolivianos per £ as from April 1, 1936.
Colombia.*	Sight rate, 176 pesos per 100 United States dollars on April 28, 1936. This rate applies to holders of permits buying in the "open" market.
Ecuador.	Sight selling rate on New York was maintained in March at 10.50 sucres per United States dollar.
Guatemala.	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on March 31st, 1936.
Salvador.	Sight rate on May 9, 1936, 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York, 3.91 bolívares per United States dollar, on April 17, 1936.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES
COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

	London on Australia and New Zealand	Australia and New Zealand on London*
Buying		
Selling		
... (other cities) ...	...	...

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended May 14, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD

From	Bullion*	Coins†	To	Bullion*	Coins†
Gold Imported into Great Britain and Northern Ireland, week ended May 14, 1936			Gold Exported from Great Britain and Northern Ireland, week ended May 14, 1936		
Palestine	£ 5,400		British India	£ 13,500	
British W. Africa	110,649		Netherlands	22,727	786
British S. Africa	2,766,516		Belgium	2,691,735	12,853
Tanganyika	10,352		France	41,730	92,915
British Malaya	12,808		Switzerland	137,405	239,860
Hong Kong	6,850		Portugal	110	2,000
Australia	38,969	2,000	Other countries		
New Zealand	12,100	87			
Trinidad and Tobago	8,736				
Germany	412,294	1,526			
Netherlands	8,436	68,705			
Belgium	11,179	50,178			
France	1,696,189	52,307			
Switzerland	36,285	4,815			
Iraq	3,458	163,228			
Venezuela	39,950	5			
Other countries	4,559	72			
Totals	5,179,330	283,140	Totals	2,893,707	123,201

IMPORTS AND EXPORTS OF SILVER

From	Bullion*	Coins†	To	Bullion*	Coins†
Silver Imported into Great Britain and Northern Ireland, week ended May 14, 1936			Silver Exported from Great Britain and Northern Ireland, week ended May 14, 1936		
Australia	£ 2,033		Channel Islands	£ 3,500	
Germany	535		British India	203,960	
Netherlands	177		Germany	13,230	1,039
Belgium	7,245		Portugal	1,699	
France	7,111	46	Arabia	16,461	
Japan	2,805		Other countries	254	
Other countries	150	534			
Totals	19,344	590	Totals	220,935	3,500

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1936	ARRIVALS	1936	WITHDRAWALS
May 8	£ 630,341	May 8	£ 630,341
" 9	Nil	" 9	Nil
" 11	Nil	" 11	Nil
" 12	Nil	" 12	Nil
" 13	Nil	" 13	Nil
" 14	Nil	" 14	Nil
Total	973,365	Total	973,365
Movement May 8, 1936, to May 14, 1936 (inclusive)	£ 973,365		
Movement during year 1935	£ 7,745,822		
Movement during 1936 (January 1 to May 14, 1936, inclusive)	£ 4,582,868		
Movement April 29, 1925, to May 14, 1936 (inclusive)	£ 35,540,065		
Movement September 21, 1931 (gold standard suspended) to May 14, 1936 (inclusive)	£ 87,945,517		

PUBLIC PASSENGER TRANSPORT (ROAD AND RAIL)

(See leading article, "Public and Private Transport," on page 351)

Year	ROAD					RAIL				
	Omnibuses and Coaches	Trams	Trolley Buses	Total Road	Percentage of Total	London Tubes	Other Railways	Total Rail	Percentage of Total	Total Public Transport
1931 ..	58.4	23.1	1.1	82.6	57.5	6.8	54.2	61.0	42.5	143.6
1932 ..	58.2	21.6	1.3	81.1	58.6	6.4	50.9	57.3	41.4	138.4
1933 ..	58.1	21.2	1.5	80.8	58.3	6.7*	51.1	57.8	41.7	138.6
1934 ..	60.0	20.4	2.0	82.4	58.1	7.2*	52.3	59.5	41.9	141.9
1931 ..	5,269.5	4,107.7	184.3	9,561.5	85.6	434.3	1,171.9	1,606.2	14.4	11,167.7
1932 ..	5,344.9	3,844.9	221.1	9,410.9	85.8	415.8	1,141.2	1,557.0	14.2	10,967.9
1933 ..	5,424.0	3,717.9	254.3	9,456.2	85.9	399.1	1,158.7	1,557.8	14.1	11,014.0
1934 ..	5,721.8	3,659.5	337.2	9,718.5	85.6	430.9	1,199.9	1,630.8	14.4	11,349.3
1931 ..	1,318.9	364.4	19.7	1,703.0	...	27.0	253.7	280.7	...	...
1932 ..	1,323.7	347.3	24.1	1,695.1	...	27.8	253.8	281.6	...	...
1933 ..	1,313.0	341.9	27.3	1,682.2	...	30.6	258.2	288.8	...	...
1934 ..	1,345.6	330.3	34.4	1,710.3	...	31.0	266.6	297.6	...	...

* Estimates.

GOLD MARKET

Messrs Samuel Montagu and Company wrote on May 13, 1936, as follows:—

The Bank of England gold reserve against notes amounted to £203,660,401 on the 6th instant, as compared with £202,734,272 on the previous Wednesday. Purchases of bar gold as announced by the Bank during the week amounted to £630,341. Business in the open market has been active and a large amount of bar gold, namely about £2,890,000, changed hands at the daily fixing. There was a good demand from the Continent, nervousness regarding the franc persisting and prices showed a large premium over the parity of that exchange. However, reassuring statements by French statesmen made over the week-end had their effect, and the situation, though still uncertain, became easier; as a consequence the premium over gold parities subsequently tended to decrease.

Quotations during the week:—

	Per fine ounce	Equivalent value of £ sterling
May 7	140s. 8½d.	12s. 0.90d.
" 8	140s. 5½d.	12s. 1.16d.
" 9	140s. 2½d.	12s. 1.42d.
" 11	140s. 6d.	12s. 1.12d.
" 12	140s. 2½d.	12s. 1.42d.
" 13	140s. 0d.	12s. 1.64d.
Average	140s. 4.17d.	12s. 1.28d.
May 14	140s. 3d.	12s. 1.38d.

The s.s. "Strathaird," which sailed from Bombay on the 9th instant, carries gold to the value of about £272,000 consigned to London.

SILVER MARKET

After declining to 20½d. for cash and 20¾d. for two months' delivery by May 9th, prices recovered ½d. on May 11th, the next working day, when 20½d. and 20¾d. were fixed for the respective deliveries. The rise was due mainly to China speculative forward buying, possibly influenced by a report from Washington that some agreement on monetary affairs was believed to have been reached at the conversations between the United States Treasury and Chinese Bankers.

The Indian Bazaars have bought, but the demand for shipment eased somewhat owing to the reduced offtake in Bombay; with more inquiry for forward delivery, the two months' quotation moved to a premium of ½d. as compared with that for cash.

Sales on China account were again forthcoming, offerings being made more freely at the advance, and there was also some re-selling by the Indian Bazaars and speculators.

Quotations remained unchanged yesterday, but to-day, as sellers were inclined to hold back, both prices advanced ½d. to 20½d. for cash and 20¾d. for two months' delivery.

The market is rather uncertain, and the present level may be difficult to maintain should there be hesitation on the part of the Indian Bazaars.

Quotations during the week:—

	IN LONDON	IN NEW YORK
Bar Silver per oz. std.		
Cash	20½d.	20½d.
Two Months' delivery	20¾d.	20¾d.
May 7	20½d.	20½d.
" 8	20½d.	20½d.
" 9	20½d.	20½d.
" 11	20½d.	20½d.
" 12	20½d.	20½d.
" 13	20½d.	20½d.
Average	20½d.	20¾d.
May 14	20½d.	20¾d.

The highest rate of exchange on New York recorded during the period from the 7th instant to the 13th instant was \$4.99½, and the lowest \$4.95½.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Diven- ture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
					Amount	Amount	Rate				
Breweries											
Brampton Brewery	Mar. 31	£ 24,798	£ 33,834	£ 58,632	£ 5,500	£ 20,547	10	£ ...	£ 32,585	£ 29,628	10
Buchanan-Dewar	Mar. 31	110,117	866,692	976,809	249,753	613,500	20	...	113,556	817,166	18½
Financial Land, etc.											
Eastern Plantations Finance	Mar. 31	12,887	7,487	20,374	...	5,797	3	...	14,477	5,961	2½
Hudson's Bay Co.	Jan. 31	69,734	144,717	214,451	137,250a	...	...	...	77,201	40,981	Nil
Lake View Investment Trust	Mar. 31	34,733	52,330	86,703	11,750	35,075	7½	5,000	34,878	55,060	6½
London County Freehold and Leasehold Properties	Mar. 31	127,243	350,056	477,299	28,655	255,826	11	65,403	127,415	297,236	11
Matador Land and Cattle...	Dec. 15	576	Dr. 24,274	Dr. 23,698	...	...	...	Dr. 30,000	6,302	Dr. 4,414	Nil
Metropolitan Housing Corpn.	Mar. 31	12,431	95,190	107,621	23,234	49,867	8	22,213	12,307	81,339	8
Scottish Drapery Corpora- tion	Apr. 19	113,686	86,539	200,225	37,539	39,650	8	4,915	118,121	81,458	8
Tea Corporation	Jan. 31	4,061	6,405	10,466	...	4,375	5	1,749	4,342	4,269	4
Telephone Properties	Dec. 31	11,366	35,688	47,054	17,889	15,769	5	...	13,396	36,427	5
Warner Estate	Mar. 31	5,615	57,986	63,601	18,718	19,500	6(d)	20,500	4,883	65,014	5½(h)
Gas											
South-Western Gas	Mar. 31	20	21,343	21,363	4,817	16,304	5	...	242	12,860	5
Hotels, Restaurants, etc.											
Criterion Restaurants	Mar. 31	13,656	27,999	41,655	...	25,875	11½	2,000	13,780	23,298	10
Iron, Coal and Steel											
Armstrong-Whitworth Secu- rities	Dec. 31	Dr. 27,847.99	Dr. 18,326	Dr. 28,031.25	...	...	...	131,659	Dr. 29,347.8	Dr. 40,372	Nil
Niddrie and Benhar Coal	Mar. 31	9,643	29,357	39,000	...	20,000	10½	5,000	14,000	26,205	10
Stone (J.) and Company	Dec. 31	99,050	125,650	224,700	39,000	60,040	10	...	125,660	44,195	Nil
Oil											
British-Borneo Petroleum...	Mar. 31	36,447	71,597	108,044	...	45,938	17½	20,000	42,106	66,735	15
Venezuelan Oil Concessions.	Dec. 31	140,277	1,236,009	1,376,286	95,280	804,392	18½	322,991	153,623	1,182,935	11½
Rubber											
Bagar Serai	Dec. 31	...	4,992	4,992	...	4,594	3½	...	398	4,992	3
Besokei	Dec. 31	9,936	1,254	11,190	...	2,200	2	Dr. 1,215	10,205	9,275	8
Bradwall (F.M.S.)	Dec. 31	4,124	1,917	6,041	...	1,716	2½	...	4,325	2,349	4
Bukit Panjong	Dec. 31	5,065	8,480	13,545	...	8,105	4½	936	4,504	8,707	6
Changkat Salak	Dec. 31	8,298	12,087	20,385	6,375	4,433	5	1,296	8,281	15,288	6
Chersonese (F.M.S.)	Dec. 31	25,093	16,076	41,169	...	12,500	4½	5,000	23,669	14,198	4½
Java United	Dec. 31	4,479	Dr. 2,510	1,969	...	3,000	2	Dr. 6,215	5,184	9,013	4
Kombok (F.M.S.)	Dec. 31	9,052	3,156	12,208	...	3,000	2½	...	9,208	4,500	5
Lendu	Dec. 31	Dr. 1,479	Dr. 30	Dr. 1,509	...	...	...	Dr. 1,509	450	Nil	Nil
Lok Kawi	Dec. 31	167	120	287	...	...	...	100	187	5,165	Nil
Rembau Jelai	Dec. 31	20,807	21,713	42,520	...	21,499	5	...	21,021	23,536	6
Sahang	Mar. 31	(s)	978	978	...	...	...	658	320	(a)	(a)
Simo	Dec. 31	...	7,933	7,933	...	7,000	5	...	933	(a)	(a)
Sumatra Anglo-Dutch	Dec. 31	Dr. 41,094	Dr. 7,084	Dr. 48,178	...	...	...	Dr. 48,178	Dr. 9,852	Nil	Nil
Straits Rubber	Dec. 31	83,023	23,576	106,599	...	23,625	3	35,430	47,544	44,592	4
Tangga Batu	Dec. 31	217	699	916	...	...	...	...	916	Dr. 73	Nil
Tarun (Malay)	Dec. 31	4,079	5,803	9,882	...	5,000	5	800	4,082	6,997	5
Woodend (Kelani Valley)	Dec. 31	1,912	2,965	4,877	...	1,875	2½	574	2,428	2,859	5
Shipping											
Britain Steamship	Dec. 31	Dr. 57,419	Dr. 1,615	Dr. 59,034	...	...	...	...	Dr. 59,034	2,473	Nil
India General Navigation	Dec. 31	18,288	44,441	62,729	12,202	19,667	3½	3,500	27,360	56,585	3½
Indo-China Steam Navi- gation	Dec. 31	676	Dr. 27,352	Dr. 26,678	...	...	...	Dr. 28,000	1,322	Dr. 62,638	Nil
Union-Castle Mail Steamship	Dec. 31	82,149	329,915	412,064	124,620	...	...	240,000	47,444	347,423	Nil
Tea											
Alliance of Ceylon	Dec. 31	7,098	11,160	18,258	...	9,000	6	2,500	6,758	13,750	8
Bandarapola Ceylon	Dec. 31	2,572	2,724	5,296	...	3,000	5	Dr. 500	2,796	4,919	9
Eastern Produce and Estates	Dec. 31	22,728	49,719	72,447	3,600	33,300	10	10,000	25,547	19,915	5
Glentafie	Dec. 31	400	1,348	1,748	...	500	...	500	1,248	Dr. 894	Nil
Imperial Ceylon	Dec. 31	6,155	7,730	13,885	...	6,720	6	1,250	5,915	10,242	7
Mayfield (Dimbula)	Dec. 31	9,033	5,019	14,052	1,980	3,065	10	...	9,007	4,830	9
Rangalla Consolidated	Dec. 31	848	2,752	3,600	...	1,496	2½	1,540	564	2,049	Nil
Tyspane	Dec. 31	890	3,081	3,971	116	1,423	6	1,250	1,182	...	...
Yatiyantota Ceylon	Dec. 31	519	2,325	2,844	1,350	...	...	Dr. 500	1,994	4,744	Nil
Telegraphs, etc.											
Great Northern Telegraph (Denmark)	Dec. 31	487,722	399,501	887,223	...	402,233	20	...	484,990	399,582	20
Marconi's Wireless Telegraph	Dec. 31	9,224	259,806	269,030	17,500	90,906	4½	152,941	7,683	225,733	6
Textiles											
Salts (Saltaire)	Mar. 31	48,860	241,777	290,637	42,000	75,000	125(h)	90,000	53,637	151,548	100
Vantona Textiles	Mar. 31	3,145	(v) Dr. 2,352	793	...	30,000	50(i)	...	793	Dr. 4,735	25½
Trusts											
Investment Trust	Apr. 15	30,549	35,467	66,016	20,953	11,622	5	2,000	31,441	33,475	5
Celtic	Apr. 5	25,163	33,427	59,590	23,714	7,958	2½	1,500	26,418	31,084	2
Investment Trust	Apr. 30	46,849	86,515	133,364	31,345	41,663	6	12,000	48,356	87,678	5½
Investment Trust	Apr. 15	...	28,869	28,869	18,136	9,585	6	1,148	...	28,014	5
Investment Trust	Apr. 5	20,175	28,622	48,797	27,500	...	...	...	21,297	27,668	Nil
Investment Trust	Mar. 31	16,995	49,931	66,926	35,156	6,919	1½	7,000	17,851	47,152	1
Investment Trust	Mar. 31	41,104	28,971	70,075	12,338	10,879	4	...	46,858	27,181	4
Investment Trust	Mar. 31	4,291	32,513	36,804	23,320	9,225	3	...	4,258	35,996	2
St. Andrew Trust	Apr. 15	21,706	19,721	41,427	17,484	...	...	...	23,943	17,937	Nil
Third Scottish National	Mar. 31	33,765	26,168	59,933	17,531	3,478	1½	15,000	23,924	20,388	Nil
Winterbottom Trust	Mar. 31	12,941	23,921	36,862	23,734	...	...	Dr. 1,400	14,528	24,036	Nil
Waterworks											
Province of Buenos Ayres Waterworks	Dec. 31	21,593	37,878	59,471	...	...	...	35,187	34,284	34,750	Nil
Other Companies											
Investment Trust	Dec. 31	Dr. 76,526	Dr. 16,167	Dr. 92,693	...	...	...	...	Dr. 92,693	Dr. 14,179	...
Investment Trust	Dec. 31	14,925	17,295	32,220	2,825	11,387	20	5,000	13,008	22,212	20

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS—cont.

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
Other Companies—cont.		£	£	£	£	£	%	£	£	£	%
Asquith (William).....	Apr. 2	Dr. 13,481	27,752	14,271	10,127	...	...	...	4,144	Dr. 12,872	Nil
Beautifly Furniture.....	Mar. 31	174	37,212	37,386	...	17,250	22½	10,420	9,716	30,105	20
Catalinas Warehouses, etc...	Dec. 31	Dr. 13,356	Dr. 2,761	Dr. 16,117	...	...	...	...	Dr 16,117	Dr. 3,428	...
Craig and Rose.....	Mar. 31	7,638	10,476	18,114	5,000	5,000	5½	...	8,114	11,953	5½
Energen Foods.....	Mar. 31	526	9,841	10,167	...	8,000	20	1,765	402	11,756	20
Engineering Components ...	Mar. 31	...	16,247	16,247	2,871	11,992	12½	1,000	384	(b)	(b)
Ever Ready Co. (Gt. Britain)	Mar. 31	56,604	482,780	539,384	20,000	292,775	35	167,457	59,152	449,579	35
Financial Times.....	Dec. 31	42,545	67,036	109,581	34,100	19,062	5	12,500	43,919	54,293	2½
Johnson (Richard) and Nephew	Mar. 31	32,777	33,502	66,279	16,144	13,725	6	...	36,410	16,391	4
Malkin Tiles (Burslem)	Feb. 29	19,009	18,156	37,165	4,864	9,188	20	2,500	20,613	24,706	20
Mandleberg (J.) and Co. ...	Dec. 19	Dr. 39,565	Dr. 5,866	Dr. 45,431	...	...	...	...	Dr 45,431	Dr. 7,741	Nil
North British Rubber	Dec. 31	8,222	4,702	12,924	...	...	...	12,407	517	23,053	Nil
Prichard and Constance.....	Dec. 31	3,237	33,646	36,883	6,200	26,750	70	...	3,933	33,029	69½
Veno Drug.....	Mar. 31	3,536	125,143	128,679	44,056	81,034	196	...	3,589	92,983	74
Yeast-Vite	Dec. 31	19,821	101,624	121,445	15,112	81,293	29½	...	25,040	86,494	25

(g) Seven months. (d) Also bonus of 2 per cent., absorbing £6,500, to be taken from reserve, which will then amount to £173,000. (h) Also bonus of three preference shares for every 100 ordinary shares. (a) No comparable figures. (b) Preferred ordinary shares. (i) Ordinary shares. (a) Amount required for payment of six years' dividend—from July 1, 1930, to June 30, 1936—on 30s. of each 5 per cent, cumulative preference share to be repaid. (b) No comparable figures. † Free of income tax. (s) From August 10, 1935, to March 31, 1936. (v) 14 months.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended	Miles Open	Gross Receipts, week ended					Aggregate Gross Receipts 1936 compared with 1935	
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DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash		Dividend for Whole Years		
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
RAILWAYS					
Midland Railway of Western Australia Income Deb. Stk.	2%*	July 1	Same	...	...
INSURANCE					
Pioneer Life Assurance	1/- p.s.	...	Same	1/9 p.s.	1/9 p.s.
TEA AND RUBBER					
Amalgamated Tea Estates	...	...	...	4	2 1/2
Anglo-American Direct Tea Trading	...	...	...	6	10
Jagraco Tea	5 1/2%*	June 18	...	8	5
British Dargeling Tea	7 1/2%*	May 26	6%*	10	6
Chubwa Tea	10%*	June 3	7 1/2%*	12 1/2	10
Chulsa Tea	8%*	June 22	...	12	8
Consolidated Tea and Lands	7 1/2%*	...	6%*	10	9
Jangwa Jhar Tea	...	June 15	...	5	5
Derby Tea	10%*	...	5%*	15	10
Eastern Produce and Estates	7 1/2%*	...	...	10	5
Haydella Tea and Rubber	...	May 29	...	2 1/2	Nil
Isa Bheel Tea	10%*	...	7 1/2%*	15	12 1/2
Kanan Devan Hills Produce	8 1/2%*	...	Same	12 1/2	12 1/2
Kuala Perleng Syndicate	...	...	...	5	4
Kuala Selangor Rubber	...	June 6	...	8d. p.s.	3d. p.s.
Malayan General Co.	5%*	May 23	Same	...	...
Mazdehe Tea	3%*	May 30	Same	5	5
Quar Itam Estates	...	...	...	2	3
Sapony Rubber	...	...	...	...	...
Yihet Tea	7%*	June 10	...	9	10
United Sui Betong Rubber	5%*	June 11	6 1/2%*	10	12 1/2
MINING					
Ashanti Goldfields	22 1/2%*	June 4	Same	...	...
Tabait Gold Mines	15%*	...	Nil*	30	Nil
Reevor Tin Mines	20%*	...	Same	30	30
Globe and Phoenix Gold	20%*	May 30	Same	80	80 1/2
Henderson's Transvaal Estates	...	...	...	10	10
Oris Hydraulic Tin	5%*	June 2	2 1/2%*	5	...
Samra Tin	2 1/2%*	...	Same	...	7 1/2
Clillinghall Tin	12 1/2%*	June 8	7 1/2%*	...	...
Mount Lyell Mining	24%*	June 22	Nil*	...	...
Naihi Road Junction Gold (2/-)	14d. p.s.*	June 12	Same	...	...
OTHER COMPANIES					
Abdulla & Co.	...	...	...	10	7 1/2
Advance Laundries	6 1/2%*	June 30	5 1/2%*	10	9
Allied Produce "A" and "B" ord.	...	June 1	...	2	2
Anglo-Egyptian Oilfields "B"	...	...	...	10	10
Anglo-Newfoundland Development	3 1/2%*	...	Same	6	6
Argentine Navigation Co. Mihanovich 10% Pref.	3%*	July 1	...	9	...
Associated Equipment	5d. p.s.*	June 15	Same	...	...
Atlas Steel Foundry	3%*	June 1	Nil*	...	...
Bass Ratcliff and Gretton	5 1/2%*	May 27	Same	...	...
Beaumont Property Trust	3%*	May 30	Same	...	...
Beechams Pills Deferred	25%*	...	20%*	50	27 1/2
Bellamy (Joseph) and Sons	5%*	June 1	First period	8	...
Blockleys	7%*	May 21	First period	10	...
Boots Pure Drug	4 1/2%*	...	Same	29(a)	29(a)
British Hosiery Trust	...	...	...	4 1/2	2 1/2
British Borneo Petroleum	12 1/2%*	...	Same	17 1/2	15
British Electric Traction	2 1/2%*	...	Same	5 (b)	5 (b)
Buchanan Dewar	15%*	...	11 1/2%*	20	18 1/2
Butler (W.) and Co.	15%*	June 1	Same	...	...
Chester Northgate Brewery	18%*	...	Same	...	...
Chesters Brewery	18%*	...	17%*	24	23
City of London Real Property	2%*	June 3	Same	4	4
Compton (J.) Sons and Webb	7 1/2%*	...	Same	12 1/2	12 1/2
Delhi Electric Supply	4 1/2%*	May 27	Same	20	12
Dubilier Condenser	...	...	Same	7	15
East African Power and Lighting	4%*	...	Same	8	7
Edmundsons Electricity	4 1/2%*	...	Same	7	7
Egyptian Delta Land and Investment	...	May 25	...	10d. p.s.	1/- p.s.
Finlay (James) and Co.	6%*	...	7 1/2%*	10	12 1/2
Fitch and Sons	...	...	...	5	13
Flaming (A. B.) and Co.	10%*	...	...	15	2 1/2
Special Cash Bonus	10%*	...	...	...	...
Grand Hotel, Harrogate	...	May 30	...	2 1/2	2 1/2
Grand Hotel (Manchester)	5%*	...	Same	...	...
Hatherley Works	4%*	...	...	7	12 1/2
Imperial Continental Gas	6%*	May 30	7%*	10	12
India General Navigation	...	...	...	13	13
Indian and General Investment Trust	7 1/2%*	...	6%*	12 1/2	11

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

The general tendency of the prices of primary products subject to International arbitrage was again irregular, a reflection of the feeling of uncertainty created by International political developments and by the possibility of currency devaluation by the gold bloc countries. Wheat prices eased under the influence of Canadian selling pressure. The market in raw sugar failed to improve and competition at the Mincing Lane tea auctions was less keen. Imported beef and mutton were again cheaper, while bacon prices remained generally unchanged. English eggs were marked down following an increase a week ago, but butter and cheese were slightly higher. The market in rubber was not very active, prices showing a sagging tendency. Vegetable oils and oilseeds were

Johnson (Richard) and Nephew ..	2 1/2%*	June 1	Nil	6	4
Lactagel	17 1/2%*	May 15	Same	22 1/2	20
Laporte ("B")	5%*	June 2	Same	22 1/2	22 1/2
London Brick	2/10 p.s.*	...	Same	22 1/2	22 1/2
Lyons (J.) and Co., ord.	2/10 p.s.*	...	Same	19-8d ps	10-8d ps.
Do. "A" ord.	6-8d. p.s.*	...	Same	10-8d ps.	10-8d ps.
Do. proportional profit shares	6-8d. p.s.*	...	Same	10-8d ps.	10-8d ps.
Do. B proportional profit	4%*	May 23	Same	4 1/2	6
Manbre and Garton	1/- p.s.*	June 2	Same	...	...
Marconi's Wireless Telegraph	12%*	June 15	11%*	...	...
Morgan's Brewery	12%*	...	...	...	...
Melbourne Electric Supply	2%*	...	...	...	...
Nelson Financial Trust	...	...	...	...	...
Nineteen Twenty Eight Invest-	...	...	...	...	...
ment	...	...	...	...	...
Northern American Trust	6%*	June 1	Same	2	2
Primitiva Holdings	...	May 26	...	3	3
Siemens, Ltd.	...	...	...	6	4
Simonds (H. & G.)	4%*	June 15	Same	...	...
Starkey Knight and Ford	4%*	...	Same	...	...
Stewart and Arden	7 1/2%*	June 1	Same	...	...
Tedacaster Tower Brewery	5%*	...	Same	5	5
Telephone Properties	3%*	June 22	4 1/2%*	8 1/2	8
Telephone Rentals	5%*	...	...	10	4
Thames Grit and Aggregates	4%*	June 15	Nil	...	...
United Molasses	...	...	First	196	74
Veno Drug (Deferred)	30%*	...	Same	12 1/2	12 1/2
Warner's Radio	7 1/2%*	...	Same	...	...
White (A. J.)	5%*	...	Same	...	...
Wolverhampton and Dudley	30%*	...	Unchanged	8	8
Breweries	5%*	...	2 1/2%*	...	...
Woodrow (John) and Son	30%*	...	2 1/2%*	...	...
Woolworth (F. W.)	5%*	...	2 1/2%*	...	...
Yates's Castle Brewery	22 1/2%*	...	...	29 1/2	25 1/2
Yeast Vile	...	...	...	...	...

(a) 5 per cent. paid free of income tax. (b) Also bonus of 10 per cent. in fully paid £1 deferred shares.

PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY.—The directors have declared an interim dividend on cumulative preferred stock for half-year to March 31, 1936, at rate of 5 per cent. per annum, payable, less tax, on May 14, 1936. The directors regret that they are unable to declare an interim dividend on the deferred stock.

THE MEXICAN EAGLE OIL COMPANY, LTD.—(7 per cent. 1st preference shares).—With regard to the dividend on these shares payable May 7, 1936, in accordance with Mexican law a deduction of 2 per cent. from the gross amount of this dividend must be made in respect of Mexican absentee tax which has been paid by the company to the Mexican Government. United Kingdom income tax at the rate of 4s. 9d. in the £ will be deducted from the net amount of the dividend.

BRITISH INDUSTRIES FIXED TRUSTS (THIRD PORTFOLIO).—The Midland Bank and Executor Trustee Company, Ltd., announces a first income distribution of 4 1/2 pence per sub-unit, free of income tax, representing income received during 24 weeks ended April 10, 1936. Income warrants will be posted on May 9 to certificate holders registered as at April 10, 1936. There is a balance carried forward to the next half-year equivalent to 0.15898 pence per sub-unit, free of income tax.

BEECHAMS PILLS, LTD.—The directors recommend payment of a final dividend on the deferred shares of 25 per cent. actual, less tax, making with the interim dividends already paid, 50 per cent., less tax, for the year ended March 31, 1936. They are also recommending a capital bonus of one deferred share for every 20 deferred shares held. They also recommend the payment of the usual participating dividend of 2 per cent. per annum, less tax, on the cumulative participating preferred shares.

BRITISH-BORNEO PETROLEUM.—Net profits of the British-Borneo Petroleum Syndicate have increased from £66,735 to £71,597. There is to be a final dividend of 5 per cent., maintaining the total at 10 per cent. The bonus is to be raised from 5 per cent. to 7 1/2 per cent. General reserve receives £20,000, against £17,689, and the carry-forward will be £42,106, against £36,447.

BUENOS AYRES AND PACIFIC RAILWAY COMPANY, LTD.—The board of directors with the concurrence of the stockholders' committee have resolved that a payment of one year's arrears of interest to December 31, 1935, should be made on the 4 1/2 per cent. second debenture stock of the Buenos Ayres and Pacific Railway Company, Ltd., on June 6th next (together with interest at the rate of 5 per cent. per annum on the arrears—amounting to £1 10s. 6d. per £100 stock—as provided by the scheme of arrangement of July 15, 1935). The payment will be made, less income tax at 4s. 9d. in the £, to all holders on the register at the close of business on May 6, 1936. The Argentine Great Western Railway Company, Ltd., will be handed a sum sufficient to enable that company to distribute arrears of interest for the same period on its 4 per cent. second debenture stock, together with 5 per cent. per annum interest on arrears.

BOOTS PURE DRUG.—The directors announce, subject to audit, net profits for the year ended March 31, 1936, amounted to £770,889. This compares with £750,037 for the preceding year—a rise of over £20,800. In addition to the four interim dividends already paid, amounting to 24 per cent., less tax, a bonus of 3d. a share (or 5 per cent.), tax free, will be paid to shareholders registered on May 8.

JAMES FINLAY AND COMPANY, LTD.—Profit for 1935, £186,233, or £36,795 less than for the previous year. The final ordinary dividend is reduced from 7 1/2 per cent. to 6 per cent., making the total for the year 10 per cent., compared with 12 1/2 per cent.

J. LYONS AND COMPANY, LTD.—The directors of J. Lyons & Company, Ltd., propose a final dividend of 2s. 10d. per share on the ordinary and "A" ordinary share capital and one-fifth of this amount (6.8d.) per share on the proportional profit and "B" proportional profit share capital, for the year ended March 31, 1936. The balance sheet will be issued about the end of May and the meeting will take place early in June.

COAL

SHEFFIELD.—There is still a strong demand for industrial coal, and owing to increased quotas, deliveries of steam coal have considerably improved. Prices remain firm and business is good. The shortage of coking smalls is not now so heavy. Requirements or inland trade are brisk. Export trade is relatively quieter and enquiries for forward delivery are not so active. The high price of blast-furnace coke is maintained and demand exceeds supply. Export prices: South Yorks hards, 19s.-19s. 6d.; South Yorks washed trebles, 17s. 6d.-18s.; South Yorks washed steam doubles, 7s. 6d.-18s.; Derbyshire top hards, 18s. 3d.-18s. 9d.; Derbyshire obbles, 18s. 3d.-18s. 9d. Inland: South Yorks best, 23s.-25s.; Derbyshire best house, 22s.-23s.; best screened nuts, 19s.-20s.; nutty slacks, 10s.-11s.; Derbyshire hards, 19s. 6d.-20s.

NEWCASTLE-ON-TYNE.—Collieries producing steam coals are not lacking in trade, screened qualities being in keen demand from Scandinavia and the Irish Free State. Sizing team coals also have a steady sale in the same direction. In the south of the Durham coalfield coking and manufacturing coals are in much better demand, due mainly to active conditions in the local iron and steel trade. In the north-west of the coalfield, where coking and gas collieries have always depended upon export trade, idle time is frequent. Prime bunkers are better placed under a more active "bunker only" trade.

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

CARDIFF.—The general position on the Cardiff coal market is unchanged. There has been little, if any, alleviation of the glut of large coal, and, with production curtailed, the scarcity of small and sized classes has been accentuated. Export business continues very depressed and reports are prevalent of a possible further restriction of imports by France next month. Interest at the moment is centred mainly on the fight of the South Wales Executive Board for a larger share of the inland trade. At the meeting last week with the Secretary for Mines and the Central Council it was found impossible to remove the deadlock which has been reached in the discussion over the terms of the amended scheme of the Central Council to meet the conditions of centralised selling, mainly because of the persistence of South Wales in its demand for a percentage share of the total trade of the country instead only of the home market. The matter is to be considered further at an adjourned meeting of the Central Council this week.

Prices are nominally unchanged, current quotations being: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best drys, 18s. 6d.; Black Veins, 18s. 3d.; Western Valleys, 17s. 6d. to 17s. 9d.; Eastern Valleys, 17s. 3d. to 17s. 7 1/2d.; best small steams (washed), 13s. 6d. to 14s. 6d.; seconds, 13s. to 14s.; coking smalls, 14s. 3d. to 14s. 6d.; anthracite, best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s. 9d.; rubby culm, 11s. 6d. to 12s.; special foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship, French 24s. 3d., Portuguese 21s. to 21s. 6d.

During the week ended May 10th shipments in the foreign and coastwise trades totalled only 287,200 tons, compared with 341,200 tons the previous week, and 309,500 tons in the corresponding (Jubilee) week last year, and for the current year to date total exports show a decrease of 910,000 tons, or over 13 per cent., compared with the corresponding period a year ago.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that business continues active. Many departments of the industry are well supplied with orders for delivery into the third quarter of the year. For the past week or two the volume of new business reaching manufacturers has been rather light; but this is regarded as a natural consequence of the previous heavy buying.

In the pig iron market an acute stringency continues, and some brands of foundry pig iron are practically unobtainable for delivery before the second half of the year. The requirements of consumers are heavy, and difficulty has been experienced in obtaining adequate supplies. The steelworks also are using large quantities of basic iron, and supplies in this department are none too plentiful.

Recent imports of semi-finished material from the Continent afforded some relief to the tightness which has ruled for so long in this section, but consumers are not finding it easy to obtain all the steel they need. Producing works have sold their output for a long time to come, and in many cases are behind hand with deliveries.

Business in finished steel has been rather quiet, but specifications are reaching the works at a satisfactory rate and a heavy tonnage is passing into consumption. The requirements of the consuming trades have been well maintained, and it seems probable that the present heavy output will be continued.

MIDDLESBROUGH.—Business in pig iron is less active, but the market continues quite firm. Production is readily taken up, but until another furnace is started on the manufacture of Cleveland foundry pig iron in this district consumers have to satisfy their requirements partly from other districts. East Coast hematite iron is now difficult to secure. It is interesting to note that a parcel of about 1,000 tons has been shipped to the United States. Home users are prepared to place contracts for delivery during the second

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half of this year, but actual business is small owing to the fact that prices are expected to rise after July 31st.

The steel departments are increasing their output, and demand for all classes of steel continues strong. Only odd transactions are taking place in foreign ore, but most works are well covered for the remainder of the year. Good Durham blast-furnace coke is now realising 25s. per ton delivered at works. Whilst the importation of heavy steel scrap from abroad continues, buyers are only prepared to pay 57s. 6d. per ton for British material delivered at the works.

SHEFFIELD.—With producers of pig iron booked well into the last quarter of the year, they are not anxious to enter into further commitments and there has not been much change in the market this week. Although the output of Derbyshire iron is steadily increasing, it is impossible to accumulate much stock at furnaces owing to heavy deliveries under contract. There is a distinct shortage of hematites, and users are ready to place much more business than can be accepted. In finished iron, demand for marked bars is still on the upgrade, and common bars are in active request. Business in crown iron remains poor. Prices throughout the market are unaltered. All sections of the steel market continue their high level of activity. Basic billet demand is extremely heavy, and acid qualities are in good request. Steel strip is in ever-increasing demand and business in wire rods is active. It is regarded as certain that prices will rise in the near future. Makers are not seeking orders or guaranteeing immediate delivery. Special steels are in good demand.

Iron and steel scrap business remains good. Mixed wrought iron and steel for basic furnaces is quieter at 54s. 6d. Light basic steel is in fair demand at around 45s. For heavy basic steel for melting, steel manufacturers offer 55s. delivered, but 57s. 6d. is being asked for large consignments. About 41s. is the highest price for best heavy steel turnings.

GLASGOW.—Activity continues at a high level, and steelmakers and others have sufficient work already on their books to ensure regular employment for several months. The increased activity in structural business within recent months is making heavy demands on local steel producers. Makers of semis are particularly busy, and consumers are finding difficulty in securing adequate supplies. Home users are still absorbing the greater part of the sheet mill output, but just recently export demand has shown improvement and business is coming forward from several overseas markets. Tube makers in this district are only moderately busy. It is announced this week that Messrs Harland and Wolff of Glasgow have been entrusted with the reconditioning of the passenger liner "Ceramic." It is understood that this important contract will give employment for three months to about 1,000 workers.

CARDIFF.—Production in the tinplate industry is being steadily maintained at a higher level than in the corresponding period last year, and last week's shipments at Swansea totalled 99,573 boxes as against 64,487 boxes a year ago. It is not yet known what decisions have been reached at Paris this week in regard to the application of Germany for an increase in its export quota, but the results of the proceedings of the International Tinplate Association are awaited with considerable, if not also anxious, interest. The f.o.b. prices of tinplates are unaltered, and quotations for sheets and steel bars are also unchanged. Quotations for iron and steel scrap, however, are showing an easier tendency. The heavier branches of the industry continue busy, and imports of iron ore are heavier than they have been for some years.

OTHER METALS

COPPER.—Prices were considerably easier, closing on Wednesday at the week's lowest. The uncertainties of the political and economic outlook were again mainly responsible. The statistical position remains sound and, since there are no weak bulls, prices should recover when the outlook becomes more clear.

Sales on the London Metal Exchange: 650 tons on Monday, against 1,500 tons last week; 550 tons on Tuesday, against 750 tons last week; 1,600 tons on Wednesday, against 1,500 last week. Domestic spot was quoted at 8-8 7/8 cents per lb. in New York on Wednesday, against 8-9 7/8 cents a week ago and 8-9 7/8 cents a month ago. Wednesday's official closing price for standard, cash in London, was £36 11s. 3d. to £36 12s. 6d., compared with £37 to £37 1s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 61,185 tons, show a decrease of 253 tons, while stocks of rough copper, at 5,842 tons, show a decrease of 25 tons on the week.

LEAD AND SVELTER.—After an early decline, traceable to the general uncertainty, spelter prices scored some recovery. According to the Metallgesellschaft, no less than 121,521 metric tons of zinc were produced in March, against 109,227 in February and a monthly average of 111,422 metric tons last year. The unfavourable effect of these figures was, however, partially offset by the news that Continental zinc producers are in London to continue the Cartel negotiations. Lead prices suffered a sharp setback, which can only be attributed to the unfavourable international situation. The basic market position remains excellent, so that some recovery in prices may be expected to follow a clarification of the international outlook.

Sales of lead on the London Metal Exchange: 650 tons on Monday, against 700 tons last week; 500 tons on Tuesday, against 400 tons last week; 550 tons on Wednesday, against 500 last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 2s. 6d. per ton, compared with £15 17s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 475 tons on Monday, against 200 tons last week; 450 tons on Tuesday, against 50 tons last week; 850 tons on Wednesday, against 200 last week. Wednesday's quotation in East St. Louis was 4.90 cents per lb., against 4.90 cents the week before and 4.90 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipments during the current month was £14 7s. 6d. per ton, against £14 17s. 6d. last week.

TIN.—Since consumers are holding back in anticipation of a decision by the International Committee on May 26th to increase the quotas, business has been restricted and prices have eased. Bolivian shipments last month are reported to have totalled only 1,840 tons, against 1,662 tons in the previous month, and a monthly quota of some 3,300 tons. Bolivia is thus still unable to make use of her quota, and it is commonly believed that the International Committee will decide upon some relaxation of restriction at its forthcoming meeting. But forecasts are difficult at this stage, in view of the complications caused by Bolivian arrears.

Sales of tin on the London Metal Exchange: 145 tons on Monday, against 225 tons last week; 125 tons on Tuesday, against 135 tons last week; 225 tons on Wednesday, against 80 last week. The New York quotation on Wednesday was 46.87½ cents per lb., against 46.75 cents a week ago and 47.00 cents a month ago. Wednesday's official closing quotation in London for standard cash was £203 15s. to £204 5s. per ton, compared with £205 to £205 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 577 tons, a decrease of 134 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was again quoted at £12 7s. 6d. per flask of 76 lbs. Chinese antimony was quoted at £59 to £60 per ton ex warehouse, duty paid, against £60 last week. Chinese wolfram for April/May shipment was quoted at 33s. 3d. to 33s. 9d. per unit, c.i.f., compared with 33s. 6d. to 34s. a week earlier. Platinum (refined) was maintained at £7 per ounce.

TEXTILES

COTTON.—Manchester.—Inquiry in the market has shown some improvement. Very few contracts, however, have been for more than small lots and some orders have been secured as a result of sellers being more prepared to meet buyers.

There has been practically no change in the level of raw cotton prices. Speculative interest in the futures market remains dormant, but there continues an active demand for actual cotton and world consumption tends to increase. The United States Government is achieving success in disposing of "loan" cotton, and it is estimated that 1,000,000 bales will have been released by the end of this month. Cloth inquiry has been rather more encouraging. Although numerous offers have been too low, some manufacturers have sold slightly more freely. Dealers in India have sent more bids. Rather larger quantities of mulls have been sold for Madras. Some fair lots of dhooties and light whites have been put through for Calcutta and steady buying has occurred in fancies for Bombay and the up-country markets. Bleached shirtings have attracted attention for Colombo. Transactions for China have been quite isolated, but special cloths have been booked for the Straits Settlements. Shirtings and prints have moved off fairly well for West Africa. More encouraging advices have been received from the home trade. Spring and summer goods are moving off more freely and increased buying has been reported in autumn styles.

The yarn market has also met with more inquiry, but business has not been of any weight. Here and there spinners have been more prepared to grant price concessions to obtain contracts.

COTTON PRICES

	1936				Corresponding Date	
	Apr. 22	Apr. 29	May 6	May 13	1934	1935
London—Mid. American per lb.	6.62	6.52	6.46	6.51	6.41	6.54
Kellardis Fully Good Fair	6.62	6.52	6.46	6.51	6.41	6.54
Egyptian per lb.	9.13	9.00	8.99	8.97	8.74	8.35
32's twist per lb.	10.1	10.1	10.1	10.1	10.1	10.1
32's twist (Egyptian) per lb.	10.1	10.1	10.1	10.1	10.1	10.1
32's twist (Egyptian) per lb.	10.1	10.1	10.1	10.1	10.1	10.1
32 in. 116 yds., 16 by 16, 32's and 50's per lb.	17 2	17 0	17 0	17 0	18 6	17 7
36 in. Shirting 75 yds., 19 by 19, 32's and 40's per lb.	24 3	24 0	24 0	24 0	23 0	23 9
38 in. ditto, 38 yds., 18 by 18, 10 lb.	10 1	10 0	10 0	10 0	10 1	10 5
39 in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 1	9 0	9 0	9 0	9 9	9 3

COTTON TRADE AGES.—The Central Committee of the Cotton Spinners' and Manufacturers' Association, which is the employers' organisation in the weaving section of the Lancashire cotton industry, has decided to refer the increased wages demand of the operatives to the District Associations for their consideration. It is understood the Central Committee will consider the replies before the

further joint meeting between the employers and the trade union officials is held in Manchester on May 27th. The Operative Weavers' Amalgamation have applied for an increase of 15 per cent. on current earnings and a minimum wage of 7½d. an hour or 30s. a week. Owing to the depression which continues in the cotton industry, employers as a body are against making any concession to the workpeople. The Weavers' Amalgamation and the Cotton Manufacturers' Association recently took a census of the wages earned by weavers in a particular week and the results do not show much difference. During the last few years there has been no incentive for young people to enter the mills and even at the present time there is a shortage of labour in certain districts. It is held that should trade improve, numerous employers would be severely handicapped owing to the shortage of efficient operatives.

WOOL.—Bradford.—There has not been a big turnover in tops or yarns in Bradford during the past fortnight. But quotations are quite steady and have stood the shock of the ease in raw wool prices at the commencement of the third series of London sales remarkably well. The uncertain European political situation made home trade buyers more cautious, and as there was very little Continental competition, Yorkshire had the field very largely to itself. Owners also adopted an attitude which was not conducive to the ready sale of the offerings, for their reserve prices were too high. Apparently they were not influenced by opinion in the City regarding the possible effect in financial circles of the change in the French Government. If selling brokers had been given a free hand, they would probably have gone a little way to meet the market, but there was no small measure of confidence among them, and the shrewdness of their policy has since been revealed in the fact that withdrawn wool has been sold privately without any less having to be taken, while re-offered lots have even realised 1d. per lb. more than was bid the first time in the saleroom. The Sydney sales have also helped the tone in Bradford. Even after the London sales commenced, prices there were quite firm, and although some buyers have reported this week that they have been able to buy a good weight on slightly lower limits, the clean cost delivered Bradford is no less. Merino tops have been sold here and there at a slight concession, but as the price at the opening of the wool sales was above Bradford, and has since slightly increased, topmakers see no reason for selling standard average 64's at less than 32½d. They have large orders on their books and spinners are taking up their contracts very well. Export business in crossbred tops is rather disappointing, but prices are kept firm by home trade demand and consumption. Large weights of fine and medium crossbred tops are going into yarns for men's suitings, and low qualities for the bunting which is being made in preparation for the King's Coronation. Having bought big weights of yarn, manufacturers are disposed to await developments. Woollen and worsted machinery is much busier than a year ago.

GRAIN MARKETS

WHEAT.—The smallness of shipments to the United Kingdom was offset by continued pressure of Canadian in near positions, and prices have eased generally. At the lower level, however, a large volume of business was transacted in Canadian wheat.

On Wednesday last, "May" futures were quoted in Chicago at 93 cents per bushel, against 96½ cents the week before and 98 cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 32s. to 32s. 9d. per 496 lbs., against 32s. 6d. a week ago; No. 2 Northern Manitoba, ex ship, 31s. 3d., against 32s. 1½d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,331,000 quarters, against 1,237,000 in the previous week and 1,583,000 quarters in the corresponding week a year ago.

FLOUR.—The market has been quiet at unchanged rates. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 29s. per 280 lbs., against 29s. a week ago; delivered inner London, 28s. 6d., as compared with 28s. 6d. a week ago. Manitoba patents, ex store, 25s. 6d. to 27s. 3d., against 26s. to 27s. 9d. a week ago. Australian, ex store, 22s. 6d. to 23s., against 22s. 6d. to 23s. a week ago.

BARLEY.—Imported feeding barley was a shade easier, while brewing barley was steady. "May" futures were quoted at 37½ cents per bushel in Winnipeg on Wednesday, against 37½ cents a week ago and 38½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 22s. 6d., as against 22s. 6d. a week ago; "English Malting" at farm, 25s. to 40s., against 25s. to 40s. a week ago.

OATS.—English and Scotch oats have been steady on a better inquiry. Demand for imported oats improved. On Wednesday, "May" futures were quoted at 26 cents a bushel in Chicago, against 26½ cents a week ago and 27 cents last month. Quotations in London, Wednesday: "English Black," at farm, 18s. to 19s. per 336 lbs., against 18s. to 19s. a week ago; "English White," at farm, 18s. to 19s., against 18s. to 19s. a week earlier.

MAIZE.—Demand suffered a contraction this week, but prices showed little change. "May" futures were quoted on Wednesday at 62½ cents per bushel in Chicago, against 62½ cents a week ago, and 61 cents last month. Quotations in London, Wednesday: "Plate," landed, 20s. per 480 lbs., compared with 20s. a week ago; "Plate," ex ship, 19s., as against 19s. a week ago; "Plate," "May," 18s. 6d., as against 18s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £5 7s. 6d. per ton, as against £5 7s. 6d. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36.

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended April 30		Four Months ended April 30	
	1935	1936	1935	1936
—Food, Drink and Tobacco—				
A. Grain and Flour	3,633,889	4,847,917	16,086,628	19,719,795
B. Feeding-stuffs for Animals	568,657	603,591	2,624,655	2,716,857
C. Animals, Living, for Food	474,852	586,346	1,676,270	2,055,730
D. Meat	6,991,171	6,481,068	26,127,206	25,049,901
E. Dairy Produce	4,611,101	4,883,032	18,598,498	20,039,311
F. Fresh Fruit and Vegetables	3,372,301	3,309,707	11,401,813	12,059,263
G. Beverages and Cocoa Preparations	3,241,445	3,377,554	13,863,578	15,196,731
H. Other Food	3,585,888	3,363,516	14,241,893	14,799,193
I. Tobacco	675,769	891,644	4,647,393	5,266,999
Total, Class I	27,155,073	28,354,375	109,267,934	116,903,780
—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,691	1,145	6,364	16,272
B. Other Non-Metalliferous Mining and Quarry Products and the like	327,189	408,326	1,084,715	1,309,672
C. Iron Ore and Scrap	430,900	886,845	1,557,036	3,059,963
D. Non-Ferrous Metalliferous Ores and Scrap	850,187	1,027,625	3,307,668	4,138,707
E. Wood and Timber	1,561,447	1,843,315	6,708,659	7,642,037
F. Raw Cotton and Cotton Waste	2,465,130	3,390,581	11,511,964	14,077,276
G. Wool, Raw and Waste, and Woolen Rags	4,742,329	5,133,933	15,365,812	19,579,890
H. Silk, Raw, Knobs and Noils	129,165	166,815	439,373	781,847
I. Other Textile Materials	725,977	786,547	4,429,613	4,388,048
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,161,219	2,643,333	8,746,804	10,195,304
K. Hides and Skins, Undressed	1,338,862	1,736,631	5,346,150	6,847,781
L. Paper-making Materials	844,700	971,574	3,284,592	3,597,524
M. Rubber	748,272	369,745	4,236,349	1,997,996
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	641,736	681,490	3,180,706	3,164,510
Total, Class II	16,968,804	20,047,905	69,225,805	80,799,827
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	6,967	6,841	19,240	37,674
B. Pottery, Glass, Abrasives, etc.	554,392	558,788	2,129,935	2,209,990
C. Iron and Steel and Manufactures thereof	531,607	1,005,458	2,887,621	3,914,727
D. Non-Ferrous Metals and Manufactures thereof	2,063,718	3,130,583	8,194,561	10,330,366
E. Cutlery, Hardware, Implements and Instruments	511,907	523,762	1,848,854	2,054,881
F. Electrical Goods and Apparatus	213,971	278,188	872,326	1,059,178
G. Machinery	1,068,430	1,527,527	4,182,175	5,538,443
H. Manufactures of Wood and Timber	543,715	600,152	1,927,097	2,355,859
I. Cotton Yarns and Manufactures	194,423	216,375	753,485	876,589
J. Woollen and Worsted Yarns and Manufactures	210,263	216,520	806,722	922,402
K. Silk Yarns and Manufactures	255,435	185,919	1,127,160	929,499
L. Manufactures of other Textile Materials	584,813	549,646	2,346,546	2,392,712
M. Apparel	865,359	856,531	3,221,555	3,380,207
N. Chemicals, Drugs, Dyes and Colours	935,103	1,082,937	3,633,257	4,140,317
O. Oils, Fats and Resins, Manufactured	3,410,469	3,235,920	10,679,300	11,911,991
P. Leather and Manufactures thereof	620,083	759,991	2,486,410	2,887,470
Q. Paper, Cardboard, etc.	941,849	1,083,615	3,961,414	4,658,879
R. Vehicles (including Locomotives, Ships and Aircraft)	508,689	514,716	1,716,974	1,983,730
S. Rubber Manufactures	50,377	46,966	208,587	206,051
T. Miscellaneous Articles wholly or mainly Manufactured	1,413,316	1,508,838	5,225,551	5,606,956
Total, Class III	15,484,257	17,889,473	58,228,770	67,397,921
IV.—Animals, not for Food	135,089	181,127	444,627	553,172
V.—Parcel Post	128,359	192,706	698,722	1,036,500
Total	59,871,582	66,665,586	237,865,858	266,691,200

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.)

KINGDOM (Value F.O.B.)				
	Month ended April 30		Four Months ended April 30	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	£ 147,512	£ 161,825	£ 620,279	£ 628,696
B. Feeding-stuffs for Animals	44,948	59,188	235,114	239,988
C. Animals, Living, for Food	634	358	3,069	1,478
D. Meat	64,510	71,905	275,692	338,816
E. Dairy Produce	70,186	92,219	257,061	343,742
F. Fresh Fruit and Vegetables	6,584	9,322	95,611	46,325
G. Beverages and Cocoa Preparation	676,467	838,884	2,608,592	3,700,207
H. Other Food	826,632	855,640	3,551,807	3,859,737
I. Tobacco	365,663	326,186	1,439,280	1,454,905
Total, Class I	2,203,136	2,415,527	9,106,505	10,613,894
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,287,574	2,150,261	9,814,463	8,782,651
B. Other Non-Metalliferous Mining and Quarry Products and the like	91,017	84,799	336,564	334,682
C. Iron Ore and Scrap	33,825	24,183	155,603	123,658
D. Non-Ferrous Metalliferous Ores and Scrap	132,716	165,302	507,746	663,210
E. Wood and Timber	8,058	5,892	32,247	25,570
F. Raw Cotton and Cotton Waste	83,467	62,324	442,508	313,631
G. Wool, Raw and Waste, and Woollen Rags	656,273	581,225	3,141,787	2,397,634
H. Silk, Raw, Knobs and Noils	686	1,230	4,370	5,052
I. Other Textile Materials	45,553	43,513	163,353	183,393
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	211,720	264,785	963,725	1,054,764
K. Hides and Skins, Undressed	76,560	158,353	352,473	734,367
L. Paper-making Materials	90,453	98,934	392,777	383,410
M. Rubber	14,962	13,660	60,551	60,173
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	304,477	293,921	1,190,869	1,167,593
Total, Class II	4,037,341	3,948,382	17,559,036	16,229,788
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel	164,463	163,340	971,250	919,293
B. Pottery, Glass, Abrasives, etc.	646,962	653,073	2,514,607	2,613,364
C. Iron and Steel and Manufactures thereof	3,057,456	2,927,685	11,347,424	11,088,835
D. Non-Ferrous Metals and Manufactures thereof	982,560	818,785	4,489,546	4,087,965
E. Cutlery, Hardware, Implements and Instruments	657,740	617,747	2,510,879	2,526,126
F. Electrical Goods and Apparatus	717,938	763,162	2,927,818	3,106,641
G. Machinery	3,213,651	3,308,667	12,731,680	13,412,626
H. Manufactures of Wood and Timber	82,865	98,201	313,947	396,133
I. Cotton Yarns and Manufactures	4,712,556	4,602,973	20,681,101	20,295,749
J. Woollen and Worsted Yarns and Manufactures	2,005,841	2,226,594	10,600,997	10,841,916
K. Silk Yarns and Manufactures	80,416	100,072	356,653	414,703
L. Manufactures of other Textile Materials	1,322,014	1,260,398	5,088,789	5,518,870
M. Apparel	870,228	881,158	3,629,975	3,967,972
N. Chemicals, Drugs, Dyes and Colours	1,729,143	1,639,143	7,105,482	6,816,186
O. Oils, Fats and Resins, Manufactured	404,571	366,550	1,927,243	1,585,343
P. Leather and Manufactures thereof	309,052	332,825	1,224,962	1,343,579
Q. Paper, Cardboard, etc.	497,612	511,058	2,104,500	2,079,770
R. Vehicles (including Locomotives, Ships and Aircraft)	2,506,015	2,677,348	10,206,989	9,722,915
S. Rubber Manufactures	124,358	125,647	489,215	530,726
T. Miscellaneous Articles wholly or mainly Manufactured	1,777,230	1,938,442	6,908,981	7,560,701
Total, Class III	25,862,561	26,012,868	108,131,838	108,829,363
IV.—Animals, not for Food	36,419	41,005	164,842	212,663
V.—Parcel Post	870,147	1,009,362	3,535,827	3,597,456
Total	33,009,604	33,427,144	138,498,048	139,483,164

BUTTER.—Butter has been in demand at firm rates. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 92s.; Australian, choicest salted, 92s.; Danish, 100s. to 101s.; compared with 88s., 88s. and 100s. respectively, a week ago.

CHEESE.—All descriptions were steady in price. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 80s. to 86s.; Canadian, finest coloured, 65s. to 66s.; and New Zealand, finest coloured, 55s. 6d.; against 80s. to 86s., 64s. to 66s., and 55s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 5½ cents per lb., as against 5¼ cents per lb. last week. In London on Wednesday last, good fermented new crop, "May-June," was quoted 25s. per 250 kilos., c.i.f. Continent, against 24s. 10½d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 3,859 bags; delivered, for home consumption, 4,604 bags; exported, 169 bags; stocks, 163,814 bags, against 196,898 bags a year ago.

COFFEE.—Demand in London has been quiet to steady this week. The New York spot market has had a steady tone. On Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6¼ cents per lb. last week and 6¼ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 10 cwt.; delivered, for home consumption, 103 cwt.; exported, 1 cwt.; stocks, 11,415 cwt., against 17,708 bags a year ago. Central and other South American, landed, 5,762 cwt.; delivered, for home consumption, 3,013 cwt.; exported, 939 cwt.; stocks, 127,283 cwt., against 109,638 packages last year. Other kinds, landed, 4,405 cwt.; delivered, for home consumption, 4,575 cwt.; exported, 738 cwt.; stocks, 180,915 cwt., against 128,078 packages last year.

EGGS.—Demand for English was less active and prices eased. Imported descriptions were generally steady. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 9s. 9d. to 10s. 3d. per 120, as against 10s. 6d. to 11s. last week, while Danish (15½ lb.) made 8s. 9d. to 9s. per 120, against 8s. 9d. to 9s. last week.

FRUIT.—At Covent Garden, states *The Fruitgrower*, English Bramley's hold their price, but imported apples have eased, on heavier arrivals. A good showing of pears encountered a moderate demand at unchanged rates; grapes continued to sell well. English peaches, in excellent form, made good prices, but strawberries were generally inclined easier. Except for Brazilian, oranges were a firm market, while grapefruit prices were well maintained. Lemons have not done so well this week. Some gooseberries put in an appearance and there was a moderate showing of French cherries.

MILK.—Information relative to the operation of the Milk Marketing Scheme during April, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:—

	April, 1935	Jan., 1936	Feb., 1936	March, 1936	April, 1936
Regional pool prices* (per gallon)	d.	d.	d.	d.	d.
Northern	12½	13½	14½	12½	11½
North-Western	12	13½	14½	12½	11½
Eastern	12½	13½	14½	13½	11½
East Midland	12	13½	14½	13½	11½
West Midland	11½	13½	14½	12½	11½
North Wales	11½	13½	14½	12½	11½
South Wales	12½	13½	14½	12½	11½
Southern	12½	13½	14½	12½	11½
Mid-Western	11½	13½	14½	12½	11½
Far Western	12½	13½	14½	12½	11½
South Eastern	12½	14	15	13½	12½
Liquid milk price (per gallon, all regions)	16	17	17	17	16
Manufacturing price (per gallon, average)	5.20	5.947	5.942	5.793	4.885
Total sales under contract	75.87	67.23	65.22	74.05	77.03
For liquid consumption	45.78	46.12	44.71	47.54	45.44
For manufacturing	30.09	21.11	20.51	26.51	31.59

* On account to the nearest farthing.

Accredited producers receive 1d. per gallon in addition to the above prices. Premiums for level deliveries and for Grade "A" or special services are paid to the producers concerned in addition to the pool price. Transport charges are payable by individual producers and are deducted from accounts.

MUTTON.—Trade was again slow at easier rates. On Wednesday last Argentine chilled hindquarters were quoted at 3s. to 3s. 6d. per 8 lbs. as compared with 3s. 2d. to 3s. 8d. a week ago. New Zealand frozen mutton was 3s. 2d. to 3s. 8d. per 8 lbs., against 3s. 4d. to 3s. 10d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,506 tons, an increase of 571 tons on the corresponding week last year. Beef and veal accounted for 4,808 tons, mutton and lamb 2,462 tons, and pork and bacon 797 tons, as compared with 4,292, 2,636, and 813 tons respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed,

27 tons; delivered, 14 tons; stocks, 1,717 tons, against 2,301 tons a year ago. White, landed, 2 tons; delivered, 60 tons; stocks, 12,397 tons, against 19,689 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 9s. per cwt. ex warehouse on Wednesday, as compared with 9s. per cwt. a week ago. "May-June," in singles to Continent and U.K., was quoted at 7s. 10½d. per cwt., against 7s. 10½d. per cwt. last week. Movements in London during the past week were as follows: Landed, 140 tons; delivered, 210 tons; stocks, 1,216 tons, against 3,761 tons a year ago.

SUGAR.—The markets have been quietly steady. The spot price in New York on Wednesday was 3.72 cents per lb., as compared with 3.72 cents per lb. last week and 3.75 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 9½d. to 4s. 10½d., against 4s. 9½d. to 4s. 10d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 6,591 tons, against 8,701 tons last week and 5,952 tons in the same week of last year; deliveries, 17,669 tons, against 19,258 tons last week and 12,852 tons last year; stocks, 193,415 tons, against 204,493 tons last week and 149,275 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
May 9, 1935	d. 12.01	d. 14.71	d. 15.95	d. 10.35	d. 9.04	d. 10.48	d. 13.36
Apr. 2, 1936	d. 12.91	d. 13.33	d. 15.84	d. 10.86	d. 10.47	d. 11.98	d. 13.43
Apr. 7, "	d. 12.73	d. 14.74	d. 15.95	d. Nil	d. Nil	d. 11.78	d. 14.30
Apr. 23, "	d. 12.67	d. 14.00	d. 15.99	d. 11.00	d. 10.47	d. 11.95	d. 13.41
Apr. 30, "	d. 12.79	d. 13.66	d. 16.05	d. 10.94	d. 10.49	d. 11.99	d. 13.48
May 7, "	d. 12.79	d. 14.09	d. 15.67	d. 11.02	d. 10.54	d. 11.69	d. 13.55

This week's offerings at the public auctions in Mincing Lane comprised 54,231 packages of Indian and 25,101 packages of Ceylon tea. Demand for Indian grades was rather quiet and prices barely steady. At the Ceylon auctions quality showed a distinct falling-off and an easier tone was general.

VEGETABLES.—Asparagus is now arriving at Covent Garden in quantity, reports *The Fruitgrower*, and has sold well this week. Greenstuff and beans and peas are cheaper, while tomatoes and cucumbers have also eased. Business was generally rather slow. As regards potatoes, interest this week has centred mainly on imported new, with old potatoes in moderate demand. At the London Borough Market on Tuesday Spanish Matros were quoted 19s. to 20s., compared with 18s. a week earlier, while best siltland King Edward, old potatoes, made 8s. 6d. to 9s. 6d., against 8s. 6d. to 9s. last week.

MISCELLANEOUS COMMODITIES

FURS.—The following is a list of some of the chief price ranges recorded at the Hudson's Bay Company's spring fur sales of the last three years. All prices are quoted in shillings and pence per skin (raw):—

	Spring Sale, 1934	Spring Sale, 1935	Spring Sale, 1936
Beaver, Mackenzie-River (Canada) Ex. Ex. Large	Unsold	58/-	73/- to 74/-
Ermine, York Fort (Canada) Ex. Ex. Large	5/6	4/2-4/4	5/7 to 6/1
Ermine, Scandin. Ex. Ex. Large	Unsold	3/8	4/8 to 5/-
Fisher, York Fort, etc., 1 and No. 2	240/- to 440/-	195/- to 310/-	170/- to 370/-
Fitch (European)	Up to 6/-	Up to 7/6	41/- to 56/-
Fox, Bastard, York Fort 1 and 2	70/-	38/- to 56/-	110/- to 135/-
Fox, Blue Arctic, Dark	145/- to 350/-	140/-	165/- to 195/-
Fox, Cross, York Fort No. 1 Medium	175/-	130/- to 145/-	72/- to 79/-
Fox, Red, York Fort Medium No. 1	75/-	72/- to 75/-	38/- to 46/-
Fox, Red, Lapland 1 and No. 2 Pale	62/- to 88/-	41/- to 49/-	200/- to 202/-
Fox, White, Western Arctic No. 1	200/- to 230/-	160/-	160/-
Lynx, York Fort, etc., 1 Ex. Large	Unsold	160/-	110/-
Marten, Mackenzie River 1 Pale	88/-	80/-	110/-
Mink, York Fort Ex. Large 1 and 2	55/- to 57/6	49/- to 49/6	69/- to 71/-
Musquash, Black United States	7/11 to 8/-	4/9 to 8/-	7/-
Otter, Canad. etc., 1 and No. 2 Ex.	200/- to 205/-	Unsold	166/-
Sable, Tobolski (Siberia)	75/-	60/- to 115/-	145/- to 290/-
Sable, Kamchatka (Siberia)	80/- to 140/-	Not offered	7/1 to 8/-
Skunk, York Fort 1	7/2	5/2 to 6/9	1/- to 1/2
Squirrel, Lapland	Unsold	1/1	3/- to 65/-
Wolf, York Fort Extra Large 1	58/- to 67/6	25/- to 55/-	40/- to 65/-
Wolverine York Fort 1 Dark	37/6	52/-	42/-

VEGETABLE OILS AND OILSEEDS.—Very quiet conditions rule for oilseeds and their products. Linseed is in demand only afloat and in near positions, and business generally is of a hand-to-mouth character both here and on the Continent. Prices of Plate and Indian varieties have given way, but this has not stimulated demand. Although there is a 25 per cent. reduction in supplies this year, demand seems to have accommodated itself to the situation as consumption, gauged by the quantity shipped, is 20 per cent. below a year ago. Plate shipments are again substantial. The quantity now afloat for Europe is 139,800 tons (including 41,600 tons from India) or 6,000 tons more than last week. Cottonseed is neglected and has developed an easier tone. Trade in soya beans is quiet, the market not yet having adjusted itself to the trade agreement between Germany and Manchuria, by which the former undertakes

to buy soya beans of a value of six million sterling in twelve months commencing June 1st. The Reichsbank is to pay 75 per cent. in cash, the balance being met by exports of German products. Germany reserves the right to re-export the beans, and has the option to increase the payments in kind.

Fair deliveries of linseed oil are being made to consumers but the market is quiet and prices of raw oil have dropped 10s. per ton on the week. The current price ex Hull mill for May-August delivery is around £25 per ton, naked. Cotton oil is dull. Crude Egyptian is offered at £24 and refined at £26 10s. ex Hull. Demand for oilcake is declining owing to the open weather.

RUBBER.—The market has had a dull tone and prices have eased. The fall is attributed to nervousness concerning the future of the

gold bloc currencies—especially to the fear of devaluation in Holland. But, in view of the improvement in the stock position, some hardening of quotations might be expected to follow a clarification of the outlook.

The spot price in New York on Wednesday was 15½ cents per lb., compared with 15½ cents per lb. a week ago and 16 cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., against 7½d. last week. In forward positions, business has been done at 7½d. for July-September shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 136,696 tons, against 139,750 tons a week earlier. A year ago stocks amounted to 166,732 tons.

WHOLESALE COMMODITY PRICES UNITED KINGDOM

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

CEREALS AND MEAT				POTATOES—				WOOL—				INDIGO—			
GRAIN, Etc.				King Edward per cwt.				English Southdown, greasy, per lb.				Cape			
Wheat				SPICES—				" Lincoln hog, washed				Dry and Drysalted Cape			
No. 2, N. Man. 496 lb.				Pepper, per lb.—				Queensland, seed, super cmbg.				Market Hides, Manchester			
Eng. Gaz. av., per cwt.				Black Lampung				N.S.W. greasy, super cmbg.				Best heavy ox and heifer			
Barley, Eng. Gaz. av.				White Muntok				N.Z. greasy, half-bred 50-56				Best cow			
Oats				Cinnamon—1st sort, per lb.				Tops—Crossbred 40-44				Best calf			
Maize, La Plata, landed,				Cloves—Zanzibar per lb.				Merinos 70's Average							
480 lb.				Ginger—per cwt.—				" 64's "							
Flour, Lon. stan. ex mill,				African				Crossbred 48's							
280 lb.				Jamaica, ord. to good				" 46's "							
Rice, No. 2 Burma, per cwt.				Mace								INDIGO—			
Tapioca, per cwt.				Nutmegs, 65's								Bengal, gd. red.-vio. to fine			
Fair Flake, Singapore				SUGAR—								per lb.			
MEAT—				(Duty, 11/8 per cwt.)				COAL—				Sole Bends 8/14 lb.—			
Beef, per 8 lbs.—				Centrifugals, 96's, ppt.				Welsh, best Ad'ty ton 19 6				per lb.			
English long sides				shipp., c.i.f. U.K./Cont.				Durham, best gas, f.o.b.				Bark Tanned Sole			
Argentine chilled hinds				B.W.L., crystallised				Tynes				Shoulders fm DS Hides			
Mutton, per 8 lbs.—				Java, white, c. & f. India				Sheffield, best house, at pits				Do. Eng. or WS do			
English wethers				Oct.-Dec.								Do. Eng. or WS do			
N.Z. frozen				Refined—London—				IRON AND STEEL—				Dressing Hides			
Lamb, per 8 lbs.—				Yellow Crystals				Pig, Cleveland No. 3, d/d.				Ro. Eng. Calif, 20/30 lb.			
N.Z. frozen				Cubes				ton 70 0				Aust. Bends			
Pork, English, per 8 lbs.				Crushed				Bars, M'brough				VEGETABLE OILS—			
BACON— OTHER FOODS				Granulated				Steel rails, heavy				Linseed, naked, p. ton net			
English—per cwt.				Home Grown				Tin plates—per box 18 9				Rapeseed refined			
Irish				TEA—				METALS—				Cotton seed, crude			
Danish				Indian—per lb.—				Copper, Electrolytic, ton 40/15/0				22/10/0			
Dutch				Pekoe				Sheets (strong)				Coconut, crude			
HAMS—				Broken Pekoe				Lead, Eng. pig				Oil Cakes, Linseed, Eng.			
Canadian				Orange Pekoe				Soft foreign				per ton			
American				Broken Orange Pekoe				Spelter G.O.B.				Oil Seeds—Linseed—			
BUTTER—				Ceylon—per lb.—				Tin—English ingots				La Plata, p. ton, May			
Australian				Pekoe				Standard cash				Calcutta—per ton			
New Zealand				Broken Pekoe				CHEMICALS—				Turpentine, per cwt.			
Danish				Orange Pekoe				Acid, citric, per lb., less 5%				PETROLEUM PRODUCTS—			
Dutch				Broken Orange				Nitric				Motor Spirit, No. 1, London			
CHEESE—				TOBACCO—				Oxalic, net				do			
Canadian—per cwt.				(Duty, 9/8-10/6 per lb.)				Tartaric, English, less 5%				Petroleum, Amer. rfd.			
New Zealand				Empire growth, 7/5½				Alcohol, Plain Ethyl				brl. London—per gal.			
English Cheddars				8/3½ per lb.)				Alum, lump				Fuel oil, in bulk, for contracts, ex instal.			
Dutch				Virginia leaf—				Ammonia, carb.				Furnace—per gall.			
COCOA—				Common to fine				Sulphate				Diesel—per gall.			
(Duty, British grown,				Rhodesian leaf				Arsenic, lump				ROBIN—			
11/8; foreign, 14/- cwt.)				Nyasaquand leaf				Bleaching powder, per ton				American—per ton 12/0/0 13/0/0			
Accra, f.f.—per cwt.				" strips				BORAX, gran.				RUBBER—			
Trinidad				East Indian leaf				Do, powder				St. ribbed smoked sheet			
Grenada				" strips				Nitrate of soda, per cwt.				per lb. 0 7½			
COFFEE—				COTTON—				Potash—Chlorate, per cwt.				Fine Hard Para per lb.			
(Duty, British grown,				Mid-American—per lb.				Sulphate				SHELLAC—			
4/8; foreign, 14/- cwt.)				Sakellarian, f.g.f.				Soda Bicarb.				TN Orange—per cwt.			
Santos sup. c. & f. cwt.				Yarns, 32's twist				Crystals				SHELLS—			
Colombia, good				F.L.A.K.				Sulphate of Copper, per ton				W. Aust. M.-o.-P.			
Costa Rica, med. to good				Livonian 20's—per ton				CEMENT, best Eng. Portland, d.d. site,				TALLOW—			
East Indian				Pernau HD.				London area, just sacks, 11 to ton				London Town per cwt.			
Kenya, medium				Slanetz Medium 1st sort				(charged and credited at 1/6d. each) or paper bags 20 to ton (free, non-returnable)				TIMBER—			
EGGS—				HEMP—				COPRA—				Swedish u/s 3 x 8—per std.			
English—per 120				Italian P.C.				S.D. Straits c.i.f., per ton				Pitchpine—per load			
Danish				Manilla, Apr.-June "J 2"				Smoked South Sea—Nominal				Rio Dais—per std.			
DRUIT—Oranges				Sisal, African				DRUGS—				Teak—per load			
Denla—boxes				JUTE—				Camphor—				Honduras Mahg. logs—c. ft.			
Brazilian—boxes				Native 1st mks.—per ton				Japan, refined per lb.				African			
Lemons, Malaga—cases				c.i.f. H.A.R.B.				Ipecacuba—per lb.				Amer. Oak Boards—			
" Sicilian—boxes				Daisee 2/8 c.i.f. Dundee				Wet salted—Australian				" Ash—			
Apples: Amer. (var.) brls.				May June				per lb.				English Oak Planks—			
(var.) boxes				SILK—				West Indian—				" Ash—			
" Australian				Canton—per lb.				HIDES—							
Onions—				Tussah—											
Vegetable, case				Japan—											
Egyptian, bags				Italian—raw, fr. Milan											
Grapes, Almeria barrels															
Grapefruit, Jamaica															
Amer.															
LARD—															
Irish bladders															
U.S.—per cwt.															

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THE FINANCIAL NEWS

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

MONDAY, MAY 18—CHINA SINCE DEVALUATION. China has suffered more than one violent change in her economic fortunes during the last few years as a result of dramatic developments in the Silver market. This article shows the trend of China's financial and economic affairs since she devalued the tael and severed her exchange link with Silver.

TUESDAY, MAY 19—EAST RAND PROPS. This is the first of the big producing mines which our Special Mining Correspondent, "MINOTAUR," has chosen for individual discussion since the major change in the Rand Taxation System.

WEDNESDAY, THURSDAY and FRIDAY, MAY 20, 21 and 22—COMPANIES AND THEIR PROFIT-EARNING CAPACITY, No. 12 (Continued)—THE AUTOMOBILE INDUSTRY. Continuing our analysis of the position of the individual Manufacturing Companies in the Automobile Industry, we deal this week with nine further companies and their earnings outlook from the Investor's viewpoint.

Wednesday, May 20—RILEY, ROVER and JOWETT
Thursday, May 21—ROLLS ROYCE, ALVIS, B.S.A. and HUMBER.

Friday, May 22—A.E.C. and LEYLAND.

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A NEW DEAL IN WORLD TRADE

IN the economic, as in the political sphere, the world may be on the eve of great decisions. Since Great Britain abandoned the gold standard, four-and-a-half years ago, the world has divided itself into three economic groups: countries with depreciated currencies and no exchange restrictions; countries whose currencies are maintained at their old gold parities by free dealings in gold; and countries whose currencies have developed differing internal and external values according to the uses to which they have officially been put. In all these compartments—though least in the gold bloc—there has been a perceptible domestic recovery. But international trade has shown no comparable revival. Both in volume and value it remains well below the level of six or seven years ago.

Recovery has been accompanied by a rising tendency in prices in every country with a depreciated currency, and the disparity between wholesale prices inside and outside the gold bloc is consequently smaller to-day than two or three years ago. A species of watershed has been reached in the conduct of economic affairs, not only in France, the United States and the "on-gold" countries generally, but also in Great Britain, the Dominions, Scandinavia, and Japan. The prospects before the authoritarian regimes of Germany and Italy are more obscure than ever. The question which faces the authorities in all countries is the same: Must they intensify their efforts to stimulate purely national recovery by such measures as expenditure on public works and armaments, and the maintenance of cheap money? If so, for how long?

The year 1936, indeed, promises to be one in which fateful decisions will need to be taken. The new Socialist Government of France may either devalue the franc outright, or attempt a solution by imposing drastic exchange restrictions, in the hope that they could secure both continued convertibility of the franc internally, and the depreciation of the external value of the franc to about Frs. 100 to the £1, perhaps by means of an Exchange Fund. The latter "solution," which would create a situation that could not possibly be lasting, would inevitably

tend to give France a "closed economy" and postpone all hopes of a more ordered state of international currency and commercial relations after the depreciation of the franc. It is extremely doubtful, moreover, whether Holland and Switzerland would elect to follow a French experiment of such a kind.

On the other side of the Atlantic, the approach of the American Presidential Election in November is being heralded by conflicting counsels. The agrarian South and the Middle-West are looking once more towards the world markets for wheat and cotton, and are inclined to pay increasing heed to Mr Secretary Wallace's reminders of the importance of international trade. And the Supreme Court's disallowance of one after another of President Roosevelt's "relief" and "compensation" schemes is making the future of the American national economy more obscure.

In Canada, the Federal Budget is in serious deficit. The Prairie Provinces cannot be sheltered by high tariffs from the incidence of world depression, like their sister Provinces in the East. This week it is announced that Mr Dunning, the Federal Minister of Finance, is to visit London. The Prime Minister of New South Wales is already here, and is urging Australia's need of capital and skilled labour for industrial and agricultural development. The Finance Minister of New Zealand is also coming to England. Meanwhile, arrangements have been agreed upon for the termination of the Anglo-Argentine Trade Agreement. Negotiations for the renewal of the Anglo-Danish Agreement are being drawn out, to the accompaniment of special pleading both by British exporters and farmers. Our other Scandinavian and Baltic bilateral Agreements, and the Dutch Agreement also, are rapidly approaching their renewal dates. To complete this picture of current tendencies, M. Léon Blum, Premier-designate of France, has now emphasised the importance of freeing and expanding international trade, and has expressed the hope that increasing world trade may lead to a settlement of the French-American War Debt.

In Great Britain these problems are beginning to attract renewed attention. Mr Beaumont Pease, president of the British Bankers' Association, has lately urged that the Government should go forward with a positive policy for the expansion of international trade. Mr Maxtone Graham, chairman of the Scottish Mortgage and Trust Company, emphasising the importance of our overseas investments, has advocated the resumption of foreign lending as a condition precedent to the revival of our export industries. We still have 1,831,230 unemployed, many of which are located in our "distressed" exporting areas. Meanwhile, the economic advisers to the Statutory Committee on Unemployment Insurance have envisaged the possibility of a check to internal recovery after the middle of 1937, subject to the effects of the Government's re-armament programme.

Is there, then, an opportunity to-day for a new economic initiative? And, if so, what form should it take? In the first place, there is little doubt but that uncertainty over the future exchange-value of the world's leading currencies is preventing any concerted attack upon "crisis tariffs" and their accompaniment of import quotas. That was the unanimous conclusion of leading European economists at Antwerp last July, and it is equally true to-day. Would not the British Government, therefore, be well advised to do all in its power to enable M. Blum and his associates to effect "devaluation without tears"? The introduction of exchange control of the franc after the Schacht precedent would give France neither the benefits of clear-cut devaluation, nor the public confidence in the future of the franc upon which the release of hoarded gold and notes depends. Cheap money is essential to France as much for conversion of her crushing national debt as for any scheme of new public works. But neither France, nor Great Britain, nor the United States would derive any advantage if a fresh outbreak of competitive currency depreciation were to let loose a wave of increased tariffs and intensified import quotas. Is there any reason why the British Government should not forthwith make to the French authorities an offer couched in the terms suggested in our article on "The Franc" of January 25th last—terms which, so M. Germain-Martin informed readers of *Le Capital* last week, he would have gladly accepted when he was Finance Minister? Such an offer would promise the employment of the British Exchange Fund to support sterling (and therefore the franc rate) as soon as a moderate devaluation of the franc was announced, coupled with an assurance that sterling would not be deliberately depreciated. The British authorities would need to be satisfied that the extent of the proposed French devaluation was no more than sufficient to attain economic equilibrium, nor so great as to evoke reactions beyond the control of the French and British authorities acting in concert.

But more than a provisional currency agreement is needed if the chief trading countries of the world are not to commit themselves irrevocably to autarky; and a provisional currency agreement between London and Paris would usefully set the stage for negotiations to establish the pound-dollar-franc triangle on a sounder footing. On that basis, the French and British Governments—each conditioning, to a large extent, the commercial policies of a host of other countries and territories—might at last proceed to form a comprehensive association of countries who were prepared to increase the volume of their own foreign trade. Such a group of free-trading nations, with currencies pegged within defined limits, at least for limited periods, might gradually abolish quotas and, *pari passu*, to reduce, on the lines of the Ouchy Agreement of 1933 between France and the Belgo-Luxemburg Customs Union. Within such a group substantial opportunities might well arise for the revival of the export trades, of international lending, and emigration and immigration, to compensate for any *rallentando* in trades dependent on the home market, and to obviate concentration on merely domestic stimulants to prosperity. Such an arrangement, finally, would alleviate currency and transfer problems and ease the burdens of foreign indebtedness.

The international banging of once "open doors" cannot proceed indefinitely without grave economic and political results. It is certainly not in the interests of the British Commonwealth to live in a world of bad clients and worse neighbours.

AUSTRIA AND EUROPE

BETWEEN Wednesday and Friday of last week, May 13-15, a trial of strength between Herr von Schuschnigg, Chancellor of Austria, and Prince Starhemberg, the leader of the Heimwehr, took place. So far, the result is a victory for the Chancellor. The Government was reconstructed, while Prince Starhemberg went off on a visit (arranged before this crisis) to Rome. The Heimwehr are to be disarmed; and, if this measure is carried through while at the same time the new Austrian conscript army is built up under Herr von Schuschnigg's control, the leader of the Austrian Catholics will have succeeded in making himself sole master of the Austrian State. He is not that yet.

Meanwhile, Prince Starhemberg returned to Vienna on Wednesday; and on Thursday he conducted private consultations with the two Heimwehr members of the new Cabinet, Herr Baar von Baarenfels and Dr. Draxler, the Finance Minister. At the week-end these consultations are to be succeeded by a conference of all the Austrian regional commandants of the Heimwehr. The situation is evidently still critical.

As lately as a few months ago it would have been taken for granted by observers, both outside and inside Austria, that any disturbance of the precarious balance of power in Austria, as maintained since the death of Dr. Dollfuss, would be followed by the outbreak of a civil war in the country, which might in turn precipitate general war in Europe. This catastrophe has not happened in the present case, and seems less likely to happen with every day that passes. This is noteworthy, since the Catholic-Heimwehr alliance could not have been disturbed more deeply than it has been by a "show-down" in which the clerical dictator has dismissed his Fascist co-dictator from the partnership, and taken both reins into his own hand.

The change, however, has been executed by methods of compromise that are characteristic of Austria—or England—in contrast to the way in which such things are done in the Fascist countries beyond Austria's frontiers. The Heimwehr members of the Cabinet have not been completely eliminated; they have simply been reduced in numbers from four to two. And this drawing in of the skirts of the regime away from the extreme Right has been balanced by a symmetrical shrinkage from the Left; for two Ministers of a liberal complexion, Dr. Dobretsberger and Herr Strobl, who were particularly obnoxious to the Heimwehr, have been simultaneously dropped.

Herr von Schuschnigg's reconstructed Austrian Government is thus a Catholic dictatorship which has parted from the Heimwehr without breaking with them, and is inclining towards the Democrats and the Socialists without committing itself to them. This policy is evidently the Austrian Catholics' own, since it is sharply divergent from the policy of the Vatican as indicated in the Pope's utterance of a few days ago. On that occasion the Pope—breaking with the Vatican tradition of aloofness from the ephemeral politics of the secular Powers—painted a picture of a world divided between holy Fascists on the one hand and unholy Communists and Nazis on the other. He manifestly indicated that he himself was on the Fascist side when he spoke of "the triumphal happiness of a great and good people." Prince Starhemberg said hardly more than this in substance—though he spoke in more abusive terms of democratic countries—in the telegram of congratulation to Signor Mussolini which cost him his office. Evidently Herr von Schuschnigg and the politically organised Catholics of Austria do not agree with the Pope in thinking that the time has come for the Catholic Church to take its stand in the political arena shoulder to shoulder with Fascism, against whoever the adversaries of Fascism may be.

Prince Starhemberg has, in fact, fallen because Herr von Schuschnigg is unwilling to carry Austria's allegiance to Italy to the length of breaking with the West European democracies. But he has taken care at the same time to reaffirm to Signor Mussolini his own loyalty to the Rome protocols; and if the Heimwehr cherished any hopes that Italy might be prepared to intervene in order to restore the balance in Austria in their favour, they have been quickly undeceived. Signor Mussolini has made it plain that he will be content with an Austria under the new Schuschnigg regime. The French and British Governments—more and more anxious as they are not to burn their fingers in Central

Europe—will certainly not quarrel with a change which has brought Austria a point or two nearer to the democratic position. The Czechoslovaks will share this Franco-British view. And the Heimwehr will have to be more deeply embittered against the *Freiheitsbund* than Herr von Schuschnigg intends to allow them to be, before they eat their own brave words by turning Nazi. On the whole, it looks as though Herr von Schuschnigg has some prospect of being able to carry on with Heimwehr indulgence, unless some stroke is delivered by Herr Hitler.

The German Chancellor's attitude and intentions are, of course, a formidable unknown quantity. In the last resort, his foreign policy is determined by the exigencies of his home front; and when a crisis on the home front requires him to perform another foreign "stunt," there is no knowing whether Austria may not be judged to offer the line of least resistance for the next German outbreak. At the moment, however, it does not look as though Herr Hitler were working up for an attempt at a *fait accompli* in the Austrian direction. The truth seems to be that Herr Hitler has been as much surprised and impressed—and perhaps almost as much put out—as the States-members of the League have been by the rapidity of Italy's military success in East Africa. Probably he looked forward to a long-drawn-out war which would weaken Italy to a point at which she would react feebly, if at all, to a German occupation of Austria. Possibly, Herr Hitler's original calculations may even now be not so wide of the mark; for we have still to see the end of Signor Mussolini's African adventure. But for the moment, at any rate, the flight of the Emperor Haile Selassie and the arrival of the Italian Army at Addis Ababa seem to have made two impressions on Herr Hitler's mind: first, that Signor Mussolini's shock tactics are the secret of political success in the world as it is; and, secondly, that a move in the Austrian direction, which would mean crossing Italy's path, is not the most profitable next move for the Third Reich to make.

If Hitler entered Austria it would be difficult for the founder of a new Roman Empire not to take up the challenge. And if that happened, the Western democracies and the Central European Successor-States and the Soviet Union might all sit back and watch the spectacle of two dictatorships making the world safe for international law and order again by pulverising each other. On the other hand, if Hitler could afford to wait in Austria, as he is affording to wait in Poland, he might, in co-operation with Mussolini, give the *coup de grâce* to the collective system. If two predatory creatures go fishing together in troubled waters the shark can surely count on doing better business than the pike. If the post-war attempt at establishing an international order is frustrated, so that anarchy reigns once more in international affairs, then it is not the weakest but the strongest that stands to come out the winner. In an anarchic Europe it would be Germany that would establish, to her own profit, a peace based on a victor's military ascendancy. Europe would then be doomed to a Pax Germanica, not to a Pax Romana.

Two questions present themselves: Can Hitler afford to accept the *status quo* in Austria for another few years? And can Mussolini afford to go into partnership with so preponderant a partner as Hitler would be, even if Hitler does pay the price of temporarily foregoing the *Anschluss*? The answer to the former question is probably in the affirmative. Hitler believes that Austria is bound to unite with the Third Reich sooner or later because, as a German country with a great past, she will not submit for ever to being made the football in an endless series of European diplomatic matches. Break up the collective system; assert Germany's military supremacy in Europe; and then Austria will be one of many prizes that will fall into Germany's lap, while Italy, Poland and other confederates of Germany will have to accept the German *Diktat* as meekly as the discomfited Czechoslovaks and Lithuanians. But what about Signor Mussolini? Does he not see these later moves in the game? No doubt he does; and no doubt he would prefer to avert the danger of a German hegemony by restoring the Stresa Front. His sudden recall of Marshall Badoglio may be not unconnected with his preoccupations about Austria and Central Europe. But Signor Mussolini cannot qualify for re-enlistment as a European policeman unless he disgorges his African loot. That is his dilemma; and we see no reason to release him from it.



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WHO WILL OPPOSE ROOSEVELT?

The probability that Mr Roosevelt will have no effective opposition to his nomination at the forthcoming Democratic Convention, and the strong support for his candidature revealed in the result, now being published, of various "primaries," make the Republican Party's task of choosing a candidate to oppose him increasingly difficult. In the following article, written a fortnight ago, our special correspondent discusses the prospects of potential competitors for the Republican nomination.

THE basic problem of the Republicans, as the presidential campaign nears, is to choose, not a set of principles on which to establish an ultimate Republican regime, but the line of attack best calculated to win the November election. The difference is characteristic of the American political system. It would be infinitely healthier, politically, if Republicans and Democrats were permanently distinguishable in fundamental theory. The Republicans might remain in the opposition, educating the people to a different approach to public problems, and they might count on the rhythm in popular feeling bringing them, in time, back to office. But under the four-year election system, a political party cannot consider defeat as a matter of secondary importance. The Republicans read the temperature of the country and adapt their doctrines to it. Since America to-day, on the whole, is mildly Liberal, the Republicans, to stand a chance of winning, must become mildly Liberal. Since President Roosevelt personifies the leadership desired, he must be opposed by someone sufficiently like him to challenge his monopoly of Liberal leadership.

For that reason Governor Landon is ahead in the pre-convention race for the Republican candidature. He is an alternative to Roosevelt, in the sense that he has a similar social attitude toward national problems, and he promises to be more proficient and less erratic. Under Governor Landon the Republicans would offer the country a New Deal (under another disguise, of course), but would guarantee that it would be without waste, muddle or unbalanced budgets.

Governor Landon's weakness in this rôle has been the support of Mr William Randolph Hearst, the most illiberal of American publishers. This support came to him unasked, and his friends testify that it has been unendingly embarrassing. But what could Governor Landon do? A candidate does not care to be churlish to enthusiastic supporters. The Liberal weekly, *The Nation*, begged him to repudiate Hearst. Teachers' organisations, frightened by Hearst's attacks on academic freedom, sent similar pleas. Governor Landon was told that "the support of Hearst is the kiss of death." But though he pointed to his record in defence of academic freedom, he felt it impolitic to say more, and Left-wing Liberals now disown him.

Then Hearst landed his favourite in his first defeat, the California primary, and paradoxically may have cleansed him of the Hearst stain. For it was quite clear that the defeat in California was not aimed at Landon. The situation there has been confused. It is Hoover's home State,

and while Landon was more popular there than the ex-President, it seemed better to preserve harmony by giving the State's delegates no instructions. Hearst, however, wanted to become a Warwick. He had "discovered" Landon; he intended to drive his band-wagon. Governor Merriam joined him. At once other factions in the Republican Party had something to unite against. Landon could hardly repudiate the Hearst ticket, but he did not endorse it. And some of the Landon leaders in California worked openly against it. The election became one simply of dealing with the ambitions of Hearst, and he was beaten. It was, perhaps, a costly defeat for Landon; for the Republican Party in California is now rent with dissension, and has little promise of carrying the State in November. But Landon also gained. For now Hearst is eliminated as a dominant campaign personality. He cannot demand a voice at the Cleveland convention. And Liberals can support Landon without feeling they are helping a Hearstling.

Landon's nomination is by no means a foregone conclusion. But the defeat of the Eastern Republicans appears to be, unless they can masquerade behind some westerner who will be their man as the innocuous Harding was in 1920. Such a one may be Senator Steiwer, of Oregon, chosen to make the keynote speech of the convention. He voted for many New Deal measures in 1933, but was one of the first Republican senators to turn against Roosevelt. He is the most popular of all possible candidates with the American Legion. He is a good platform speaker. But his political affiliations in Oregon are not Liberal, and he is himself ideally indeterminate for the purposes of Eastern Republicans. Representative Snell, an authentic Conservative, has been chosen permanent chairman of the convention, and both choices demonstrate that the Eastern Wing of the Party still owns the machinery. The East, as well as the West, will want a Liberal-appearing candidate, but it must have still more a man whom it can control. Senator Borah, of course, is out of the question because he has never been controlled, not even by the minor master of consistency. Landon, one hears, has a will of his own, and the Eastern machine would prefer someone else. Vandenberg, of Michigan, might also be too independent. Steiwer or Dickinson of Iowa are the dark horses in the Eastern stable. Unless they can be chosen, the control of the party passes beyond the Alleghenies.

Landon's utterances so far have been vague rather than ambiguous. Only those who have talked with him personally are sure that he is ready to be explicit when the time comes. An interview over the wireless showed that he may attack the President on the ground that the New Deal has delayed recovery, that politics and waste have sullied the administration of relief, and that the essential social programme, such as the Social Security Act, has been rushed through without enough thought. If he were a better demagogue, and if the great majority of the country were only a fraction as angry with Mr Roosevelt as the well-to-do, he might have a chance. But nothing as yet suggests that the President is going to be defeated in November.

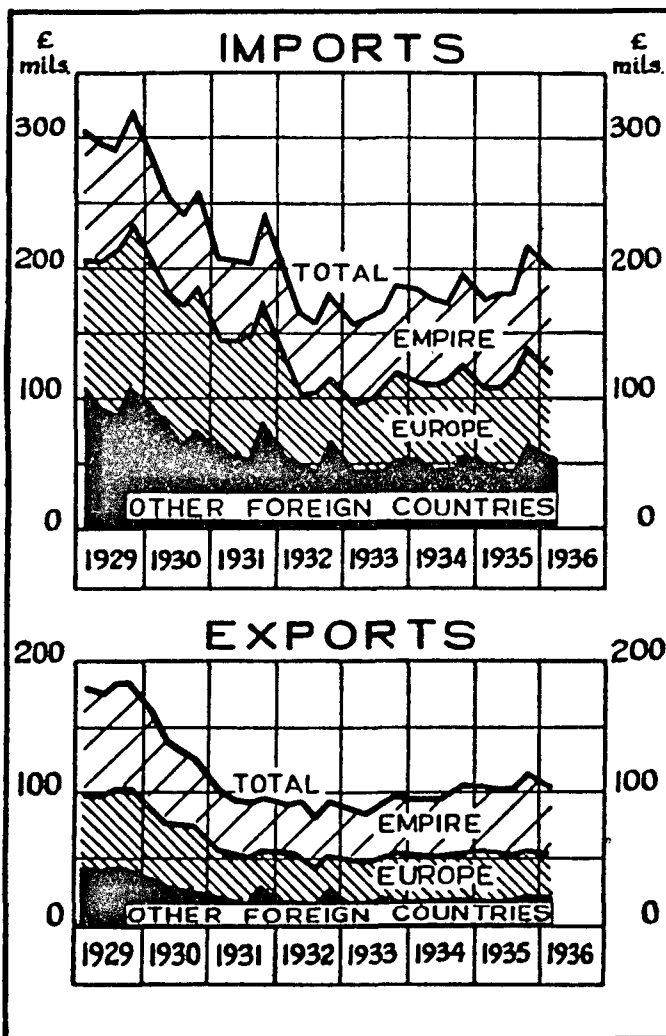
BRITAIN'S OVERSEA MARKETS

WHILE business activity in this country continues steadily to expand, there has been no proportionate revival in international commerce. Our overseas trade returns bring out the deficiency very clearly. The absorption of increased quantities of raw materials finds reflection in a growth of imports. In the total value of our imports during the first three months of this year as compared with last, but the rise in the value of total exports, during the same period, has been only of the order of 3 per cent. An examination of recent changes in the direction of our overseas trade may help to explain this indifferent showing.

The charts in the next column show how the value of our trade with the British Empire, Europe and other foreign countries, respectively, has varied, quarter by quarter, during the last seven eventful years.

The value of our total overseas trade is still appreciably lower than in the pre-depression year. The decline has

been least marked in the case of the Empire and most in the case of foreign countries outside Europe. During recent months, however, certain new and significant features have been superimposed on the main trend. For example, in the first three months of this year, as compared with last, an increase of 9.9 per cent. in our imports from Europe was accompanied by a decline of no less than 10.4 per cent. in exports to European countries, partly owing to the application of sanctions to Italy. Our trade with individual



Continental countries is set out below for the first quarters of 1929, 1933, 1935 and 1936:—

TRADE WITH EUROPEAN COUNTRIES
January to March
(000's omitted)

From or to	Imports				British Exports			
	1929	1933	1935	1936	1929	1933	1935	1936
Soviet Union	3,166	2,713	2,176	2,270	729	1,310	721	702
Finland	1,821	1,851	2,537	2,941	763	404	881	657
Latvia	909	389	615	568	196	103	216	266
Sweden	4,500	2,650	3,390	4,165	2,107	1,549	2,221	2,367
Norway	3,474	1,785	2,016	2,289	1,804	1,269	1,526	1,743
Denmark	12,043	7,982	7,230	7,867	2,311	2,857	3,633	3,581
Poland	1,039	1,350	1,335	2,068	948	635	723	986
Germany	14,306	6,591	7,316	7,937	9,207	3,524	6,557	4,641
Netherlands	14,786	7,468	9,381	9,351	7,773	3,623	3,571	3,692
Belgium	10,408	3,008	3,980	4,921	5,136	2,562	2,342	2,603
France	15,415	5,042	5,980	7,880	9,227	6,122	5,118	5,365
Switzerland	3,371	1,172	1,284	1,400	1,707	944	1,138	996
Portugal	1,077	646	748	784	2,040	1,321	1,702	1,159
Spain	5,773	3,675	3,355	3,732	3,504	1,561	1,691	1,521
Italy	4,185	2,255	2,068	62	4,250	2,402	2,416	110
Austria	547	254	366	437	660	214	340	422
Czechoslovakia	1,335	515	941	1,202	559	210	356	441
Greece	427	295	276	237	1,274	503	760	979
Roumania	338	1,071	836	1,041	620	641	430	172
Other European Countries	797	1,063	1,757	2,194	1,287	605	1,023	1,297
Total	99,717	51,805	57,617	63,346	56,102	32,359	37,365	33,520

* Including Dependencies.

We are steadily buying more from almost every European country except Latvia, Holland, Italy and Greece. On the other hand, our exports this year have declined in the case of nine out of nineteen European countries of destina-

tion. This decline was most marked in our exports to Germany, though our imports from that country showed an appreciable increase. Our shipments to the majority of "sterling" countries showed some improvement, and, among the "gold bloc," France, Holland and Poland purchased more from us.

Our trade with foreign countries outside Europe showed an appreciable improvement in the first quarter of this year, the percentage increase in imports and exports amounting to 9.7 and 9.3 per cent. respectively:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE
January to March
(000's omitted)

From or to	Imports				British Exports			
	1929	1933	1935	1936	1929	1933	1935	1936
Turkey	£ 539	£ 165	£ 117	£ 171	£ 631	£ 414	£ 366	£ 393
Egypt	7,491	3,031	3,505	3,911	3,507	1,671	1,684	2,185
Iran	474	61	350	491	682	554	519	505
Iraq	2,166	2,094	2,133	1,918	593	225	690	499
China	3,379	1,174	1,243	1,554	4,115	1,632	1,551	1,265
Japan	2,324	1,741	2,425	2,554	3,166	1,452	1,124	880
United States	57,843	18,472	20,729	24,169	11,145	3,520	5,148	7,103
Cuba	1,111	396	388	640	582	187	280	270
Mexico	730	620	854	755	592	356	407	331
Colombia	550	164	93	263	910	581	536	507
Peru	1,249	827	730	722	490	158	274	323
Chile	1,934	621	1,474	964	1,876	133	433	485
Brazil	1,999	810	1,927	1,823	4,038	1,643	1,187	1,009
Uruguay	1,792	1,055	869	1,440	835	421	351	439
Bolivia	1,249	211	920	956	121	124	27	48
Argentina	21,098	11,860	11,689	11,374	7,417	3,264	3,615	3,928
Other Non-European Countries	2,874	2,257	1,014	1,687	2,703	1,465	1,283	1,152
Total	108,102	45,589	50,470	55,397	43,403	17,800	19,395	21,222

* Including Dependencies.

† Formerly Persia.

British exports to these countries are still less than half of our imports from them. Of the sixteen countries enumerated, all but six sold more to us, but as many as eight bought less from us in the first quarter of 1936 than in 1935. Trade with the United States showed a further improvement, as America's recovery made fresh headway. Some of our increased exports to Egypt were probably "consumed" by our defensive forces in that country. Argentina purchased more from us, and we, again, bought less from her—largely owing to the working of our restrictions on meat imports. Our imports from Japan continue to increase, and in the first quarter of 1936 they exceeded even the corresponding figure for 1929. British exports to Japan, on the other hand, continue their downward course, and are now only 28 per cent. of their 1929 value. Our trade with Brazil is contracting, and our trade with Uruguay increasing. Our purchases from China continue to increase, and exports, no less steadily, to decline.

Our balance of trade with the Empire is still moving in the latter's favour. An increase of £11.3 millions (16.2 per cent.) in the latest returns of British imports from the Empire is offset by a rise on the export side to the extent of only £2.6 millions (5.3 per cent):—

TRADE WITH BRITISH COUNTRIES
January to March
(000's omitted)

From or to	Imports				British Exports			
	1929	1933	1935	1936	1929	1933	1935	1936
Irish Free State	9,504	4,008	3,813	4,247	8,013	4,062	4,890	5,140
West Africa	4,350	2,477	2,709	3,734	3,220	1,856	1,926	2,770
South Africa	7,770	4,990	3,474	4,054	8,093	5,293	8,187	9,288
India and Ceylon	19,933	9,824	12,334	14,951	23,429	9,219	10,943	9,857
Straits Settlements	3,360	860	2,289	1,840	3,167	1,095	1,601	1,446
Australia	15,927	12,189	14,646	16,521	12,485	5,039	7,016	7,328
New Zealand	16,538	9,934	10,874	11,266	5,161	2,447	3,192	3,560
Canada	10,933	10,196	11,227	15,178	9,311	3,033	3,962	4,728
West Indies	1,181	1,038	1,202	1,298	1,026	1,169	1,082	1,243
Other Possessions	8,560	6,035	7,662	8,689	7,754	6,334	5,939	5,979
Total	98,156	61,849	70,230	81,578	81,662	39,547	48,738	51,339
Excluding the Irish Free State	88,652	57,843	66,418	77,331	73,649	35,485	43,848	46,199

We have increased our imports this year from all the Empire countries shown in the table except the Straits Settlements. India and Ceylon still head the list of Imperial buyers of British goods, but their purchases have fallen off in the first quarter of this year, and South Africa

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is now running a close second. Broadly, politics and Ottawa apart, our increased trade with the Empire reflects our increased ability to purchase primary products coincidentally with our industrial recovery on the one hand, and the improved economic position of most of the Dominions on the other.

So much for the direction of our import and export trade. The distribution of re-exports is revealed by a final table:—

RE-EXPORTS
January to March
(000's omitted)

To	1929	1933	1935	1936
Russia	£ 439	£ 257	£ 1,278	£ 2,239
Germany	7,188	2,501	2,068	1,882
Netherlands	1,212	532	558	465
Belgium	2,687	1,399	1,213	1,301
France	5,389	2,734	2,019	2,464
United States	4,895	1,183	1,768	2,573
Other foreign countries	2,778	1,612	2,557	2,362
Irish Free State	2,509	988	1,048	1,194
Other British countries	3,001	1,415	1,403	1,382
Total	30,098	12,621	13,912	15,862

* Including Dependencies.

Exports of imported merchandise continue their upward trend, but are still little more than half their 1929 value. All the countries which are separately enumerated in the table, except Germany and Holland, have taken more from us in re-exports so far this year than last. The commodities concerned are largely primary products, and, in view of the growing tendency for foreign countries to buy raw material supplies direct from the producing areas, the comparative stagnation of our entrepôt trade is readily explainable.

On the whole, our survey suggests that the obstacles in the way of an expansion of British exports remain distressingly formidable. The position has certainly improved since 1933. In contrast to the striking recovery which has occurred in the meantime in domestic trade activity, the headway we have made in foreign markets, particularly in the last twelve months, is meagre and disappointing. We discuss the cause and cure of this commercial anæmia in an earlier article in this issue.

LIBEL IN FRANCE

(BY A CORRESPONDENT)

Of late years English Courts of Law have adopted an excessively severe attitude towards defendants in libel actions. The difficulties thus put in the way of vigorous and healthy criticism are to be deplored. Why should we not be free to call a fool a fool, without having first to satisfy ourselves that he cannot claim that he should have been called a prig? But the imperfections of our legal system should not blind us to the disadvantages of an exactly opposite view.

In France the attitude of the courts towards the plaintiff in a libel action closely parallels that of our own courts towards the defendant. It is indeed the attitude of the court that counts, for the French have a perfectly adequate law of libel. They sub-divide libel into three heads, which may be broadly described as general invective, specific libel and blackmail. For general invective, one can be fined 300 francs and/or be sent to prison for not more than three months. For specific libel, the penalty is imprisonment for not more than one year and/or a fine. Blackmail, which consists in the extortion of money by a threat that defamatory accusations will be published, is punishable by imprisonment from one to five years, and by a fine of up to 3,000 francs. In addition, civil damages can be claimed by the plaintiff and are supposed to be awarded in accordance with the material and moral harm suffered. The penalties for general invective and specific libel, set out above, are, it is true, maximum penalties, for offences against a Court, the Army, the Navy, a Government department, etc.; and offences against private individuals have appreciably lower maximum penalties. Nevertheless, taken in conjunction with the right to claim damages, they would appear, on paper, to provide substantial protection against unfair attack.

In practice, this protection is frequently worthless. The reasons for this are various, but can be roughly tabulated. In the first place, French judges believe in freedom of speech and recognise that, if it is to be preserved, considerable latitude must be allowed to critics. They themselves receive small salaries, and their ideas of damages are proportionate to their incomes. Instead of £2,000 a plaintiff may be awarded 2,000 francs (about £26), and may find even this small sum impossible to collect. In an action against any French newspaper, damages are almost uncollectable; in an action against the type of paper that specialises in libel and blackmail, they are not worth the paper on which the Court records its order. Unless the publication complained of is against public interest and morals, there is no recourse against the printer. Unless the article is signed, there is no recourse against its writer. There remains the newspaper itself. French newspapers need have no particular legal form, nor any specific capital. The usual practice is to have a manager (called the *gérant*), whose name must be printed somewhere in every edition. Action lies against him alone. As a man of straw, he may be sent to prison, but will certainly be unable to pay any damages. Consequently, plaintiffs will think twice before launching an action. They must also bear in mind that the Press in France, being by experience careless of libel charges, will probably come energetically to the rescue of any paper attacked in the courts. A libel action may well result in a campaign, far more damaging than the original libel, in the columns of other newspapers.

The French are realists, who see no merit in martyrdom. The Press has, therefore, come to be virtually free to say what it pleases. The system, as it works at present, is not an unmixed blessing. It may be unobjectionable (and even

entertaining) to read that politicians are sewer rats, that individual industrialists are traitors to their country, and that Monsieur X, the banker, is, once again, trying to rob the widow and the orphan. The most violent outpourings of *L'Action Française* can always be offset by reading the equally trenchant comments of *L'Oeuvre* or *L'Humanité*. A more serious result, however, must be considered. People will not indefinitely remain exposed to libellous attacks without attempting to defend themselves. Defence in the courts having proved useless, other methods have been resorted to. "The liberty to criticise" has been countered by the purchase of "the right to be praised."

Without adequate protection from the law, French business men have sought to safeguard their interests by entering into agreements with the Press. Almost any French bank, or sizable industrial concern or municipal undertaking, will have what is known as a *Budget de Silence*. A publicity agent in their employ will receive the money apportioned under this head on the specific understanding that he will prevent unfavourable comment on their normal activities from appearing in the Press. The sums involved are considerable, amounting, in the case of leading companies, to several million francs per annum. They achieve their object, but at a cost to the country as a whole that cannot be estimated. It does not need to be argued in these columns that an incorrupt and independent Press is vital to the healthy life of a community. Those who have a real knowledge of France would equally admit that the corruption at present rampant in the Press is one of the gravest factors in French life. The French attitude towards the offences of libel and blackmail has certainly been responsible, to a large extent, for the situation that now exists. Those who regard it as normal to take money for not saying what they would otherwise have said, or to extract payments by threatening to say what others would wish unsaid, corrupt not only themselves but those with whom they are dealing.

The French Press, of course, is certainly not uniformly corrupt. It is a disturbing comment on its integrity, however, that it should have recently been necessary for the British Government to call attention to the prevalence of extreme pro-Italian and anti-British propaganda in the columns of certain by no means influential newspapers. Nor is this the first occasion in recent years when informed observers have believed that the methods forced on business men by French Law Courts have been successfully adopted by foreign governments. It may seem a far cry from the law of libel to the corruption of the Press, but those who advocate complete freedom for criticism should remember that they may be opening the door to a much more sinister visitor than Liberty. Our courts may be exaggerated in their estimate of the damages caused to a citizen by a wholesomely outspoken rebuke, but are they, perhaps, erring on the side of grace? It may be irritating and ridiculous that a paper should be unable to risk calling Mr Z. a rogue. But it would be indisputably worse if he were able, as in France, to arrange to be proclaimed a saint.

NOTES OF THE WEEK

Chamberlain on the Outlook.—Mr Chamberlain's on the Finance Bill on Wednesday was disquieting ways than one. He warned the country that public debt was heavy and increasing. Automatic increases in social service expenditure would take place even if there were no new concessions. Meanwhile armament expenditure would rise, at least for a time, and a hardening of money rates might raise the national debt charge. "The only big item on which economies would be possible would be the social services." And "economies," Mr Chamberlain implied, could only be avoided as long as further trade recovery continued to afford expanding revenues. He then expressed qualified dissent from the Beveridge Committee's predictions of a cessation of recovery during the next eighteen months. The trade cycle, he agreed,

would continue to operate; but other factors had to be considered.

For example, if conditions continue perfectly normal, there will, after a time, be a slowing down of the rate of building that might in the ordinary way lead to considerable unemployment in the building trade, but do not let us forget the enormous defence programme which the Government are going to launch, and which will occupy all the available labour in the building trade.

It is true, as Mr Chamberlain says, that the diminution of private house-building, now beginning to be apparent, may be offset by increased activity of other kinds. But we think it extremely dangerous to imagine that the re-armament programme—unless very much larger and costlier than anything as yet divulged—will effectively achieve this end

by itself. If the depressing effects of a decline in private house-building are to be avoided, the remedy must be found rather in an intensification of the Government's slum-clearance and overcrowding policy and in a maintenance of cheap money designed to expand commercial building.

* * *

The Coal Mines Bill.—The amendments to the new Coal Mines Bill announced by Mr Runciman in the House on Monday can only be described as a lamentable capitulation. If ever there was a chance for the Government to fulfil its claim to be "National," it was here. The necessity for the closing down of redundant coal mines has been admitted by all sections of public opinion since the Sankey Report of 1919; and the practical impossibility of getting them closed down without compulsory action has also been admitted by all, at least since the Samuel Commission of 1926. The coalowners were given the four years between 1926 and 1930 to carry out amalgamations by their own unaided efforts. Then by the 1930 Act a Commission was set up which was to try to induce voluntary amalgamation, and only when this failed to use coercion. As a result of pressure from the coalowners in the House of Lords, however, the Commission's coercive powers were rendered unworkable; and from 1930 to 1936 few voluntary and no compulsory amalgamations were effected. In the words of Mr Runciman himself in the House on Monday, "the successful obstruction of the Commission's work had begun to breed increasing discouragement among progressive elements in the industry itself, to whom alone it would be possible to look for reorganisation from within." At long last, therefore, a month ago a Bill was introduced giving the Reorganisation Commission powers of compulsion. Even this Bill provided for revision of schemes by the Board of Trade and the House of Commons, and for appeal to the House of Lords; and it allowed voluntary schemes to be produced at any time up to the actual passing of a compulsory scheme. It was consequently with amazement and indignation that the House heard Mr Runciman announce on Monday afternoon the introduction of amendments which completely emasculated the Bill. By these amendments, the grant of compulsory powers to the Commission would be deferred till July 1, 1938; a further "independent and impartial" body would be set up to approve compulsory schemes; and "ancillary undertakings" would be exempted from the working of the Bill.

* * *

Mr Runciman's Apologia.—The best comments on amendments are the statements made by Mr Runciman himself on the original Bill in the early part of the same speech:—

The Reorganisation Commission (Mr Runciman said), subject to the approval of the Board of Trade and of Parliament, is the proper authority to determine what amalgamations are in the national interest. . . . The Government has been left with no alternative but to introduce effective machinery for carrying out the intentions of Parliament expressed in the 1930 Act. . . . In the Government's view, the new machinery [in the new Bill] is well calculated first to give effect to the original intentions of Parliament, and, secondly, at the same time to safeguard the interests of the individuals and undertakings concerned.

We entirely endorse these sentiments of Mr Runciman; and we shall consequently not be surprised if the public regards the amendments subsequently introduced as a deplorable surrender to an interested sectional agitation. The Government appears to have announced first what they thought ought to be done, and later to have explained that vested interests would not permit them to do it. After the experience of last winter, when the mineowners were only induced to grant a long-overdue rise in wages by the willingness of the general public to bear the whole burden, we do not think public opinion is disposed to give way to the coalowners once again. The Government's reputation will sustain a further and most damaging blow if they obey the voice of vested interests in this matter and not the clearly expressed will of almost all sections of opinion. We can only hope that the reported decision to postpone the second reading of the Bill until the autumn will not turn out to be well-founded.

The Presidency.—As the year of the American Presidential Election progresses, all events tend to be interpreted in terms of their effect on the prospects of the candidates for Party nomination and for election. Four recent items stand out prominently. The President's "painless" taxation scheme for taxing undistributed company surpluses, thus combining increased revenue with forced distribution of earnings and a rise in share prices, has met increasing criticism inside Congress, and is on the point of considerable modification. The President has intimated his willingness to compromise, and with his usual political skill may succeed in turning the edge of damaging criticism. The House of Representatives has voted appropriations of \$1,425 millions for the Works Progress Administration, \$458,631,860 for social security measures, \$358 millions for the Civilian Conservation Corps, \$38 millions for the Tennessee Valley Authority, and \$63,350,000 for Public Works. The Relief Administrator, Mr Hopkins, has repeated that this relief appropriation will not be adequate without a marked business recovery during the present year. But, clearly, expenditure will continue on a large scale until election time. Thirdly, in the political field, the Ohio "primary elections" have emphasised the verdict of previous "primaries" by giving President Roosevelt a 13 to 1 majority over the opposition Constitutional Democratic candidate, Colonel Breckenridge, and a 25 per cent. majority over the successful Republican candidate, Mr Robert Taft, who defeated Mr Borah. The tide is flowing strongly for the President. Most significant of all, however, is the support promised to the President by Mr John L. Lewis, head of the United Mine Workers and of the Committee for Industrial Organisation. Mr Lewis is an ardent advocate of industrial unionism, as opposed to the conservative, non-political, craft unionism of the American Federation of Labour. He attempted to gain control of the Federation; but he resigned from its executive when the 1935 convention voted against industrial unionism, and formed a rival organisation which may well prove to be the beginning of a trade union movement of the English type with similar political developments. In January of this year the Federation ordered the Committee for Industrial Organisation to dissolve. Its fiat was promptly ignored. Mr Lewis assisted in the formation of the Non-partisan League, supported, it is estimated, by 40,000 labour leaders throughout the country, all directed to work for the return of President Roosevelt. On the Republican side of the campaign, the first direct contest between Candidates Landon and Borah has taken place in New Jersey, and produced a decided victory for the former, who is thus confirmed as by far the most likely candidate for Republican nomination.

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America's Constitution.—A fatal six to three vote of the Supreme Court of the United States of America has again decided against a major act in the New Deal programme. The general powers of the N.R.A. were ruled unconstitutional in the Schechter case, and the specific powers of the Guffey Bituminous Coal Act have now been found to be an unenforceable attempt by the Federal Government to stabilise the coal industry by regulation of prices and labour conditions. This decision was reached despite the fact that 80 per cent. of the industry supported the system, and seven States petitioned the court in its favour on the ground that they were incapable individually of exercising the powers which had been delegated to the Federal Government. The majority verdict was that the labour provisions of the Act had already been disposed of in the Schechter case; and, further, that the power of the Federal Government to regulate commerce between the States did not cover regulation of coal-mining, since mining was "production" and not "commerce." This distinction may be quite clearly defensible both legally and economically. But with the vast extension of productive processes and the increasingly wide scope of economic relationships, it has undoubtedly become an anachronism. But for the present the Supreme Court decision is that the opponents of Federal Regulation have won a victory. The economic precepts read into the Constitution by the Supreme Court have been

reinforced by this week's decision of the Court of Appeals of the District of Columbia. The Court has ruled that the Resettlement Administration had no right to establish a "model community" in the township of Franklin, New Jersey; and, further, that the whole Relief Act (of which the Resettlement Administration was but a small part) attempted to do things for which the Constitution gave the Federal Government no powers. To the outside world, as to an increasing number of Americans, it is more than ever apparent that, whatever the rights and wrongs of the economic policies of the New Deal, the economic ideas of 1800, even when enshrined in a heaven-sent constitution, are by no means suitable guides to those who are grappling with the complex problems of the twentieth century. But the Constitution has become a symbol of American nationality throughout all the States, and every test of public opinion has shown the absence of a majority, even among supporters of the New Deal, for constitutional revision. It is probable, therefore, that the President will continue to avoid the direct issue, until public opinion is more prepared for what must surely be an inevitable revision. The issue, however, may be forced upon him by the disgruntled Labour leaders, who will endeavour to persuade the Democratic National Convention at Philadelphia, next month, to include constitutional amendment as one of the planks in the official party programme.

* * *

And Russia's Constitution.—Last Saturday saw the completion of the work of a commission which, under M. Stalin's chairmanship, has been preparing the draft of a new constitution for the Soviet Union. There are to be three main changes, all in the direction of parliamentary democracy. First, elections are to be by secret ballot instead of by show of hands. Secondly, there is to be equality of franchise between the two principal classes of the population—the urban workers and the peasants—instead of the present weighting of the franchise to the urban workers' advantage. (At present, the urban workers elect one delegate for every 25,000 voters, and the peasants one for every 125,000.) Finally, election is to be direct instead of indirect. Thus, on paper, the Soviet system is to be changed into a democratic constitution of the French or English type. As a gesture towards the West-European Powers, these changes in Russia may be of some psychological, and therefore political, importance in the international arena. It is more questionable whether they are likely to make any appreciable difference to the way in which Russia is governed. We may remind ourselves that the secret ballot is always employed in the Third Reich in plebiscites—in favour of Herr Hitler. And as for the second point, we may expect to see the urban voters in Russia still dominate the rural voters, even when they are reduced to an equality of voting power per head; for the urban voters will still enjoy a superiority in education and organisation which will outweigh their inferiority in numbers. We may go on to ask ourselves whether, in the Soviet Union, the primary elector has ever been under the Soviet system—or ever will be under the parliamentary democratic system—the true source of political power. Surely, in the Soviet Union, the real power resides, not in the general electorate, but in the Communist Party. It is the constitution of the Party, and not that of the State, that is the really vital constitutional question in the Soviet Union to-day. And since there is no report of any innovation in the way in which the Party conducts its affairs, we shall be slow to believe that the new announced are going to have any very profound effect upon the fortunes either of Russia or the world.

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The Iron Hand of Italy.—The Roman Peace which Signor Mussolini boasts of bringing to Ethiopia is running true to type. The Italian Army of occupation is carrying out mass execution at Addis Ababa after military trials which seem to have been as sketchy as those which preceded the shooting of the fugitives from Caporetto. But soon a veil will fall over this grisly scene, for Marshal Badoglio is quickly telling all the foreign journalists whom he found on the spot, and is only retaining those whom he

brought in his entourage, and who have therefore presumably been proved sufficiently tame for Italian convenience. There is also an exodus of other foreigners; and it is already evident that, in "Italian Ethiopia," it will not be easy for any but Italian subjects to live and work and earn their keep. It remains to be seen what effect this ruthless use of force is going to have upon the Amharas. Will it break what remains of the spirit of a people which till yesterday was an imperial race? Or will it drive them into an underground opposition? Have the Amharas sufficient education to be apt at the difficult art of passive resistance. And what of the rising generation? The Italians are evidently making a dead set against the small band of Western-educated young men whom the Emperor Haile Selassie had been training for the Herculean task of assisting him in the modernisation of the Ethiopian Empire. On the other hand, they are reported to have already made a beginning with an organisation of selected Amharan children on Fascist lines, by a method which, so they claim, has proved successful in Libya. This last news opens up long vistas. Supposing that the people of tropical Africa were successfully indoctrinated with our post-war European political fanaticism, is it not likely that, sooner or later, this new dynamic force in native Africa's life would be turned against the outsiders who had introduced it by violence? Semi-esoteric societies for terroristic purposes have been a traditional feature of African life. It is not impossible that Fascism may be a weed which will ramble into luxuriant growths on tropical African soil. Mussolini's action has set forces in motion in Africa which may eventually discharge themselves in catastrophic fashion.

* * *

A Royal Commission for Palestine.—In the House of Commons on Monday, Mr Thomas announced two Government decisions on Palestine. First, order is to be re-established; secondly, after order has been restored, a Royal Commission is to be appointed which, without bringing into question the terms of the mandate, would inquire into the causes of unrest and the alleged grievances of both Arabs and Jews. In these days, no doubt, we must count it a mercy if His Majesty's Government takes any action at all. But we confess we do not see how either of the two present decisions about Palestine is likely to lead to any constructive result. So long as His Majesty's Government are responsible for the administration of Palestine they must show that they are the masters and that, in the last resort, they can crush sedition by force. This is well within their power. Yet simply to meet force by superior force in Palestine does not solve the British problem, or even the Zionist problem, in a country where the Arabs are the native population and are still in a numerical majority. The problem is not just to suppress Arab violence by superior force, but to bring the Arabs to a state of mind in which, for whatever reason, they will cease to resist British policy in Palestine in this violent way. "The one thing you cannot do with bayonets is to sit on them"; and, *a fortiori*, you cannot build up a Jewish national home in Palestine behind a screen of tanks. The mere repression of Arab violence will not solve our problem unless it is followed by a conversion of Arab hearts. And how are the Arabs to be converted? When the Arabs say that the Jewish immigration is ruining them economically, it is not difficult to refute their argument. For the number of Arabs who have been driven off the land as a result of Jewish land-purchase and land-settlement has been proved to be insignificant; and the Arab population is notably better off to-day in the towns and in the lowlands, upon which the Jewish immigration has been concentrated, than it is in the hill-country which the Jewish colonisation movement has scarcely touched. But these facts simply show that the Arab's grievance is political, and that what he objects to is the mandate itself. He is not content with the guarantee that "nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities." This is not a problem which can be dealt with by a Royal Commission which is prohibited, *a priori*, from questioning the terms of the mandate.

The House Asserts Itself.—In Tuesday's debate on the Government's financial resolution for the Tithe Bill, a welcome spectacle was presented: members of all Parties—and of all shades of political opinion—combined in support of Mr Michael Beaumont's motion to report progress, as a protest against what was felt to be a "steam-roller" method of procedure on financial resolutions. In a letter in *The Times* on Monday, Sir Bryan Fell, "a long-time servant of the House of Commons," pointed out that from 1713 to 1922 (when the new Standing Order 69, passed in 1919, entered into force) the people's representatives first moved a resolution (drafted in the Bill Office) that they would at a future date debate a financial resolution, drafted under Standing Order 68 in general terms and with the Crown's recommendation. Thus, any Member was free to propose an increase in the suggested charge on the people. The House was left to decide "the amount of that charge and the precise objects on which the money should be spent." As Sir Bryan puts it: "Under the modern practice (since 1922, under S.O. 69) the King's recommendation is given to the financial resolution itself (there is no 'setting up' resolution) and therefore an amendment to increase the charge cannot be moved even in Committee on the resolution. The executive Government comes to the House and says 'take it or leave it.' That is how Mr Elliot was forced, under S.O. 69, to come to the House on Tuesday with his very detailed and controversial financial resolution for the Tithe Bill; and an impressive phalanx of indignant Members—led by Mr Michael Beaumont, and including Earl Winterton, Mr Atlee, Mr A. V. Alexander, Sir Francis Acland, Mr Turton and Mr Aneurin Bevan—put Sir John Simon's suave legalism to the test. Their efforts to get the Government to revise the procedure, so as to permit discussion of important amendments to the resolution, were unsuccessful. But we have certainly not heard the last of this matter; and it is refreshing to see some signs of life in the Commons.

* * *

A Subsidy to Capital?—The Commons on Tuesday debated another financial resolution—that which, as the essential basis of Clauses 1 and 2 of the Government's Air Navigation Bill, authorises the payment of subsidies for civil air transport not exceeding £1,500,000 in any financial year, up to December 31, 1953. Sir Philip Sassoon, the Under-Secretary for Air, made it clear that the Air Ministry allocates subsidies in the light of recommendations from the inter-departmental committee presided over by Sir Warren Fisher (the "Fisher" Committee), comprising representatives of the Treasury, Air Ministry, Foreign Office, Dominions Office, Colonial Office, Board of Trade, India Office, Post Office and Admiralty. He pointed out that, apart from the subsidies to Imperial Airways and British Airways for European traffic, the only major contract at present under detailed discussion with Imperial Airways is for the Empire routes other than the North Atlantic. That contract is expected to absorb an estimated average figure of £600,000 over the 15-year period as a whole. This compares with £570,000 which they received two years ago. Sir Philip said that Imperial Airways were greatly accelerating their Empire services, and expanding their fleet; and that they therefore needed "some security of tenure" before they could raise the necessary extra £2,000,000 of capital from the public. The Government would get 50 per cent. of profits over a stipulated (but unspecified) figure. The Opposition, led by Mr Johnston, made much of the 15 years' duration of the subsidy; and of the principle of subsidising a private corporation to this extent. Why, it was asked, should this be done simply to enable a company to raise £2,000,000 of new capital from the public at a cheap rate—and perhaps at a substantial premium—when no one had any idea at what level profits would be limited, and what the level of subsidy would be at the beginning of the 15-year period? (It was observed that the subsidy, if it was to average £600,000 per annum during 15 years, might well start off at £1,500,000 minus whatever was given to British Airways.) The Government could not even control the company's finances or dividend policy. Imperial Airways received an annual subsidy almost equivalent to its paid-up capital; and it had absorbed the whole of its last full

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The Budget Inquiry.—The opening stages of the Budget inquiry were reported in last week's *Economist*, (page 356). Mr James Matheson, recalled to give evidence on Friday, stated that he rang up Sir Alfred Butt at about 10.45 a.m. on April 20th, the day before Budget day. Sir Alfred then said that he did not think there was any chance of an increase in income tax. He agreed to accept insurances against such an increase at 10 guineas. On Tuesday morning (Budget day) at about 10.45 a.m., he accepted an offer of £1,000 at £15. About ten minutes or a quarter of an hour later, Mr. Matheson said, Sir Alfred Butt rang up and was "frightfully annoyed." He said that he would not accept the risk he had agreed to take that morning. Evidence was also given on Friday by Mr B. D. Davis, a member of the Stock Exchange. Mr Davis said that he received a message from Sir Alfred Butt at about 11.45 or 12.15 on Budget day, asking him to sell various shares. He also met him at lunch that day, and Sir Alfred was quite firmly of the opinion that income tax was going up. Sir Alfred Butt then gave evidence. He said that he had been in the House of Commons since 1922, and "during the whole of that time had never asked or received from any Cabinet Minister, including Mr J. H. Thomas, any information regarding the Budget, or any other confidential matter of Government." After telephoning to Mr Matheson at about 10.45 a.m. on the morning of Budget day, he had rung up his son, who expressed the view that Sir Alfred had "backed the wrong horse" in accepting insurance against the Budget. He then rang up Mr Matheson, placed the insurances the other way, and later rang up Mr. Davis and asked him to sell shares. Sir Alfred said he next went to the House of Commons at about 11.45 a.m. to book a seat for the Budget. He then called on Mr Thomas at the Colonial Office, at about 11.50 or 12. They discussed the Derby, and other racing topics. "Nothing whatsoever" was said about the Budget. In reply to Mr Justice Porter, Sir Alfred Butt said that he decided to insure against Budget risks on his own behalf "just round about lunch-time" on Budget day. He had formed the opinion that there would be a rise in income tax partly as the result of reading an article in the *Economist*. Sir Alfred also stated that he had omitted to mention his visit to Mr J. H. Thomas in his first statement to the Treasury Solicitor because he thought it of no importance. Mr Kenneth Butt, giving evidence on Tuesday, said that the reason why he left out his father's name in his statement about the insurances to Mr W D'Ambrumenil, his principal, was that he had been instructed by his father to effect them in the name of Mr A. E. Harrison.

On Wednesday, the last day of the inquiry, after Mr J. H. Thomas had denied any knowledge of Dr Hearn and other gentlemen whose names had been mentioned in that connection, Mr J. W. Morris, K.C., Counsel for Mr J. H. Thomas, addressed the Tribunal. He said that there was no evidence against Mr Thomas, and that he was entitled to be cleared of all imputation. He also contended that Mr Leslie Thomas had no information, and was as completely innocent as his father. Mr Walter Monckton, K.C., representing Mr Alfred Bates, submitted that no leakage of information could be shown to have taken place. And Mr Walter Frampton, K.C., for Sir Alfred Butt, said that Sir Alfred had concealed nothing, and that there was no evidence to warrant the Tribunal in rejecting his oath. The public sittings of the Tribunal were concluded soon afterwards, and it is understood that its report will be presented early next week.

Oversea Trade in April.—The complete trade returns for April show that the expansion in the value of imports noted last week was spread over practically all classes of commodities. The only significant exceptions were meat and rubber. The largest increases were recorded in grain and flour (mostly maize), non-ferrous metals, raw cotton, machinery, iron and steel manufactures and vegetable oils. The volume of imports of various commodities is given in the following table:—

RETAINED IMPORTS			
Month of April			
Item and Measure	1934	1935	1936
Wheat	9,156	8,054	8,282
Beef and veal	976	974	1,033
Mutton and lamb	717	880	602
Sugar (unrefined)	2,890	2,308	3,037
Iron ore and scrap	425	429	633
Raw cotton	954	785	1,186
Sheep's and lambs' wool	565	963	741
Flax, hemp and jute	28,870	24,744	21,963
Crude petroleum	57,557	40,516	38,215
Hides, wet and dry	88	112	147
Wood pulp	172	163	204
Rubber	224	259	— 47
Unwrought copper	19,554	30,937	20,813
Pig lead	24,813	29,579	29,970
Tin			
Ore and concentrates	3,921	3,282	4,760
Blocks, ingots, slabs and bars	133	540	1,867
Iron and steel manufactures	125	63	119
Machinery	4,228	5,922	9,973

* Total imports.

The above figures reflect a rising demand from all metal-using industries. Even the fall in imports of copper has been accompanied by an increase in value, and although imports of iron and steel manufactures were lower than in April, 1934, the total figures for the first four months of the year are higher than two years ago. Our increased imports of tin have come mostly from British Malaya, our copper and nickel mostly from Canada and machinery from Germany and the United States. Imports of textiles other than cotton are not so satisfactory, even though the value of raw wool imported was higher than in 1935:—

BRITISH EXPORTS			
Month of April			
Item and Measure	1934	1935	1936
Coal	2,931	2,873	2,537
Iron and steel scrap	26,435	12,641	8,833
Pig iron and ferro alloys	15,080	20,175	9,810
Iron and steel manufactures	3,344	7,637	18,131
Wool	164	204	178
Woolen manufactures	6,393	5,281	4,031
Woolen goods	25,911	32,181	30,807
Woolen goods	10,739	11,462	11,636
Woolen goods	154	159	141
Woolen goods	3,827	4,234	4,338
Woolen goods	2,732	2,269	2,302
Woolen goods	4,538	4,549	5,174
Woolen goods	2,310	2,461	2,372
Woolen goods	7,474	8,215	7,271
Woolen goods	38,579	33,285	25,954
Woolen goods	12,887	20,442	21,249
Woolen goods	313	286	304
Woolen goods	378	661	632
Woolen goods	4,722	5,451	6,145

There was very little increase in any exports except woollen goods, railway materials and vehicles—in all cases mostly to West Africa and the British Dominions. India was largely responsible for the slump in cotton exports and also took less iron and steel manufactures than last year.

Exports of cotton goods to most European countries, on the other hand, increased. The general position is one of stagnation; for although nearly half the items given above show an increase, several are merely making good the losses of last spring. Moreover, the expansion is limited to the products of a very few industries.

Rayon Week.—Ten of the leading producers in the artificial silk industry have co-operated to make this week a National Rayon Week, with the double object of bringing this comparatively young textile to public notice and of popularising the name "rayon." The term "artificial silk" is felt to be slightly derogatory, and in any case is inexact, since rayon fabrics may have as much in common with satins, and even with linens, as with silk. This cadet of the textile family has shown remarkable expansion since the war. In 1924, production in this country amounted to 24.7 million lbs. By 1933 it had risen to 84.1 millions, and by 1935 to 123.8 millions. Figures for the early months of this year show a further increase. The chief reasons for the enormous growth in demand, particularly in the last few years, have been the great improvement in quality and the low price policy pursued by Messrs Courtaulds, the largest producers. Prices are now at about half the 1928 level. A Spartan price policy has eliminated many of the smaller firms, but has simultaneously brought rayon goods within the reach of the smallest incomes. Silk stockings and dainty underwear are no longer the privilege of the wealthy. Nor is the development of this new industry necessarily a blow to the older textile trades; for many Lancashire firms are turning successfully to the production of rayon or rayon mixture fabrics. At present about £50 millions are invested in firms making rayon yarns alone, and 36,000 men and 42,000 women are employed in the manufacture of rayon yarn and in weaving. There is every chance that this industry will show further expansion in coming years; for demand is still rising.

Iron and Steel Production.—Last month's figures afford striking testimony to the vitality of domestic demand for iron and steel materials. Production of iron and steel in April was substantially higher than a year ago; imports were nearly twice as heavy as in April, 1935, but exports were well below last year's figure:—

(In thousands of tons)				
Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.6	185.9	414.1
1929	632.4	803.0	235.2	364.9
1932	297.8	438.5	132.7	157.4
1933	344.7	585.3	80.9	160.2
1934	498.2	738.3	113.9	187.8
1935	535.5	820.2	96.0	197.7
1935—March	554.2	841.9	126.0	173.7
April	526.3	808.7	62.7	204.3
May	558.9	853.3	86.4	213.9
June	529.3	770.0	98.2	195.1
July	547.3	803.3	90.2	205.7
August	543.4	759.9	74.3	202.5
September	529.6	855.9	89.3	187.2
October	544.3	907.3	101.2	224.0
November	529.5	903.3	77.0	215.8
December	559.3	811.5	113.0	190.3
1936—January	595.5	911.7	119.9	164.8
February	584.7	938.5	123.2	167.8
March	633.6	980.1	130.3	163.4
April	629.8	991.5	120.8	177.5

Supplies of pig iron and semi-finished materials remain below demand at current prices. The analysis of the production of finished steel, given in the latest Statistical Bulletin of the British Iron and Steel Federation, provides some indication of the purposes for which increased supplies are being required. But the output of structural steel (comprising, among other things, sections, girders, joists, beams and rounds) rose from 174,400 tons in February, 1935, to 230,100 tons in February, 1936. The production of plates of a thickness of $\frac{1}{4}$ inch and over increased during the same period from 78,600 tons to 101,500 tons and that of tin, terne and blackplates from 54,600 tons to 64,900 tons. Little or no expansion occurred, however, in the production of general forgings and galvanised sheets. There are no indications that increased demand has yet reached its limit.

OVERSEAS CORRESPONDENCE

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UNITED STATES

THE BUSINESS OUTLOOK

By the middle of May, it is usual to consider that the peak of spring activity has passed, and to expect some seasonal recession into midsummer. Ordinarily, these seasonal fluctuations would scarcely be worth notice, but the violence of the short-term swings of recent years has made American observers extremely sensitive to the movements of weekly statistical series. There has been widespread comment on the probability of the usual seasonal movement this year, but so far it is supported by only a shadow of evidence. Probably the most convincing is the recession of steel activity from its end of April rate of 70 per cent. to last week's 68 per cent., especially as this has been accompanied by weakness in the scrap metal market.

There are several reasons for disputing the seasonal expectation this year. The United States' economy remains a consumer goods economy amplified by the liberal use of consumer credit. The bonus payments are expected after June 15th, and it may be supposed that many veterans will not merely spend their Bonus money, but will use it as the "down payment" on some item to be paid for in instalments. It is therefore easy to visualise this payment as setting in motion forces quite strong enough to offset seasonal influences.

There is more reason to express disappointment over the failure of building to realise earlier hopes. The sluggishness of building could be explained through March by adverse weather, but this explanation is not now valid. Non-residential building (except on Government account) has not materialised; and residential building, although as good as or better than last year, has not shown the increase for which many well-informed persons had hoped. The result is that business continues to run on a level similar to the last half of 1935, without showing decided gains.

Since the end of March, the Reserve System has reversed its previous policy, and has been rebuilding the reserve balances of the member banks.

FEDERAL RESERVE BANKS ITEMS

	(\$000,000)		
	March 25	May 6	Change
Gold stock	10,177	10,248	+ 71
Gold certificates	7,666	7,703	+ 37
Treasury balances	1,147	622	- 525
Member Bank reserves	5,059	5,532	+ 473
Money in circulation	5,837	5,912	+ 75

Gold imports, which were negligible in February and March, were resumed in April; but the principal augmentation of member bank balances has come from the release of Treasury balances impounded in March. The continued increase in the note circulation may be remarked in passing; it is now \$416 million above last year, and except for the period just before the bank holiday, at an unusually high level—much above the average of the 20's. Probably the simplest explanations are most nearly correct—that it is the consequence of larger pay-rolls and employment; but it is believed that a substantial amount of American currency has been taken to Europe for hoarding.

The Congressional Session slowly drags on to its adjournment. Compared to sessions of recent years it has been uneventful, except for the Bonus, and the Farm Act (Soil Conservation Act). The tax bill has encountered the expected and diverse difficulties in the Senate, after passing the House without debate; but the Senate opposition has developed only one argument not obvious on the first glance. This is to the effect that while the new taxes would produce little more revenue than the existing schedules, given the expected increase in business, the

old schedules might produce the required additional revenue. The only other item on the calendar is the supplementary relief appropriation, which will probably go through with only nominal opposition. As the Republican National Convention will convene on June 9th, it is expected that Congress will have adjourned by that date.

The Presidential primaries have so far aroused only local interest, if any. As a rule, the President has been unopposed in the Democratic primaries; while Governor Landon of Kansas is leading in the Republican, without, however, receiving enough delegates as yet to insure his nomination. Betting odds, which in elections are taken very seriously in Wall Street, heavily favour Mr Roosevelt's re-election.

LESS THAN 2,000,000 INDUSTRIAL UNEMPLOYED

From present indications, it would appear that unemployment would occupy in the campaign the dominant place held by farm distress in the campaign of 1932. The Farm Programme may be, in its present form, only an expedient—Mr Wallace himself hardly gives it a higher rating; but there can be no doubt that the so-called farm problem is quieter now than it has been for many years. On the other hand, urban unemployment, which was given a decidedly minor emphasis in 1932, is now a burning question. Yet no dependable figures of unemployment exist; nor are the relief figures of much help. Some of the larger relief rolls are to be found in non-industrial areas; and in some States the present numbers of persons employed in industry appear to be at peak levels, with the relief rolls recruited from ex-agricultural, or casual labour. The *New York Evening Sun* has conducted a survey, on the basis of 51,000,000 estimated employables, of whom about 30,100,000 would be included under trades other than agriculture, domestic service and the professions. Of these 30,100,000, only about 16,600,000 would, it is estimated, be employed in industry, even in conditions of "full" employment. The actual computed figure of industrial employment at the moment is about 14,900,000. On this basis, the number of industrial unemployed is put at less than 2,000,000. Unemployment in transport alone is estimated to be actually almost as great, and proportionately much greater. As the unemployment problem is analysed, the alleged paradox of the contrast between the production index and the relief rolls completely disappears, and with it goes the convenient allegation that men have been replaced by machines.

The Census Bureau has published an interim estimate of the population, giving a figure of 127,500,000 as on July 1, 1935. This would represent an increase of under 5,000,000 in five years, or of 3.9 per cent. The rapid decline in the rate of population growth from the long-time assumed "normal" of 3 per cent. a year, to about $\frac{1}{2}$ per cent. a year, has been accompanied by remarkable shifts of population. It is believed that some eleven States have actually lost population—Arizona, California, Kansas, Michigan, Mississippi, Montana, Nebraska, New Mexico, Rhode Island, South Dakota, and Wisconsin. There is a seeming significance in this grouping. Arizona, New Mexico, Kansas, Nebraska, Montana and South Dakota have been affected by the sustained succession of droughts during the period, and in passing, it may be remarked that drought again in the south-west this year has materially reduced earlier expectations of the wheat crop. The greatest increase was, of course, shown by the District of Columbia—22 per cent. But Georgia and South Carolina both indicate gains of about 15 per cent., probably reflecting the industrialisation of those States—and perhaps forming the counterpart to Rhode Island's loss of population. New York, the most populous State, was credited with 12,889,000, a nominal increase; and Pennsylvania, next, with 10,066,000.

NEW YORK, May 12.

FRANCE

M. BLUM AND M. HERRIOT

THE task of M. Léon Blum is not easy. As soon as the General Election was over, it became apparent that the "Popular Front's" platform was no Governmental programme. The Radicals will participate in the new Cabinet, but will act as a brake; while the driving power will be the Communists and the Confédération Générale du Travail, both of whom refuse to take any responsibility by accepting a portfolio in the Cabinet.

M. Blum is perhaps really in favour of devaluation, but he will go forward as a staunch supporter of the present parity of the franc, because the Communists declare that the "defence of the franc" is the defence of the working classes. But the maintenance of the present gold parity necessitates confidence, all the more so as the "Popular Front" promise to launch large-scale public works to be financed by the State. "We will act in the frame of the capitalist system," M. Blum says. But the Communists are still calling for heavy taxation on the rich, and the C.G.T. contends that it is possible to obtain money by public loans. The C.G.T. wants an immediate loan from the Bank of France. It also desires to nationalise the armaments, insurance and banking industries to begin with, and to demand a 40-hour week without a reduction of wages. The franc and French securities are, consequently, again falling.

But in so far as these demands of the revolutionaries are provoking uneasiness among the rentier classes, M. Blum will be forced to decide on a gold embargo or on the control of the exchanges, which implies the control of the banks, of foreign trade, etc. But the difficulty then will be that the Radicals, the party of political and economic Liberalism, and even the Left-Wing Radicals, who since the crisis have been supporting a so-called "managed economy," are declaring themselves against any copy of German or Italian methods. "No autarky, no exceptional tax on capital, no systematic nationalisation," says M. Daladier, who will represent the Radical-Socialist Party in the Cabinet. And M. Blum, in his speech before the American Club, emphasised his hope of contributing to the removal of Customs and quota restrictions, of international monetary disorder, etc.

The Radicals declare that they will not go beyond the platform of the "Réassemblément Populaire," which was the minimum programme on which the country voted. M. Daladier is already putting on the brake, and M. Herriot, the leader of the Right-Wing Radicals, pressed by M. Blum to accept the Ministry of Foreign Affairs, is very reluctant. M. Herriot would certainly be pleased with this portfolio; his participation in the Cabinet would appear to capitalists as a welcome safeguard; and he would have the full support of the Communists. For M. Herriot is the principal architect of the Franco-Soviet Pact. But he is afraid to enter an anti-deflationist Cabinet, which would inscribe in its programme the full suppression of the Laval decree-laws, which he defended in former Cabinets and more recently during his electoral campaign.

CONFLICTS ON THE LEFT

Information of the Blum Cabinet is thus provoking a conflict: one, between the trade unions and the Left parties; and another between the believers in "peace" and the supporters of restrictionist measures. This disorder is already stirring among the leaders of the "Popular Front," while the Conservatives are flattering M. Blum, and M. Sarraut's Government is doing its best, with the aid of private financial interests, to maintain the markets against panic and speculation.

The great dilemma between autarky or freer trade emerges at a time when the French economy is at the cross-roads. On the one hand is the road of devaluation and the chance of freer international trade opened up by the conclusion of the Franco-American Commercial Treaty; and on the other hand is the road to autarky, which the internal

rise of prices and the increasing import surplus might necessitate if the gold parity of the franc is to be maintained.

At the moment, however, the rise in prices is stimulating an increase in fiscal receipts, in particular of the turnover tax, which produced 540 million francs in April, or 43 millions more than in April, 1935, and 15 millions more than the estimates. But rising prices are simultaneously leading to an increase in imports and the import surplus. Imports in April were nearly 1,000 millions higher than exports; and exports are steadily decreasing in value, if increasing in volume:—

	First four months of 1935	First four months of 1936 ('000 francs)	Change
Imports:			
Foodstuffs.....	2,091,026	2,452,912	+ 361,886
Raw materials	3,768,831	4,479,055	+ 710,224
Manufactured goods.....	1,247,592	1,222,523	— 25,069
Total	7,107,449	8,154,490	+1,047,041
Exports:			
Foodstuffs.....	828,943	738,427	— 90,516
Raw materials	1,493,807	1,375,620	— 118,187
Manufactured goods.....	3,074,954	2,757,146	— 317,808
Total	5,397,704	4,871,193	— 526,511
Import surplus	1,709,745	3,283,297	+1,573,552

How will the Blum Cabinet reconcile the maintenance of the present parity of the franc with the suppression of the decree-laws and the launching of large-scale public works? And how will it reconcile the trend towards an internal revival of business with the needs of the export industries?

PARIS, May 21.

GERMANY

DR. SCHACHT AND DEVALUATION

THE intrigues against Dr. Schacht seem for the moment to have failed. Apparently the Minister of War, General Blomberg, who is one of the major claimants for foreign exchange, was invoked as an intermediary either by General Göring or by Dr. Schacht himself; and the anti-Schacht campaign has been suspended on the ground of re-armament exigencies and, because, as the word goes round, no scandal or conflict is desirable until after the Olympic Games. Dr. Schacht, however, is believed not to have been entirely satisfied; and his friends continue to circulate stories of his enemies' pin-pricks and usurpations, affirming that one party magnate who is prominent in Herr Hitler's entourage has for months past been arbitrarily describing himself as Commissioner for Raw Materials. In particular, Herr Keppler, who is one of Herr Hitler's intimates, and Dr. Schacht, seem to have nothing in common, except the conviction that each is destined to save Germany; a point on which well-informed persons mostly side with Dr. Schacht.

The subsiding of the quarrel did not check the purchase of industrial shares as (supposedly) devaluation-proof investments, but it seems to have been the cause of the very active buying of loans and bonds witnessed last week for the first time for many months. Some authorities think that the "flight into real values," which the boom in industrial shares represents, has been too hasty, and that Reichsmark devaluation, though certain if Dr. Schacht falls, and probable if ever international exchange stabilisation is achieved, is not imminent. The present system of exchange regulation makes involuntary automatic depreciation of the currency impossible. The mark's present nominal stability at full gold value in no wise depends upon the dimensions of the Reichsbank's reserves. The small reserve which is nevertheless necessary for covering temporary payment deficits can easily be maintained by applying the New Plan to reduce imports. This export subsidy system, it follows, must be continued, though the funds for it are not yet visible. Intentional devaluation of the mark, which the public sometimes confuses with involuntary depreciation, could not be put through summarily and easily, as it has been in countries with free international movement of

SWEDEN

PUBLIC OPINION AND THE LEAGUE.

THE final collapse of the Ethiopian defence and the failure of the League to protect one of its member States against unprovoked attack by a militarily superior power have given rise in Sweden to an agitation in favour of abandoning the League. The conviction is growing that the League is incapable of being any substantial help should Sweden become the victim of an aggression; but that, on the other hand, the League might force Sweden some day into a policy contrary to her traditional neutrality. A referendum for and against Sweden's adherence to the League, organised by a big Conservative Swedish newspaper, gave a 95 per cent. majority in favour of withdrawal. Although it is not probable that at the present moment the Swedish Government would undertake such a step unless the other northern countries did the same, the feeling against the League is certainly growing in strength. The British Government's attitude towards possible changes in the status of the League will certainly influence the Scandinavian countries' decision.

A group of Swedish export industries, among them particularly the Ball Bearing S.K.F. and the General Electric A.S.E.A., have lately tried to obtain promises for a 60 per cent. State guarantee for export credits to Soviet Russia to an amount of Kr. 30 millions. Though the Labour Government would certainly not have been disinclined in principle to submit a proposition to that end to the Riksdag, general sentiment has proved in advance to be adverse to such a State interference in favour of a few industries which are already working to full capacity; and it does not seem probable that the Government will take the risk of a refusal in the Riksdag.

LOANS TO DENMARK AND NORWAY

During recent weeks two large foreign loans have been floated in Sweden: a 3½ per cent. bond loan of Kr. 20 millions for the Norwegian Royal Mortgage Bank guaranteed by the State of Norway, and a *tranche* of Kr. 20 millions in a 4 per cent. Danish State Loan. The Svenska Handelsbanken, which headed the inter-Scandinavian banking group that issued the Danish loan, has granted, together with the Skandinaviska Kreditaktiebolaget, a short-term credit of Kr. 15 millions to the Danish Government. Whereas the Norwegian loan has not yet been fully placed, the Danish loan was subscribed in a few hours.

Despite these loans, the money market still continues easy, and public deposits at the joint-stock banks have further increased during March from Kr. 3,723 millions to Kr. 3,764 millions. In connection with the prevailing liveliness in industry and trade, advances and bills discounted have also increased. Total advances at the end of March amounted to Kr. 3,882 millions, compared with Kr. 3,845 millions at the end of February. The Bank of Sweden's and the joint-stock banks' total holdings of foreign currencies and gold amounted on March 31st to Kr. 1,360.1 millions, compared with Kr. 1,554.8 millions on February 29th.

Foreign trade in March was again at a high level. Imports were valued at Kr. 126 millions, compared with Kr. 111 millions in March, 1935, and exports at Kr. 94 millions, compared with Kr. 82 millions in March, 1935. The increase in imports was largely due to an increase in imports of raw materials, particularly for the textile industry. Owing to improved conditions in Swedish agriculture, imports of fertilisers have also increased. Sales of pulp were brisk during March, but timber sales did not maintain the firmness of the first two months of the year.

BRITANNIC
ASSURANCE COMPANY LIMITED
(Established 1866)

Annual Income : : : : £6,000,000
Funds : : : : £26,000,000

All classes of Life, Fire, Accident,
Motor and General Insurances transacted

Chief Office: BROAD STREET CORNER, BIRMINGHAM

ids and free foreign trade. Obstacles and causes of delay in the debt service and clearing agreements, the system of port regulation, the internal control of raw materials, and, most of all, price conditions; for the present State regulation of prices would be dislocated by devaluation.

The steel syndicates' reports for April are, in general, favourable, and refer to increasing export orders. The trade press expresses scepticism about the success of the reported British attempt to bring the United States into the International Steel Cartel. Pig-iron output in April was 210,800 tons against 1,250,600 tons in March, the *per ton* output being practically unchanged. The textiles industry is somewhat livelier; but there are continued complaints about inferior and expensive cotton bought from some of the exporting countries which have partly supplanted the United States under the New Plan.

SHIPPING RATIONALISATION

The Viag (Vereinigte Industrie-Unternehmungen A.G., Berlin), the Reich's holding concern for nineteen industrial, raw material and banking companies, has declared an unchanged dividend of 6 per cent., and reports that its industrial companies were last year almost fully occupied. The Hamburg-America and North-German Lloyd companies have issued reports and balance sheets showing their position after the administrative and financial reorganisations. The former consisted essentially in loosening the dual-concern structure and eliminating certain services and anticipations, e.g. the transfer of the services to the east coast of South America to the Hamburg-South America Company and the African services to the African companies, as well as the establishment of the independence of the relevant services. The financial reconstruction has involved reduction of the debts of Hapag by Rm. 92 millions and of North-German by Rm. 65 millions. The new capitalisation is in each case Rm. 45 millions. Although the new reserves are in part specially designed for the contingency of further operating losses, the reconstructed companies are believed to have chances of paying their way in future.

The export surplus declined in April to Rm. 5 millions, compared with an export surplus of Rm. 24 millions in March and an import surplus of Rm. 19 millions in April, 1935. As compared with March, imports increased, while exports, under seasonal influences, declined.

	March	April	Jan.-Apr.
	Millions of marks		
<i>Imports</i>			
I. Foodstuffs	143.6	131.1	537.7
(a) Livestock	9.1	6.8	27.4
(b) Animal foodstuffs.....	46.3	39.3	174.7
(c) Vegetable foodstuffs	88.2	85.0	335.6
II. Industrial goods.....	212.0	229.5	875.8
(a) Raw materials	120.9	136.2	509.5
(b) Semi-manufactured	59.9	62.6	247.4
(c) Manufactured	31.2	30.7	118.9
Total.....	355.6	360.6	1,413.5
<i>Exports</i>			
I. Foodstuffs	8.8	7.3	34.4
(a) Livestock	0.2	0.2	1.0
(b) Animal foodstuffs.....	0.7	0.7	3.1
(c) Vegetable foodstuffs	7.9	6.4	30.2
II. Industrial goods.....	370.1	358.2	1,465.3
(a) Raw materials	30.0	31.4	128.7
(b) Semi-manufactured	39.3	37.0	156.0
(c) Manufactured	300.8	289.8	1,180.6
Total	378.9	365.5	1,499.7

The Financial Secretary of State, Herr Reinhardt, states that tax revenue in 1936-37 must increase by at least Rm. 1,000 millions, and he expects a still greater increase. A debt return for all municipalities with over 10,000 inhabitants (not including the Hansa cities) for September 30, 1935, shows a total of Rm. 9,819 millions, as against Rm. 9,876 millions on March 31, 1935. Their foreign debts declined from Rm. 423 to Rm. 405 millions. Money has been very plentiful this week. The market discount rate has been reduced by ½ to 2½ per cent., and there have been heavy sales of Gold Discount Bank promissory notes.

BERLIN, May 20.

Employment further improved in March; and the number of unemployed decreased from 58,000 at the end of February to 53,000 at the end of March, compared with 83,000 in March, 1935. There was a growing demand for agricultural workers, as well as for skilled workers in the metal and machine industries.

STOCKHOLM, May 19.

AUSTRIA

THE FALL IN UNEMPLOYMENT

AN accurate survey of the development of the Austrian labour market cannot be confined to a comparison of the number of unemployed receiving benefit; for various administrative changes affect the figures. When, as lately, 282,000 unemployed were reported as receiving benefit, against 298,000 last year, the mere fact of an improvement was beyond doubt, but not the extent of the improvement. To illustrate this, one may give the following figures, recently published:—

	1935	1936
Insured against unemployment	678,000	719,000
Applicants for work	422,000	416,000
Applicants for work in Vienna	197,000	194,000
Old-age pensioners	89,000	92,000
Applicants per 100 vacant positions	231	192
Registered unemployed in:—		
Building	104,000	108,000
Metal industry	3,900	3,600
Ironware	32,000	28,000
Machine industry	17,000	14,000
Electricity industry	6,100	6,200
Timber industry	24,800	24,000
Clothing industry	28,000	26,000
Printing trade	7,600	7,200
Chemical industry	7,600	7,400
Commerce	23,000	22,000

In fact, the number of employed has increased to a greater extent than unemployment has decreased. Apart from the building trade, there is no marked decline in activity. Moreover, recent statements made by the Federal Chancellor promise increased activity in building.

The timber industry, however, is still depressed. Timber is the most important Austrian export, but, except in the case of Italy, sales turnovers have nowhere improved. The preference agreement, which was arranged with France after great effort, has brought practically no result. As timber is the principal commodity in the economy of the Austrian Alpine countries, every effort towards agreements designed to promote Austrian economic conditions is necessarily concerned with the marketing of Austrian timber.

Foreign trade is expanding steadily; and efforts are not being confined to expanding exports. The principal stress is being laid upon stimulating the general volume of foreign trade. Imports in March amounted to 113 million schillings, against 96 millions last year; and exports rose from 82 million schillings to 90 million schillings. It is said, however, that a list of import prohibitions will shortly be prepared, among which certain kinds of yarn will figure prominently, and that several increases in Customs duties will be decreed.

BETTER BUDGET POSITION

At its recent session in Geneva the Financial Committee of the League commended Austria's financial and currency policy. Since the Budgetary reform of December, 1935, the Austrian State finances have been greatly consolidated, thanks not only to measures of retrenchment and other fiscal changes, but in a still greater degree to economic recovery, which has at last led to a marked increase in tax revenues.

The February figures of the public revenue showed the following increases:—

(Million schillings)	1935	1936
Total revenue from Federal taxes	79	93
Yield of tax on earnings	1.71	1.96
Yield of employers' income tax	2.35	3.20
Customs revenue	14.2	13.9

The rise in the total of tax revenue is very considerable, and from reliable estimates it appears that State revenue in March and April was also higher than last year. The rise is due almost exclusively to better yields, since there has been no increase of taxation rates since last year. Customs revenue, however, has gone down, apparently owing to reductions in tariffs. Efforts to keep prices steady and to compensate possible rises in world markets mean that from time to time import quotas are modified (especially in the case of grain).

Austria has won praise not only from the Financial Committee of the League of Nations, but also from the Bank for International Settlements. In the report of the B.I.S. it was pointed out that Austria is marching at the head of those countries which have largely removed restrictions on international capital movements. The stability of the devalued Austrian schilling is beyond question. Holdings of foreign assets at the Austrian National Bank, which at the beginning of the year were diminished by 38 million schillings on account of payments connected with the live claims of the Credit-Anstalt, have again gone up from 73 million schillings to 84 million schillings.

VIENNA, May 20.

INDIA

LORD LINLITHGOW AND THE RYOT

IMMEDIATELY on his arrival in India Lord Linlithgow struck a note that will be the chief one during his whole term of office, namely consideration for the lot of the ryot. Shortly after his arrival in Delhi he announced the purchase of two bulls of the best breed, which he was going to maintain at his own expense and which would be available to the farmers round Delhi for breeding purposes. Lord Linlithgow has asked that Indian gentlemen should follow his example and maintain bulls throughout India.

It has long been a practice among Hindus to purchase bulls of good quality and set them at large for breeding. But continuous check over the breeding is not maintained; so that the stock soon deteriorates, not only for that reason but also because of excessive in-breeding. There are, accordingly, in India herds of cattle quite useless either for work at the plough or for milking. Under the Viceroy's plan records will be kept of cattle and their progeny.

A Select Committee of the Legislative Assembly is to examine the voluminous amendment of the Indian Companies Act introduced by the Government. An amendment of the Act has been demanded for many years, particularly because of the abuses that have crept into the managing agency system, which is peculiar in India. One of these abuses is the investment of surplus funds of one concern in another concern which is in a weak condition. There have also been cases where agents have turned their loan to the company into debentures so that the shareholders have lost their capital and the concerns have passed as their own property into the agents' hands. The methods of remuneration of managing agents have also varied. Sometimes they are paid by a commission on production, sometimes by a commission on sales and sometimes by a commission on profits. The last is, of course, the only satisfactory method.

One of the vital amendments of the Companies Act states that the remuneration of a managing agent shall be a sum based on a fixed percentage of the net annual profits of the company, with provision for a minimum payment in the absence of profits. The doubtful methods by which those profits have in some instances been calculated in managing agency agreements justify the definition of net profits in the new Bill. Some agency agreements are virtually interminable, no matter how unsatisfactory the agency conduct of the business may be. The new Bill states that no managing agent after the passing of the amended Act shall be appointed to hold office for more than twenty years at a time. In the case of managing agencies existing prior to the passing of the amended Act, the agents shall cease to hold office for twenty years subsequently.

DESCENDANTS OF THE THUGS

The Deputy Inspector-General of Police in the Central Provinces has recently produced a small monograph on criminal tribes of the Provinces which gives interesting details of their methods of operation. All these tribes take professional pride in the efficient conduct of their misdeeds. The Baoris, perhaps the most numerous of the criminal tribes, specialise in the following exploits: dacoity, robbery, burglary, the removal of ornaments from the persons of sleeping women and children, thefts from bungalows, carts and tents, and sheep-lifting. Their ostensible occupations are begging, selling indigenous drugs and medicines, and snaring birds and deer.

The ancestors of the present criminal tribes in the Central Provinces were the Pindaris and Thugs. The former were gangs of nomadic marauders who swept over Central India and the Deccan from 1700 onwards, and the second were professional murderers who used the typical roomal or handkerchief to strangle their victims. Thuggee was finally stamped out as late as 1848 after a concerted military and police campaign. But its aftermath is to be found in the existence of these criminal tribes, although not all of them are descendants of the Thugs. Dr. Hutton in his *Census Report* of 1931 hazards the theory that the tribes have taken to their predatory mode of life in regions where conditions have been unsettled for centuries and thus unfavourable to peaceable avocations.

BOMBAY, May 1.

AUSTRALIA

NEW LOANS FROM LONDON?

REPORTS from London about the possibility of floating an Australian loan there have met with an unfavourable reception. In view of the results of the former policy of borrowing and spending by Governments, a resumption of external borrowing would simply be calculated to lead to fresh difficulty in the future. The public debts are already heavy. The total at December 31, 1935, for the Commonwealth and States was £1,255,154,470, or an increase of £151,126,348 in the 6½ years since June 30, 1929. The conversions in London, the suspension of interest and sinking fund payments to the British Government, and the 1931 reduction of interest on internal debts have assisted in the improvement in Australian finances; but two influences in the opposite direction are, first, the effect of the depreciation of the currency in increasing the amount (in Australian currency) required for the external debt service, and, secondly, the increase in the annual interest on internal debt caused by continued fresh local borrowing.

The growth of the debts and the weight of taxation, in addition to the recent hardening of interest rates, are affecting business anticipations about the terms of the new internal loan to be considered at the early meeting of the Loan Council. In addition, the competition of Governments against private enterprise for available supplies of money is felt in a greater degree than before the revival in trade.

There is a certain agitation among some taxpayers in favour of a reduction of taxation, especially of those forms which were imposed as emergency taxes a few years ago. The reply of the Commonwealth Government in the first place is that there is no room for reducing taxation in view of the scale of expenditure. This reply provokes much criticism, and the Government has intimated that some reduction may be possible in 1936-37. Against this, however, an increase in defence expenditure has since been foreshadowed, and the outlook for the taxpayers is still uncertain. The Labour Party is opposed to any reduction in taxation, and is in favour of maintaining expenditure.

The quarterly average returns to March 31st of the trading banks show advances within Australia as £258,563,887, or an increase of £9,167,477 as compared with a year ago, against an increase of only £425,158 in Australian deposits, which are now £293,401,192. The latter item includes

NATIONAL BANK OF GREECE

Established in 1841

Head Office: Athens

Branches and Agencies throughout Greece

Branches and Agencies in Egypt:
CAIRO, ALEXANDRIA, ZAGAZIG

Affiliated Bank:

HELLENIC BANK TRUST COMPANY
51 Maiden Lane, NEW YORK

Capital paid up and Reserves Drs. 1,205,000,000

time deposits at £178,865,782, which show a decrease of £8,168,472. Current accounts show an increase of £8,593,630.

MELBOURNE, May 1.

LETTER TO THE EDITOR

A MYTH ABOUT ITALY

TO THE EDITOR OF THE ECONOMIST

SIR,—A curious myth about Italy has arisen in this country and got into a certain degree of circulation: that the population of Italy is "rapidly increasing." Possibly this is intended as condoning or excusing the attack on Abyssinia.

A brief reference to the current issue of the "Statesman's Year Book" gives details of births in Italy for five years. Analysed by the Index Number—a modern Bed of Procrustes—these figures would work out as follows:—

ITALY, 1930-1934

LEGITIMATE LIVE BIRTHS (1,037,988 = 100)

1930	100.0
1931	98.8
1932	90.5
1933	91.1
1934	80.2

How the population of any specified area with such a record could possibly be rapidly increasing might well—I would submit—puzzle the experts at Washington. But, after all five years is a comparatively short period in the history of a nation.

Let us then go back for five years and start with 1881 (This would comfortably include Adowa, Caporetto, the subsequent Spanish influenza, and the rise of Fascism. As regards this island, the losses in the E. and the epidemic of influenza would be included.)

Comparing the Peninsula of many attractions with Great Britain, one finds that in 1881 the population of the two areas was approximately equal, but Italy has increased its total by about 53 per cent. and this country has increased by about 50 per cent. Now, no intelligent person who has examined the Preliminary Report of the recent census of England and Wales could say much about a rapid increase, except in some very limited area and for a much restricted period of time.

Might I now look at the problem from a different angle and consider that the Index Numbers above represent the gross receipts of a large trading concern with fifty or sixty branches? In such an awkward situation one could easily think of a shareholder murmuring to himself or his friends "How much better it would have been if Mr Manager had overhauled some of the less profitable branches instead of launching forth into adventure overseas and actually negotiating for a costly estate in the Balearic Islands. This more especially as we do not seem to have very definite information about what produce we might import from that quarter that would be of advantage in our business at home."

Your obedient servant,

LONDON, W.1

NE PLUS ULTRA.

BOOKS AND PUBLICATIONS

THE ROLE OF THE STATE*

Thirty years ago liberty was still regarded as the main goal of political and social activity. Since then ideas have so changed that in the twentieth century security has come to be emphasised more strongly even than liberty. This book is an admirable description of the main causes of this change. The author takes as her starting point the social changes of the 'eighties and 'nineties, when the seeds of the early twentieth century social legislation were being sown. The origins of the various reform movements are well summarised in the first chapter.

The next three chapters describe legislation affecting old age, low wages, accidents, sickness and orphanhood. Looking back over the period, one is most forcibly impressed by the remarkable change in ideas about the relation of the individual to society. How little is heard to-day of the moral advantages of "self help" in the sense used by the Charity Organisation Society? And yet it is well to remember that thirty years ago it was often the most "charitable" persons who were the most reactionary. The section on trade boards and the regulation of sweating is particularly interesting, though one has the feeling that the author has carried her optimism a little too far. Homework in the tailoring and millinery trades has undoubtedly been reduced; but is it correct to say that in the latter "the miserable sweated worker has disappeared"? Even to-day employers can force their workers to work eight or more hours a day *plus* overtime, and in addition make them take home further work. Nevertheless, even in these trades there has been a remarkable improvement.

About unemployment ideas have undergone an even more significant change. The author expresses this aptly: "For the nineteenth century the problem was not that of unemployment but of the 'unemployed.'" The modern attitude is illustrated by the common distinction between public works as a corrective of the trade cycle and pure relief works. The latter are based on the recognition that unemployment is in some degree a social phenomenon; but the former go even further, since they imply the possibility of conscious social control over economic forces.

The history of unemployment legislation is told very fully by the author, and this part of the book will be especially valuable. The conclusions are moderate and well-balanced; and full weight is given to the feelings and emotions of the workers themselves, which are so often neglected in the findings of Royal Commissions. Thus one of the reasons given for the opposition to the Means Test is that the poor are not regarded as equals by members of public assistance committees. So long as this feeling remains, the fear of the stigma of pauperism is likely to continue.

In the last chapter some tentative estimates are given of the addition to wages made by the social services. In 1930 national and local expenditures on social services amounted to 18 per cent. of the total wages bill. On the other hand, indirect taxation falls heavily on the working classes; so that the net result is not as favourable to them as is commonly supposed. In fact, once again the author's optimism has carried her too far. The recent decrease in expenditure on social services (due partly to the decrease in unemployment) and the increase in indirect taxation has made the position to-day differ considerably from that of 1931, when redistributive taxation reached its peak. Public opinion is more concerned now than ever before with the standard of life of the people; but when one looks at this year's Budget, the outlook is not too encouraging.

SHORTER NOTICES

"The History of Milk Prices." By Ruth Cohen. Agricultural Economics Research Institute, Oxford. 205 pages. 5s.

Miss Cohen is to be commended for this extremely thorough study of the factors determining supplies and prices of milk and its principal derivatives. The four main sections of the work correspond to the main changes in the organisation of the industry—pre-war individualism, war-time control, partial organisation in post-war years and, finally, the period of organised marketing since 1933.

"The State and the Standard of Living." By Gertrude Lams. P. S. King and Son, Ltd. 354 pages. 12s. 6d.

"Economic Control. The Experiment of Belgium." By Charles Roger. With a Preface by Paul van Zeeland. The Catholic Social Guild. 80 pages. 1s.

"Planned Socialism. The plan du travail of the Belgian Labour Party." Drawn up and Explained by Henry de Man. Translated and Edited by G. D. H. Cole. New Fabian Research Bureau and Gollancz. 40 pages. 1s.

To-morrow Belgium will vote its approval or disapproval of the notable economic experiment carried out by the van Zeeland Government in the past year. This experiment is described and discussed in M. Roger's excellent pamphlet. M. Roger shows how Belgium, like Holland and France to-day, was faced throughout 1934 with the dilemma of adhering to a deflationary gold *bloc* which only covers 20 per cent. of world trade, or of joining the sterling *bloc* which covers 80 per cent. of world trade. And he records the remarkable recovery which Belgium has experienced since the devaluation of March, 1935, as well as the simultaneous persistence of the depression in Holland and France. M. Roger admits that the devaluation policy necessitated a certain extension of Government control over finance and industry, but he argues that M. van Zeeland's policy, unlike President Roosevelt's, only adopted "planning" in so far as it was necessary to execute a rational monetary policy.

M. Roger, in fact, writing from the Catholic point of view, only wishes to "plan" monetary policy and not the whole economic mechanism. M. de Man, the Socialist leader, on the other hand, in the second of these pamphlets, advocates a far-reaching control of prices and profits, as well as the nationalisation of certain key industries. M. du Man's "plan" was originally devised in 1934 as a method of curing the depression, and not merely correcting inequalities of income. There is much force in M. Roger's claim that the first of these aims has actually been achieved by M. van Zeeland's policy of controlled devaluation and limited "planning." At any rate, the Belgian Labour Party, in joining the van Zeeland Government, clearly performed a great service to the working classes in Belgium. For since that time unemployment has been reduced by over 40 per cent.

BOOKS RECEIVED

Monetary Policy and Crises. A Study of Swedish Experience. By Brinley Thomas. Preface by Dr Hugh Dalton. (London). G. Routledge and Sons. 247 pages. 7s. 6d. net.

An American Experiment. By Hugh Jones and E. A. Radice. (London) H. Milford. 296 pages. 6s. net.

France To-day and the People's Front. By Maurice Thorez. (London) Gollancz. 255 pages. 5s. net.

Economic Organisation of Syria. Edited by Sa'id B. Himadeh. (Beirut) American Press. 466 pages. No price stated.

Foreign Exchange Restrictions. 4th edition. (London) Swiss Bank Corporation, E.C.2. 83 pages. No price stated.

A most useful compilation of these restrictions, which should serve as a guide to merchants, industrialists and tourists.

The Human Factor in Industry. By Eric Palmer. (London) Chapman and Hall, Ltd. 37 pages. 2s. net.

The Anglo-American Year Book, 1936. (London) American Chamber of Commerce in London, Aldwych, W.C.2. 545 pages. 10s. net.

Tom Mann. By Dona Torr. (London) Lawrence and Wishart. 48 pages. 6d. net.

Egyptian Cotton Year-Book, 1934-35. Edited by G. Pilavachi. (Liverpool) 15 Tithebarn Street. 158 pages. 8s. net.

Theorie der Landwirtschaftskrisen. By E. Lagler. (Berlin) Carl Heymanns Verlag. 190 pages. Rm. 7-50.

Economia Dirigida, 1934-35. By J. C. Vallarino. (Montevideo) Facultad de Ciencias Economicas. 255 pages. No price stated.

Ende der internationalen Kapitalverflechtung? Sonderdruck der Frankfurter Zeitung. (Frankfurt). 41 pages. Rm. 1.

Le Cancer du Chomage. By J. Perret. (Paris) Les Presses Universitaires de France. 212 pages. 12 frs.

Le Finanze dei Comuni, delle Provincie e degli Enti Corporativi. By F. A. Rëpaci. (Turin) Giulio Einaudi, Editore. 331 pages. L. 40.

This is a complementary volume to Professor Rëpaci's former volume on Italian finance on the two decades 1913 to 1932, comprising a study of the finances of the communes, provinces and corporative bodies of Italy.

L'Option de Change et l'Option de Place. By F. Seignol. (Paris) Recueil Sirey. 332 pages. 30 frs.

MONEY AND BANKING

BRITAIN'S GOLD RESERVE

FOR nearly five years the pound sterling has been divorced from gold. The Bank of England's obligation to sell gold is suspended, and the Bank is bound to buy gold only at a price which to-day no sane person would accept. Gold movements designed to correct exchange fluctuations no longer take place automatically, but solely on the initiative of the British authorities. Such movements no longer directly affect the Bank of England's monetary gold stocks. Instead they pass into or out of the Exchange Equalisation Account, and each fresh influx of foreign funds into the British banking system is offset not by a rise in bank cash, but by an increase in bank short loans and discounts. No longer do we think in terms of gold, but in terms of sterling; and "gold" prices of commodities, a favourite term on the Continent, has no obvious meaning for us.

We cannot, however, be wholly indifferent to changes either in the total supply or the distribution of the world's monetary gold, for these changes intimately affect the fortunes of countries with whom we are in the closest contact. The French gold losses of the past year are an obvious case in point. A fact less well known but equally true is the close connection between the huge gold stocks of the United States and the excess reserves of her member banks—for it is gold, and not Government securities, which has called these reserves into existence. Thus the section of the sixth report of the Bank for International Settlements (issued this month), which deals with world supplies and movements of gold, is of primary interest to Great Britain as well as to those countries still on the gold standard.

In 1935 the world's gold production reached a new high record of 30.7 million ounces, valued by the B.I.S. at 3,287 million Swiss francs (Sw.Frs.15 = £1 approximately). South Africa, with 10.8 million ounces, comes first, but Russia has taken second place with 7.4 million ounces, while Canada, with 3.3 million ounces, has nearly caught the United States (3.6 million ounces). Other countries account for 7.4 million ounces. Disharding by India and the Far East accounted in 1935 for only Sw.Frs.572 millions, i.e. considerably less than the Sw.Frs.1,191 millions of 1932 and the Sw.Frs.830 millions of 1933 and 1934. Altogether, allowing for an industrial consumption of about Sw.Frs.160 millions, newly mined and disharded gold together added Sw.Frs.3,700 millions to the world's available monetary stocks last year.

Where has this gold gone? About Sw.Frs.1,700 millions has passed into the visible stocks of central banks and Treasuries. Its distribution, however, as the following table shows, has been most irregular, and some countries, in fact, have been heavy losers:—

GOLD RESERVES IN CENTRAL BANKS AND TREASURIES
(In millions of Swiss francs)

	End 1934	End 1935	March 31, 1936	Gain (+) or Loss (—)	
				During 1935	During 1st quarter 1936
France.....	16,675	13,455	12,978	— 3,220	— 477
Italy.....	1,585	826	—	— 759	—
Switzerland.....	1,910	1,389	1,509	— 521	+ 120
Holland.....	1,754	1,340	1,487	— 414	+ 147
Belgium.....	1,837	1,857	1,733	— 20	— 124
Poland.....	283	258	248	— 35	— 10
United Kingdom.....	4,850	5,046	5,066	+ 196	+ 20
United States.....	25,216	30,992	31,176	+ 5,776	+ 184
Other Countries.....	13,180	13,837	12,277	+ 657	— 1,560
Total.....	67,300	69,000	67,300	+ 1,700	— 1,700

* Undisclosed

Both in 1935 and the first quarter of 1936, the main loser was France, and the chief gainer was the United States. The Swiss and Dutch authorities recovered during the first quarter of 1936 part of their 1935 gold losses. The 1935 change in the holdings of other countries was insignificant. The sharp decline in the total during 1936 ("other countries") arises from a redistribution of Russia's gold

stocks on the revaluation of the rouble. The explanation probably lies in a transfer from the State Bank's visible stocks to the Finance Commissariat's stocks, which are undisclosed.

More recent returns reveal a partial continuation of the first quarter's movements:—

	Sw. Frs. millions	
	Latest Stocks	Change since March 31, 1936
France (May 8th).....	11,800	— 1,178
Switzerland (May 7th).....	1,516	+ 7
Holland (May 11th).....	1,452	+ 35
Belgium (May 7th).....	1,820	+ 87
Poland (April 30th).....	221	— 27
United Kingdom (May 13th)....	5,170	+ 104
United States (May 13th).....	31,800	+ 624

Belgium has been gaining and Holland losing gold. The flow of the metal to the United States has become intensified. In comparison with the end of 1934 France holds a smaller proportion, and the United States an even more disproportionate amount of the world's gold supply than before.

If the 1935 figures be re-examined, it will be found that out of the total of Sw.Frs.3,700 millions of gold which became available, only Sw.Frs.1,700 millions passed into disclosed monetary stocks. What happened to the remaining Sw.Frs.2,000 millions? The B.I.S. report calls this "disappeared" gold, and points out that total "disappearances" since 1931 amount to just over Sw.Frs.5,000 millions, or £330 millions sterling. "Disappearances" during 1935 alone amounted to £130 millions sterling. There is no secret, of course, about the fate of this gold. It has passed into private hoards or into Government-controlled Exchange Funds—notably, the B.I.S. says, the British Exchange Equalisation Account.

The report gives some informative cross-bearings upon the 1935 gold additions to the British Exchange Equalisation Account. Net imports of gold into Great Britain were valued at £70 millions sterling. Part of this was for foreign hoards in London, but (according to the Board of Trade) on a smaller scale than in 1933 and 1934. The Bank of England took £13 millions sterling (valued at the London market price during the year, and not the Bank's statutory price). At a very rough guess this would leave something like £20 or £30 millions for the Exchange Account out of the gold actually imported into England. It is common knowledge, however, that most of the Exchange Account's 1935 acquisitions are lying under its earmark in Paris, and so the British import returns provide a very imperfect guide to the Account's total acquisitions.

A second cross-bearing is afforded by the £130 millions sterling of gold which "disappeared" during 1935. Here the B.I.S. report is very explicit. "Part of this gold" it says, "was absorbed by fresh private hoarding, and part went into the holdings of central banks outside reported reserves, but a large amount must have been taken by Government exchange funds, and especially the British Exchange Equalisation Account." We may add another cross-bearing of our own. During 1935 the floating assets of the Public Departments (i.e. tap issues of Treasury bills and Ways and Means advances) were reduced by £143 millions. As an off-set, during December, 1935, when the Banque de France's gold losses were negligible, but large British Government issues called for official support in London, floating assets were reduced by £37 millions. It is probable that this latter reduction had nothing whatever to do with the Exchange Account's operations, so that the effective reduction in floating assets during 1935 was just over £103 millions. If all these data be combined, it would appear unlikely that the Exchange Equalisation Account's gold acquisitions during 1935 exceeded £100 millions all told, though they may not have been far from that total. During 1936, so far, floating assets have shrunk by another £95 millions. Allowing for absorptions of Funding Loan by the Departments, the Exchange Account's gold acquisi-

tions so far this year may well be of the order of £50 millions sterling. In other words, they may have represented the best part of £150 millions during less than eighteen months. The only reason that suggests that this may be an over-estimate is that it accounts for Sw.Frs.3,750 millions, or for rather a large proportion of the total gold disappearance since 1931 of Sw.Frs.5,000 millions.

There is no reason to believe that the Exchange Equalisation Account is congested with gold to the point of discomfort. The Account, however, has a statutory limit of £375 millions, plus its accrued profits to date, and at the present rate of progress that limit might be reached at no very distant date. As matters stand, our total gold holdings, including those of the Bank and the Exchange Account must be nearly Sw.Frs.9,000 millions, and this makes us easily the third largest holders of gold in the world. Compared with the United States' holding of over Sw.Frs.30,000 millions, our total looks meagre, but we are not so very far below France's Sw.Frs.13,000 millions—though we may claim that, to some extent, we hold our gold for the sterling area as well as for ourselves.

The B.I.S. rightly touches on a possible "inflation on gold," if and when general stabilisation supervenes and the world's central banks revalue their gold stocks according to the new parities. This problem is not yet pressing, and much depends upon the gold standard of the future and upon how far monetary gold stocks are allowed to expand the internal supply of bank cash and credit. In England, at the moment, segregation in the Exchange Equalisation Account provides a complete mechanism of control. In the meantime the problem of maldistribution remains unsolved, and, indeed, has become accentuated, as the United States, with her swollen bank reserves, is finding to her cost. This is the main impression left by the B.I.S. report. It is a question of economic as well as monetary import, but it cannot be solved without a lead from the largest holder of all, namely, the United States.

FINANCIAL NOTES

A Respite for the Franc.—The London Market has been very quiet this week, largely because all business in Paris was entirely closed down from Wednesday mid-day to Friday morning for the Ascension-day holiday. There has been less pressure on the franc, and dealers now feel that M. Sarraut will remain in office until June 1st, and that there will be no devaluation at least until that date. In consequence, the franc has needed very little support from the British Control this week, nor has any gold actually been lost to the United States. Three months' franc, however, after improving at the week-end to Frs. 4½ discount, have since relapsed to Frs. 5½ discount, or 28 per cent. per annum, while the Paris-New York cross-rate stands at Frs. 15.18½ to the dollar, or right up at the export gold point. The New York-Amsterdam exchange is also at the export gold point, and a quiet drain of funds from Holland is now becoming noticeable. The French banks are now doing a little forward exchange business in special cases, so that the prohibition of forward business is not absolute. It is becoming more difficult than ever to take even a short view of the franc. The French authorities are to-day absolutely opposed to devaluation. Yet M. Blum realises that he cannot expect co-operation from unionists, while this week's declaration by the *Confédération Générale de Travail*, calling for a huge public works programme, will add to the difficulties of a Government which cannot borrow enough to meet its existing daily needs, let alone those of a new public works scheme. M. Blum's dilemma is that exchange restrictions will frighten away and will not attract spare capital, and if he imposes restrictions, public works will have to be financed out of inflationary borrowings, such as special short-term bills and the Frs. 500 millions credit from the Banque de France suggested by the C.G.T. It is thus not impossible that M. Blum will decide to devalue suddenly, in order to set free both the franc and the long-term capital market. All

this is pure surmise, but it would not be surprising if the drain of funds from France began again after the present holidays. There is little doubt that it was at the request of the French authorities that the Bank of England has requested the bullion market not to deal in gold coin at a price above their fine gold content valued at the London market price for fine gold. It is understood that a similar request is being addressed to the banks and accepting houses. It is not likely that this unofficial restriction will do much to help the franc, and while it is of very minor importance, it is not wholly desirable that yet another unofficial control should be imposed upon the City.

Sir Felix Schuster.—One by one the bankers who carried through the big consolidation movement of the early part of this century are departing, and the death last week of Sir Felix Schuster leaves yet another notable gap in their ranks. Unlike some of his contemporaries, who began as country bankers, Sir Felix spent practically all his life in the City. He was at first a partner in the family firm of Schuster, Son and Company, then a director of the Union Bank, and later governor of the Union Bank from 1895 to 1918. These were the years of the first important amalgamations, for the Union Bank combined with Smith, Payne and Smiths and later with the London and Yorkshire Bank and Prescott, Dimsdale and Company. The final stage was reached in 1918, with the amalgamation with the National Provincial Bank, and the new combine has since ranked as one of the "Big Five." Sir Felix joined the board of the National Provincial Bank and until recent years played a prominent part, but already a wider field was beginning to claim his attention. From 1906 until 1916 he was a Member of Council in India, and during that period acted as Finance Member. Immediately after the war he took with the late Mr Walter Leaf a leading part in the formation of the International Chamber of Commerce, and the early activities of that body were largely instrumental in the appointment of the Dawes Committee. At home, Sir Felix, like Mr Leaf, belonged to the "hard money" school, which worked for and welcomed our return to gold. Sir Felix also served his turn as chairman of the leading bank organisations, such as the Institute of Bankers, the Bankers' Clearing House and the British Bankers' Association. Amidst all this public work he found time for his love of music and art. In his earlier years he took a prominent share in the activities of the Alpine Club, and only a short time ago had the rare distinction of being invited to rejoin the committee at the age of 80. To some he may lately have seemed to belong to an older generation, whose work was beginning to pass into history. Yet the record of his life shows how much the country owes to those who laid the foundations of our modern banking system.

British Credits to Germany.—All unwittingly the Bank for International Settlements has constructed a complete snare for the diversion of the British House of Commons. Rumours have for some time been going about that the City of London was either extending or contemplating the extension of fresh credits to Germany, and on May 11th Mr Beaumont Pease, presiding at the annual dinner of the British Bankers' Association, felt it necessary to say categorically that "no such credits had been given by any of the clearing banks." By a curious chance there was published on the same day the annual report of the Bank for International Settlements, which stated that although total English credit lines to Germany under the Standstill Agreement had been reduced, the amount utilised had actually increased; and an adjoining table gave the amount of the increase as *Rm.* 28 millions. Early this week the Joint Committee of British Short-Term Creditors issued a statement, pointing out that the apparent increase, amounting in sterling to £2,132,000, in British credits was due mainly to a transfer of £1,800,000 from the German Municipal Standstill to the main standstill. Also certain credits granted by British banks but formerly included in the returns of other countries were in 1935 transferred to the British returns. Finally a sum of less than £200,000 represented re-availments during 1935 of credit lines not in use at the beginning of the year. Before this

statement appeared a question had been put down, but it only came up in the House on the day after the publication of the statement. Mr Chamberlain therefore found no difficulty in disposing of the whole mare's-nest by simply referring to the short-term creditors' statement, and in answer to supplementaries he pertinently alluded to some members who were determined to believe that British bankers had increased their credits with Germany, and who only shifted their ground when these allegations were proved incorrect. The fact is that while foreign bankers have been taking registered marks and cutting their losses, British bankers have stood their ground. If ever the world becomes sane again, so that international trade and exchange can revive, the British banks will reap the benefit of their tenacity.

Another Silver Deal.—This week the news has emerged of another deal in silver between China and the United States. The story began at the week-end with an official Chinese announcement to the effect that it was proposed to strengthen the gold and foreign exchange portion of the reserve behind the note issue, but that the silver portion would be maintained at at least 25 per cent. Silver token coins of 50 cents and \$1 were to be issued, while the regulation that silver of more than 30 per cent. fineness must not be used by industry and the arts was withdrawn. This news clearly indicated that something was in the wind, and on Monday evening of this week Mr Morgenthau, the Secretary to the Treasury, admitted that the United States Government had agreed to buy large quantities of silver from China and to provide her in return with dollar exchange. Thus Mr Morgenthau has been able to develop still further his present plan of buying silver direct from the original vendors instead of in the world's markets, while at the same time he has in effect obtained an assurance that China will retain a proportion of her existing silver reserves and will not throw them on the market and depress the world price. China, however, is by no means a loser, for she obtains fresh supplies of foreign exchange. Furthermore, there is no doubt that last autumn's break-away from silver has brought China considerable relief. Wholesale prices are rising, and the trade balance is improving. The main doubts about this week's news, which is no more than a logical continuation of previous Chinese and American policy, are that it brings the Chinese dollar more under the domination of the United States; and that it canalises still further world dealings in silver, thereby narrowing the London and other markets. Silver, however, has held up well since last December's collapse of prices to a lower level, and this week's news did not have much effect. So there is no need for us to feel much anxiety; and in any case it is a matter between China and the United States.

The Money Market.—The further drop in bankers' deposits to their lowest of this year has made money again a little less easy than usual, and one of the clearing banks was calling a small amount on practically every day of this week. The banks were also reluctant buyers of Treasury bills, while, conversely, the market, which had received heavy allotments of Treasuries maturing on August 1st, was anxious to sell bills of that date. Rates, however, remained unaltered.

	Apr. 30, 1936	May 7, 1936	May 14, 1936	May 21, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	1	1	1	1
Short loan rate :—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	1	1	1	1
Discount rates :—				
Treasury bills	1	1	1	1
Three months' bank bills	1-1	1-1	1-1	1-1

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

Between April 4th and May 16th tender issues of Treasury bills have risen from £493 to £548 millions, and there will be a further increase of £10 millions this week. The "floating assets" of the Public Departments are practically

unchanged over the whole period, but since April 18th they have fallen from £260 to £238 millions. This last movement gives some indication of the operations of the Exchange Equalisation Account during the recent period of heavy pressure upon the franc.

The Bank Return.—This week there has been a slight drop in the note circulation, so that French currency hoarding is for the moment less intense. The Bank has also added £1.1 millions to its gold, so that the Reserve is £2.8 millions higher.

	BANK OF ENGLAND				
	May 22, 1935	Apr. 29, 1936	May 6, 1936	May 13, 1936	May 20, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	192.6	202.7	203.7	204.3	205.4
Note circulation	387.6	416.9	422.6	424.8	423.1
Banking Department :—					
Reserve	65.8	46.6	41.8	40.3	43.1
Public deposits.....	14.4	7.4	9.2	13.3	21.0
Bankers' deposits	100.8	104.7	88.3	83.2	80.1
Other deposits.....	35.6	39.0	36.7	37.0	36.8
Government securities ...	85.5	101.3	88.8	89.9	91.2
Discounts and advances	5.4	8.3	9.4	8.8	7.1
Other securities	11.8	12.6	11.9	12.3	14.3
Proportion	43.6%	30.8%	31.1%	30.1%	31.2%

In spite of the reduction in the note circulation, there has been a further reduction of £3.1 millions in bankers' deposits, which are now at their lowest point for the year. This is due to an increase in public deposits to £21 millions. The half-year's War Loan dividend is due in ten days, and so the authorities may be accumulating funds in readiness. This week's total is also swollen by the usual excise duty payments which reach the Exchequer in the middle of each month.

INSURANCE NOTES

London and Manchester Valuation.—The London and Manchester Assurance Company has made its usual annual valuation of liabilities. The results are given below :—

	Year to March 24, 1935	1936
Ordinary Branch—		
Surplus earned in year	362,685	394,954
Brought forward from preceding year ...	200,716	230,580
	563,401	625,534
Allocations—		
To Bonuses to policyholders	302,821	327,540
" Shareholders' account.....	10,000	15,000
" Staff pension fund	20,000	20,000
" Carried forward to next year	230,580	262,994
	563,401	625,534
Industrial Branch—		
Surplus earned in year	269,655	272,574
Brought forward from preceding year	129,389	130,023
	399,044	402,597
Allocations—		
To Bonuses to policyholders	105,523	112,950
" Staff pension fund	30,000	30,000
" Staff benefit fund	20,000	20,000
" Shareholders' account.....	113,498	108,528
" Carried forward to next year	130,023	131,119
	399,044	402,597

The rate of bonus is once more 44s. per cent., calculated on the sum assured, and is amply covered by the trading profits. The distribution to the industrial branch policyholders is also on the same basis as in the previous year. Total assets increased from £15,559,000 to £16,657,000 and compare with £6,389,000 ten years ago. Some reduction took place during the year in loans, but British Government and Municipal securities showed considerable expansion. Debentures, preference and ordinary stocks also increased. The dividend is again 50 per cent. free of tax and costs £123,498.

London and Manchester Results.—The Company was formed in 1869 to transact industrial assurance. Later it extended its activities to ordinary life assurance. In recent years the amount of new business has expanded rapidly and continuously in both branches. For the year ended March 24th of this year the new sums assured in the ordinary branch were £4,690,000, against £4,460,000 in the previous year and £1,665,000 ten years ago; the corresponding figures for the industrial branch are £6,796,000, £6,528,000 and £4,528. The industrial branch premium income last year rose from £1,688,000 to £1,750,000. Net rates of interest earned were £4 9s. per cent. and £4 6s. 10d. per cent. in the ordinary and industrial branches respectively, against £4 11s. 10d. per cent. and £4 4s. 10d. per cent. in 1934. Quite exceptionally, this office consistently earns a higher rate of interest in the ordinary branch than in the industrial branch; and as only one balance sheet is given, the manner of apportioning the interest income is not clear. Further, it will be noticed that while the net rate of interest rose last year in the ordinary branch it fell in the industrial branch. The auditors, in their remarks at the foot of the balance sheet, state that they are satisfied as to the "propriety of the apportionment," and while this is, of course, not surprising, some more informative details from the chairman would be welcomed on general grounds. The expense ratio in the industrial branch showed a further reduction from 40.2 per cent. to 39.6 per cent. of the premium income. This ratio is not altogether comparable with the ratio of some other industrial offices, as the whole of the premiums are payable weekly; all monthly premium policies—which of course involve smaller collection expenses—are included in the ordinary branch.

Sea Insurance Company.—Total premium income fell from £729,000 to £705,000, of which £452,000 was derived from the marine branch, the results of which have always been very satisfactory. The experiences of the last two years is given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	6,405	4.2	4,804	3.3
Accident	975	1.0	3,158	3.0
Marine	53,210		38,464	
	60,590		40,110	
Less items debited to profit and loss account	28,223		20,662	
Net trading surplus	32,367		19,444	

The dividend is at the rate of 17½ per cent., and its cost is practically met by the interest earnings. Total assets amount to £2,252,000. The financial position is strong; there is a general reserve of £650,000, investment reserve of £100,000, and a profit and loss balance of £166,000.

Scottish Equitable Life.—New business for the year ended March 1, 1936, increased from £1,880,000 to £1,918,000. The rate of interest on the life assurance fund was 5d. per cent. higher at £4 5s. 9d. per cent. Claims by death were the smallest since 1928, and at £309,000 are £70,000 less than in 1934. Surrenders also fell, from £77,000 to £49,000. Total assets increased by £363,000 to £11,306,000, and apart from a reserve fund of £250,000, book values of the investments appear to be appreciably smaller than the market values. Loans in- from £2,975,000 to £3,104,000, but British Govern- securities fell from £1,931,000 to £1,585,000. Deben- ture stocks at £2,973,000 were £235,000 greater, while preference and ordinary stocks increased from £614,000 to £848,000 and £604,000 to £819,000.

Northern Assurance Valuation.—The quinquennial valuation of the Northern took place as at December 31st last. The policyholders take the whole of the profits of the participation life account. The shareholders, however, are entitled to the whole of the profits emerging in the non-participation account and the annuity account, and the

sum of £110,000 shown below was the amount transferred from these accounts to profit and loss. In each of the funds the valuation is on a stringent basis.

	1926-1930	1931-1935
Trading surplus earned during valuation period:—		
With profits fund	717,878	676,222
Non-profits fund	125,448	124,301
Annuity fund	53,097	44,251
Investment profits taken credit for during valuation period:—		
With profits fund	17,960	26,610
Non-profits fund	7,281	6,431
Annuity fund		
Brought forward	87,280	178,402
	1,008,944	1,056,217
Allocations:—		
To bonuses to policyholders	665,542	672,270
Shareholders:—		
From non-profits fund	100,000	90,000
From annuity fund	25,000	20,000
Investment reserve:—		
Non-profits fund	25,000	25,000
Annuity fund	15,000	15,000
Carried forward	178,402	233,947
	1,008,944	1,056,217

The bonus declared is at the rate of 45s. per cent. per annum, calculated on the sum assured, compared with 50s. per cent. per annum in 1930.

Northern Assurance Results for 1935.—New assurances were issued by the Northern Assurance, last year, for £1,545,000, compared with £1,272,000 in 1934; the net rate of interest rose by 2s. per cent. to £4 4s. 8d. per cent. Fire premium income was slightly smaller at £1,936,000, but underwriting profits were very satisfactory and much the best for many years. In the accident department premium income was £72,000 greater at £1,672,000, and again profits showed considerable expansion over those of 1934. Marine premium income was £631,000, against £683,000, and for the fourth year in succession £25,000 was transferred to profit and loss. In the fire and accident accounts the reserve for unexpired risks is 50 per cent. of the premium income, but in accordance with our practice 40 per cent. has been taken in arriving at the results below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	132,335	6.8	202,913	10.4
Accident	100,236	6.3	142,236	8.5
Marine	25,000	3.6	25,000	4.0
Life	—	—	115,000	—
	257,571		485,149	
Less items debited to profit and loss account	97,149		124,483	
Net trading surplus	160,422		360,666	

Apart from the items of profit and loss included above, £25,000 was transferred to contingency reserve in 1934 and £83,777 was written off the goodwill of acquired companies; last year £100,000 went to contingency reserve and £100,000 was applied in writing off the balance of the goodwill account in respect of acquired companies. The assets of the Northern increased from £15,633,000 to £15,972,000, of which investments accounted for £9,007,000; these appear to be taken in the aggregate at considerably below market values. Total assets, including those of associated companies, amount to £23,795,000, of which £4,698,000 refers to the London and Scottish life department, and the general reserve remains unaltered at £2,000,000. In addition there is a free profit and loss balance of £856,000. The dividend is 75 per cent. and in addition a special dividend of 5 per cent. has been declared to mark the centenary of the company. The total cost of the dividend is £252,000, compared with interest earnings of £178,000.

Yorkshire Insurance.—New life assurances receded from £2,580,000 to £2,430,000, but annuity consideration moneys increased by £50,000 to £246,000. Death claims showed a decrease from £221,000 to £180,000, while the rate of interest fell by 1s. 4d. per cent. to £4 6s. 10d. per

cent. In the miscellaneous branches fire, accident and marine premium income showed decreases of £4,000, £12,000 and £26,000 respectively to £913,000, £1,259,000 and £350,000 respectively. The results of the last two years are given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	93,526	10.2	103,585	11.3
Accident and general	11,873	0.9	36,633	2.9
Marine	31,708		9,985	
Life	13,570		13,570	
Profits from reversion	8,000		8,000	
	134,931		171,773	
To general reserve	10,000		30,000	
	124,931		141,773	
Less items debited to profit and loss account	90,109		105,475	
	34,822		36,298	

The total assets of the Yorkshire increased from £14,329,000 to £15,091,000, and total general and investment reserves were increased from £1,191,000 to £1,235,000. In addition to the usual 40 per cent. of premium income for unexpired risks additional reserves are held in the fire and accident departments of £320,000 and £220,000 respectively, contrasted with premium income of £913,000 and £1,259,000; the marine fund amounts to 173 per cent. of last year's premiums. The dividend is unchanged at 47½ per cent. free of tax, and costs £138,000 against interest earnings of £102,000.

Commercial Union.—In the life department new sums assured last year amounted to £5,120,000 against £4,631,000 in 1934, but annuity consideration moneys dropped from £664,000 to £477,000. In 1934, death claims totalled £523,000, a figure which was stated at last year's meeting to be about 90 per cent. of the expected claims by the A 1924-29 tables. Last year's death claims declined sharply to £417,000, and it is a safe inference that the mortality profit earned was extremely satisfactory. The rate of interest was practically unchanged at £4 3s. per cent. The new business of British General, the shares of which are held by Commercial Union, increased from £660,000 to £760,000. In the fire branch the Commercial Union premium income was £5,266,000 against £5,375,000, but underwriting profits showed a further large increase. In the accident department, premiums increased by £184,000 to £7,609,000, and trading results were very much improved, owing, doubtless, for the most part to better results in the United States. Premiums in the marine branch increased by £42,000 to £585,000, but the amount transferred to profit and loss has been reduced from £150,000 to £100,000. The marine fund at £1,180,000 is equal to 202 per cent. of the 1935 premium income, against the comparable figure of 214 per cent. in 1934. In addition to 40 per cent. of the premium income for unexpired risks, additional reserves are held in the fire and accident branches amounting to 92 per cent. and 33 per cent. of the year's premium income. The results of the last two years are given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	442,305	8.2	602,063	11.4
Accident	9,140	0.1	258,630	3.4
Marine	150,000		100,000	
Life:—				
Commercial Union	35,449		35,449	
Union Life Fund	5,000		5,000	
Hand-in-Hand Fund	45,000		45,000	
British General	2,491		3,463	
Sinking Fund	4,800		4,800	
	694,185		1,054,405	
Less Items debited to Profit and Loss	199,890		217,682	
To General Reserve	250,000		300,000	
	244,295		536,723	

The total assets, including subsidiaries, increased from £61,609,000 to £62,867,000. The aggregate market values

of Stock Exchange securities are stated to be in excess of book values without taking into account the general reserve, which stands at £3,822,000 compared with £3,862,000. Total life assets, excluding the assets of subsidiary life companies, are £24,163,000, an increase of £1,128,000 in the year. Loans of all kinds at £6,405,000 were practically unchanged in amount, but British Government securities decreased from £7,536,000 to £7,236,000. On the other hand, British municipal securities increased from £1,978,000 to £2,491,000 and debenture stocks from £3,199,000 to £3,685,000, while combined preference and ordinary stocks increased by £516,000. The dividend is at the same rate as was declared last year, namely 40 per cent., and costs £1,118,000 contrasted with available interest earnings of £721,000.

Liverpool and London and Globe Centenary.—The one hundredth annual report of this company records a year of very satisfactory trading results, and is accompanied by a series of arresting statistical comparisons between the office now and in 1836. Then, business was restricted to this country and there was a staff of two and no agents. The premium income was £10,850, spread over two classes of insurance, and at the close of the first year, after paying claims of £1,080 and expenses, total funds amounted to £9,400. Now, the company operates in one hundred countries involving contracts in one or other of sixteen languages, and maintains 120 branch offices with a staff of over 5,000, in addition to more than 100,000 agents. Over one hundred different classes of insurance are transacted by the group, and last year total claims exceeded £5,000,000. In 1935 new life business was £2,461,000 against £2,359,000 and constituted the sixth successive record production. The net rate of interest on the life and annuity funds was practically unchanged at £3 19s. 3d. per cent. Death claims fell by the substantial amount of £112,000 to £601,000. Fire premium income at £3,961,000 was practically the same as in 1934. Accident premium income was £190,000 less at £4,293,000 and marine premium income increased by £8,000 to £290,000. In the fire department there is a reserve in addition to the usual reserve for unexpired risks of £1,775,000, equivalent to 45 per cent. of the 1935 premium income. In the accident department a similar additional reserve of £650,000 at the end of 1934 has been increased to £1,000,000 by a transfer of £350,000 from profit and loss. The marine fund amounts to 144 per cent. of the premium income.

—And the Latest Results.—The results of the Liverpool and London and Globe for the last two years are given in the table which follows:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	414,695	10.5	482,741	12.2
Accident	46,538	1.1	133,809	3.1
Marine	20,155		21,289	
Life	26,000		26,000	
	507,388		663,839	
Less Items debited to profit and loss account	207,234		216,255	
Net trading surplus	300,154		447,584	

Total assets in the general balance sheet are nearly £31 millions and the contingency fund and profit and loss balance together amount to £2,855,000. Mortgages account for £1,567,000, compared with £1,504,000 in 1934, but British Government securities have fallen by £252,000 to £6,056,000. Colonial Government securities were some £202,000 smaller at £1,541,000, but foreign Government securities increased from £5,352,000 to £6,469,000. Some reduction in debentures was more than compensated by an increase in preference and ordinary shares. The rate of dividend on the share capital (which is held by the Royal) is 67½ per cent. for the sixth successive year. The cost of the dividend is £556,000, compared with £560,000 in the previous year, while there was an increase from £411,000 to £414,000 in the available net interest earnings.

THE STOCK EXCHANGE

OUTLOOK FOR OIL SHARES

INVESTORS who purchased the leading oil shares a little over a year ago, before various dividend increases and the advance in petrol evoked a strong buying wave, now enjoy a capital appreciation of over 40 per cent. Those who entered the market on the top of the rise in May last year have been rewarded with market appreciation of only 10 per cent. In the oil share market the moral can never be outworn. Fluctuations in prices are often severe, and the statistical position of the American oil industry, which largely decides its "tone," can change rapidly for better or worse.

The American oil situation did, in fact, deteriorate rapidly between May and September last year, with the significant consequence that September 30th marked the 1935 "low" for the *Investors' Chronicle* index of oil share prices. The breakdown in May—by the decision of the Supreme Court—of the Federal Government's attempt to regulate American oil production, was followed by a sharp increase in the production of crude oil in California, and the Standard Oil Company of California felt obliged to cut the crude price by 50 per cent. at the end of August. Two months later, however, it restored the cuts, and in January this year the statistical position of the industry had so far improved that the price of Mid-Continent crude oil was raised from \$1.00, at which it had been "pegged" for over three years, to \$1.10 per barrel, and that of East Texas crude oil from \$1.00 to \$1.15 per barrel. Between September, 1935, and the end of January this year, the oil share index of the *Investors' Chronicle* recorded a rise of over 32 per cent. The further appreciation which has occurred this year reflects the market's hope that the improvement in the American oil industry will be maintained, and its anticipation of satisfactory dividend increases for 1935 from the leading companies.

The continued rise in the American output of crude oil this year is no doubt causing some concern. It has now reached 3,008,000 barrels a day—the highest daily output ever recorded—higher even than in 1929, before the great slump. All the major producing States have greatly increased their output, the control of which has now passed out of Federal into State hands. The Connolly Act merely provides that oil produced in violation of State restriction orders is prohibited from entering into inter-State commerce. This may have killed the illegal traffic in "hot oil"—the output of "hot oil" in East Texas is now estimated at only 15,000 barrels a day as compared with 60,000 barrels a day in March, 1935—but it cannot prevent an increase in State output if the State authorities refuse to enforce their restriction orders. The following table shows the extent to which producing States are exceeding the outputs recommended by the U.S. Bureau of Mines:—

	Daily output for week ended May 16	Daily output Recommended for May	Excess per day over Recommendation
	Barrels	Barrels	Barrels
Oklahoma	560,500	538,300	22,200
Texas	1,070,750	1,132,500	61,750
Louisiana	226,800	160,500	66,300
California	579,800	544,000	35,800
Total U.S.	3,008,000	2,826,300	181,700

The remarkable increase in the output of Louisiana is due mainly to the development of the new Rodessa field, situated on the borders of Louisiana and Texas. This field was discovered last year, and its daily output is now in excess of 50,000 barrels. Fortunately, some of the large companies, notably Socony-Vacuum, have acquired interests, so that the danger of too rapid development through the competition of small independent concerns has been averted. Nevertheless, the Rodessa output can rise further—May to over 100,000 barrels a day. While it should

not be regarded as a "market breaker," the new field adds its quota to the already excessive production of crude oil in the other States. The vital question for the investor is whether the increase in consumption can take care of this disconcertingly large increase in crude oil production. Broadly, the conclusion may be reached that there is, as yet, no serious threat to the recovery in the American oil industry, but that the market must now undergo a "corrective" period before the upward trend in oil prices can be resumed. A rise in the price of British petrol must be ruled out as a present possibility.

With this conclusion in mind, we may examine the present market valuation of the leading oil shares quoted in London. Substantially higher dividends were already discounted in view of the increase in consumption last year and the advance of 1d. per gallon in the price of British petrol last May. That earnings for 1935 may show a fairly large increase is suggested by the following table, which sets out the earnings in 1934 and 1935 of 43 representative American oil companies. The discouraging feature of the table is that the total amount of dividends paid last year was actually less than in 1934:—

	43 American Companies	1934	1935	Change
		\$	\$	\$
Net earnings	147,038,075	223,562,177	+76,524,102 (+52%)	
Common dividends paid	134,291,405	131,376,966	-2,914,439 (-2.17%)	

Burmah Oil and Venezuelan Oil Concessions were first among the British companies to announce their 1935 results. The increase in the Burmah Oil dividend (from 15 per cent. to 20 per cent.) fulfilled market expectations. The preliminary figures disclosed extra earnings of 6½ per cent., net profits having risen from £1,657,218 to £2,276,913. Actually, the Company must have received last year in dividends an extra £50,000 net from its holdings of 1,000,000 "Shell" Transport ordinary shares and £138,000 more from its holding of £3,561,990 Anglo-Iranian ordinary stock, a total increase in investment income of £188,000, which is equivalent to 2 per cent. on its ordinary stock. Some 4½ per cent. of the extra earnings must, therefore, be attributed to better trading in India. The earnings of Venezuelan Oil Concessions, however, showed a decline in 1935, yet the dividend rate was increased. The 1934 dividend of 11½ per cent. on the old £1 shares was equivalent to 16.9 per cent. on the new shares of 13s. 4d. but 18½ per cent. was paid for 1935. The decline in earnings is attributed to exchange losses arising from the premium on the bolivar, in which currency wages and salaries have to be paid. The alteration of the rate from 3 bolivar to 3.9 bolivar to the \$ will relieve this exchange strain, and the 15 per cent. increase in output this year may have encouraged the directors to view the outlook more hopefully.

The market was well satisfied by the dividends announced by the "Shell" Transport and Royal Dutch companies this week. The "Shell" dividend of 17½ per cent. tax free, against 12½ per cent. tax free for the preceding year, accorded with contemporary expectation. The increase in the Royal Dutch payment, however, from 7½ per cent. to 10½ per cent., exceeded the majority of prognostications, which had not envisaged a payment of more than 9 per cent. gross. However, in the light of cash distributions in the past, the 17½ per cent. tax free dividend of "Shell" Transport would not be out of relationship with a gold dividend of slightly over 10 per cent. by Royal Dutch. The revenues which accrue to the Royal Dutch—"Shell" group in dollars, sterling, and a variety of depreciated currencies must necessarily purchase a smaller amount of old gold florins than of new paper pounds. The 60 per cent. of the "pool" which accrues to Royal Dutch should, therefore, have given that company a relatively smaller increase in

earnings than the remaining 40 per cent. of the "pool" has given the shareholders of "Shell" Transport. The total "pool" has undoubtedly increased, and the conditions which have governed the directors' decisions may be more apparent when the full reports are published.

Meanwhile, the Anglo-Iranian company is expected to increase its dividends from 12½ per cent. to 20 per cent. In this case the company has eliminated debenture service costing £275,000 per annum, and is deriving full advantage from its joint marketing arrangements with the Royal Dutch—"Shell" group. With perhaps the cheapest production of crude oil in the world, the company benefits to the full from any rise in the price of petrol. On the basis of an annual consumption of 1,350 million gallons of petrol in this country, an extra penny per gallon on petrol is probably worth an extra 7½ per cent. to Anglo-Iranian ordinary shareholders. Trinidad Leaseholds, which is now marketing its petrol direct through its own distributing organisation, also derives direct benefit from increased petrol prices. The market is anticipating a total distribution for the year ending June 30th of 25 per cent. against 17½ per cent. in 1934-35.

The following table records the prices of the shares of these companies, the 1933 and 1934 dividends, the 1935 dividends estimated or actual, and the prospective dividend yields:—

Company	Ord. Stock or Shares			Dividends			Gross Yield % on Actual or Estimated Dividend
	1935		Present Price	1933			
	Low.	High.		1933	1934	1935	
Anglo Iranian £1	41/10½	71/3	95/-	7½	12½	20(0)	4 4 3
Burmah Oil stk.	70/-	85/7½	95/0xd	22½*	15	20	4 9 0†
Royal Dutch Fl. 100	£17½	£23½	£34½	6	7½	10½	4 4 0(4)
"Shell" Trans. & Trading £1	44/11	83/9	98/9	7½ net	12½ t.f.	17½ t.f.	4 13 3(s)
Trinidad Leaseholds	50/11½	84/0½	93/9xd	12½	17½	25(0)	5 6 9(s)
V.O.C. 13s. 4d. shs.	28/-	43/9	40/7½	10½	18½	18½	6 2 0‡

† Equivalent gross, after allowing for tax at 3s. 1d. in £. Actual yield. ‡ Actual yield (a) Exchange at Fl. 7.34½ to £. § To June of succeeding calendar year. * And capital bonus of 33½%. † Paid on £1 shares. (c) Estimated. (s) On gross basis.

Speculative interest in the oil share market has recently been concentrated on Mexican Eagle. These shares of 4 pesos (8s.) which were as low as 3s. 1½d. last year rose from 9s. to 15s. on rumours that the Mexican difficulties were about to be settled. The rumours proved to be true, and the settlement involved a payment of some £660,000. The announcement was followed by a meteoric rise in the price of the shares, and bursts of speculative purchasing have carried the price by rapid jumps as high as 27s. 6d. It is pointed out that the output of the company increased last year by 20 per cent., and so far this year by a further 30 per cent. As the oil reserves are now greater than at any time in its history, the Mexican Eagle output might well be doubled. Nevertheless, it is exceedingly dangerous to speculate upon 1936 earnings at this early stage. For 1935 it is possible that earnings of 1s. per share may be shown, but the present price of 25s. 6d. for these 8s. shares discounts earnings this year at least double those of 1935. The wise investor will doubtless wait for the 1935 accounts and the directors' report which will be published next month.

It may also be mentioned that although Canadian Eagle ordinary shares have enjoyed a considerable rise in the wake of Mexican Eagle—from a low level of 3s. 3d. last year to the present price of 16s. 3d., there is no direct relationship between the earnings of Mexican Eagle and those of Canadian Eagle. The Canadian Eagle owns the tanker company which ships Mexican oil to Great Britain: it also refines the crude oil of Venezuelan Oil Concessions and distributes the refined products in South America and elsewhere. Its earnings, therefore, are not related to those of Mexican Eagle to any appreciable extent.

The oil share market in the immediate future must take its cue from the forthcoming reports. We do not anticipate that their record will be unsatisfactory, but when they have been digested the market can hardly make fresh headway until the American oil outlook has been clarified. Some allowance for this factor seems called for in assessing expected dividend yields, which, on present indications, do not appear excessive.

INVESTMENT NOTES

Corporation Borrowing.—The market's apprehension of some recent home corporation issues through the authorities with a delicate problem. It is clear that the present issue prices, there is a limit to the amount of gilt-edged stocks that can be absorbed. Either the authorities must be willing to halt the queue of would-be borrowers, at the risk of traffic dislocation in Threadneedle Street, or they must "shade their price list" and then confess that the rate of interest has moved against them. This is a dilemma which sooner or later confronts administrators of restriction schemes, who find it less easy to control the demand than the supply side of the equation. In fact, there has already been a significant "shading" of prices. Last January a borough of Smethwick was offering 20-22 year 3 per cent. a fact which in May an exemplary borrower like Sheffield, whose prospectus is a model of detailed and helpful publicity, on a similar stock at 99 and has nearly half of it left with underwriters. Conditions in the last month, particularly, have become increasingly unfavourable, as the following table suggests:—

Cash Lists Open	Borrower	Amount	Approximate basis of Allotment	Opening Price	Present Price
April 20	Birmingham	4,882,700	10% cash apps.	100 pm.	100 pm.
" 24	Croydon	1,500,000	25% large apps.	100 pm.	100 pm.
" 28	Bradford	1,744,440	35% over £2,000	100 pm.	100 pm.
" 28	Cardiff	1,439,500	64% over £5,000	100 pm.	100 pm.
May 8	Rochdale	1,000,000	In full	100 pm.	100 pm.
" 8	South Shields	500,000	73% over £15,000	100 pm.	100 pm.
" 14	Sheffield	2,500,000	Underwriters left with 48%	100 pm.	100 pm.
" 19	Huddersfield	1,000,000	47% cash apps.	100 pm.	100 pm.

A month ago 3 per cent. issues at 99 were being over-subscribed and large cash subscribers were receiving only a fraction of their total applications. Before the end of April, however, the phenomenon of opening discounts appeared. Recently, opening discounts have become larger and the price of certain issues has receded further in subsequent market dealings. There is, in other words, a growing amount of undigested stock. On the whole, it would seem preferable that the authorities (to use the familiar terminology of restriction) should lower their pivotal price if they wish to market an increased quota. Their technique has, indeed, been rudimentary in character. They appear to have recognised no subtle nuances in the credit-rating of different corporations. Nor have they endeavoured to vary the "lives" of loans on behalf of different borrowers, to ensure that future maturities will not fall, in large numbers, on or about the same time. Their policy has been rather that of Procrustes, who, having but a single bed, lopped off the limbs of all his guests until they fitted it exactly. This method, applied to a market which in the past has prided itself on sensitivity and delicacy of adjustment, appears somewhat crude.

News from the Seven Seas.—This week has brought further news for bondholders from all corners of the world—much of it disconcerting and some of it frankly depressing. The Chinese Customs loans have been severely affected by Sir Frederick Maze's disclosure of the serious effect of smuggling on the North China revenues, a consequence of the disarming of the Customs cutters on the Hopei Coast and of the ineffective co-operation with the railway authorities. The Tientsin revenues, naturally, are gravely affected, and the collections have fallen by 23 per cent. during the past four months. This port has usually provided about \$41 millions towards the annual collection, which last year amounted to \$315,520,000. Protests to the Japanese authorities have elicited the reply that high Chinese tariffs and administrative inefficiency are responsible. The market, it would appear, has somewhat enlarged the consequences of even the total failure of the Tientsin revenues, which need hardly be contemplated at this stage. The Customs Administration has during recent years maintained the collections at a reasonably high level, and assuming that no deterioration occurs,

South, the Customs Loans and Indemnities, which are a first charge on the revenues, can be regarded as well secured. Last year these charges amounted to \$66.4 millions, and after meeting the service on American Loans (\$12.7 millions) and on internal loans (\$137.3 millions), a balance of \$99 millions was available from the revenue for the Government. The market appeared to find rather more hope in the situation in mid-week, although Monday's fall was not regained. But it was again depressed by the record arms budget approved last week in Tokio. Nearer home, Greek loans have continued depressed on the continued delay in debt negotiations. The refusal of the bondholders' organisation to consider a renewal of the 35 per cent. offer from the debtor is now of long standing, but the Greek authorities have so far remained obdurate. Informal conversations have taken place, and the Governor of the Bank of Greece is proceeding to London to discuss the position with the Council of Foreign Bondholders. From South America, in mildly refreshing contrast, come reports of progress in the Presidential messages delivered to the Argentine and Chilean Congresses. In the former, stress was laid upon the reduction of the floating debt and the achievement of a surplus during the past financial year of 27 million pesos. The adversities of provincial finance have been relieved by the unification of internal taxes, and provincial credit has consequently improved. The message to the Chilean Congress dwelt at length on the working of the new arrangements for the service of the external debt, which under Law No. 5580 is earmarked from the Government's share of the nitrate and copper revenues. Holders of more than 72 per cent. of the bonds issued by Messrs. Rothschild and Sons have accepted this form of payment. Nitrate output during 1935 was 49.23 per cent. higher, and the moiety of the revenue assigned to debt service—the remainder being applied to redemption—amounted to \$2,064,125, representing a return of 4.75 per mille. Even the purist is forced to recognise that this unorthodox arrangement brings him some small return.

Actuaries' Investment Index.—The continued dullness of market conditions is reflected in a moderate fall in the Actuaries' Investment Index for 178 industrial equities to 82.6, compared with 83.1 last week and 83.7 a month ago (December 31, 1928 = 100). The yield this week works out at 3.72 per cent., compared with 3.68 per cent. last week and 3.65 per cent. a month ago. Movements in some component groups are shown below:—

Group (and No. of Companies)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month Ago (Apr. 21, 1936)	Week Ago (May 12, 1936)	This Week (May 19, 1936)	Month Ago (Apr. 21, 1936)	Week Ago (May 12, 1936)	This Week (May 19, 1936)
Coal (7).....	97.8	96.5	93.0	4.17	4.21	4.43
Cotton (6).....	41.1	40.0	37.0	2.19	2.24	2.14
Iron and Steel (12).....	70.6	69.7	68.7	3.18	3.19	3.25
Oil (5).....	85.2	84.3	83.8	2.54	2.56	2.78
Electric Supplies (10).....	135.8	137.3	135.4	3.68	3.61	3.81
Stores and Catering (20).....	87.0	86.2	86.5	3.57	3.58	3.58
Breweries and Distilleries (21).....	145.6	145.7	146.5	3.96	3.95	3.95

The most extreme movements are a drop of 3 points in the cotton group price index, and a simultaneous drop in following the passing of the J. and P. Coats' bonus. A rise of 5.5 points in the oil group, however, reflects the market's active discounting of this week's dividend announcements. Smaller increases are shown by the Stores and Catering, and Breweries and Distilleries groups.

COMPANY NOTES

Aircraft Companies.—The conditions at present ruling in the aircraft industry are so fresh in investors' minds as to need little description. In July, 1934, the Government announced that the home defence force was to be raised to 840 first line machines (which implies about twice that number in reserve) by March, 1937. In commenting

on the subsequent Air Estimates (1935-6), the Under-Secretary for Air put the number of machines to be ordered in 1935-6 at "over 1,000," or "nearly 100 per cent. more machines than were budgeted for in 1934-5." Subsequently, in May, 1935, the programme was accelerated to provide 1,500 first line machines by March, 1937, involving a substantial extra demand on the industry; and urgent arrangements had to be put in hand for the manufacture of selected models by other makers whose current work was less pressing. Finally, the White Paper of March 4th last announced that a further 250 first line machines were to be added to home defence strength, and 150 to overseas squadrons. The normal characteristics of the industry are thus temporarily overwhelmed with the pressure of R.A.F. expansion. A successful model is not the price for assurance of work; "licensed" manufacture of selected models is providing work for all. Moreover, the long period between the original designing of a new type and its ultimate acceptance for R.A.F. purposes has been greatly shortened and its expenses reduced. The 1935 profits of Rolls-Royce show that for a leading manufacturer (of engines, in this case) the wider spread of profits

(Profits in £'000)							
	1929	1930	1931	1932	1933	1934	1935
Armstrong-Siddeley Devel. (Sept. 30) :—							
Earned for Ord.	113.0	82.0	79.3	87.0	93.7	93.7	118.4
Earned %	29.0	27.2	26.3	33.3	32.2	31.1	36.4
Div. %	Nil	6½	6½	10	6½	10	10
De Havilland (Sept. 30) :—							
Earned for Div.	48.7	36.5	27.7	2.2	63.4	61.0	77.4
Earned %	16.2	10.3	7.6	0.6	18.6	14.3	19.3
Div. %	10	5	5	2½	7½	7½	10
Fairey (Sept. 30) :—							
Earned for Div.	132.0	113.0	113.9	128.1	62.5	Dr. 5.0	15.6
Earned %	31.2	22.6†	22.8†	25.6†	16.7	Nil	4.0
Div. %	7	7†	10†	10†	5	5	5
Handley-Page (Dec. 31) :—							
Earned for Pref.	40.5	43.1	3.6	8.1	Dr. 31.5	44.6	...
Earned % for Ord.	155.0	180.6	Nil	Nil	Nil	173.7	...
Ord Div. %	66.386	66.386	Nil	Nil	Nil	132.76	...
Hawker (March 31) :—							
Earned for Ord.	N.A.	N.A.	118.4§	143.3§	151.6§	77.4	116.5
Earned %						25.0	85.4
Div. %						15	20
Napier (Sept. 30) :—							
Earned for Pref.	192.3	169.9	80.2	17.6	Dr. 1.2	11.1	13.2
Earned % for Ord.	127.2	27.2†	10.6	Nil	Nil	Nil	Nil
Ord. Div. %	60	15†	Nil	Nil	Nil	Nil	Nil
Rolls-Royce (Dec. 31) :—							
Earned for Div.	117.2	97.2	99.2	106.0	62.7	201.6	249.8
Earned %	15.4	12.3	12.7	13.8	20.4	24.9	31.6
Div. %	10	10	10	10	17	20	22½

* Pref. shares only held by public. † Tax free. ‡ On capital as increased by bonus. § Prospectus profits.

need not prevent substantially higher earnings for the individual concern. But we have pointed out in earlier notes that the profit margin per machine must have been substantial in the old conditions; and even at the outset of the expansion movement, the Government was willing to allow considerable profits as an inducement to rapid output. But now that productive capacity is so much greater, its attitude appears less generous. Manufacturers have felt some doubt whether "instructions to proceed" assure more than modest profits in cases where full contracts have not been concluded. Moreover, the chairman of Rolls-Royce warned his shareholders a fortnight ago, the present programme could not last more than three years, after which there would be a heavy reduction in demand, and "difficulties would have to be met." No doubt maintenance of the enlarged forces will maintain a substantially greater volume of production than any known before rearmament began. It is possible, moreover, that demand for commercial aircraft may begin to develop on a large scale just when military demand is declining. But even at best the medium-range outlook is speculative. It seems likely that a few disappointing results might have a considerable effect in bringing that fact home to the public and causing a downward adjustment of the present high level of prices. The accompanying table of profits covers only the better known and established companies, since the many recently introduced concerns have too brief a record as public companies for their profit movement to be significant.

Cable and Wireless Accounts.—The financial complexities of the Cable and Wireless group are not especially forbidding but, to the lay investor, analysis of the comprehensive accounts issued by the group is apt to be hampered by various changes in the organisation since 1929. Holders of Cable and Wireless (Holding) stocks have now become accustomed to the new name adopted by the operating concern—Cable and Wireless, Limited—in 1934. They must now take into account the repayment of £6,453,407 preference stock of the Holding concern, which has involved important balance sheet changes. The earnings of the Holding company were outlined in last week's *Economist* on page 376. In the following table are analysed the profits of the operating concern and of the group (including income of the four telegraph concerns directly held by the Holding concern, in respect of manufacturing and investments) and finally the allocation of the Holding company's income:—

	1933	1934	1935
CABLE AND WIRELESS, LTD.*			
Total receipts	4,576,532	4,777,281	5,019,773
Total expenses	4,366,980	4,151,735	4,018,376
Balance of profit	209,552	625,546	1,001,397
Total dividend	175,000 (11s. 8d. %)	600,000 (2%)	1,000,000 (£3 6s. 8d. %)
GROUP CONSOLIDATED FIGURES			
Profit on traffics, manufacturing, etc.	225,278	546,006	805,269
Income from outside securities**	556,658	604,143	630,319
Total	781,936	1,150,149	1,435,588
Deduct—			
Divs. on outside shareholdings	81,216	81,808	79,552
Net profits	700,720	1,068,341†	1,356,036††
CABLE AND WIRELESS (HOLDING)			
Divs. from subsidiaries, transfer fees, etc.	720,064	1,080,393	1,120,234
General expenses†	57,704	68,142	69,122
Div. on 5½ per cent. pref. stock	638,534 (2½%)	957,779 (4½%)	986,677 (5½%)
Total carried forward.....	99,276	128,398§	167,762§

* Formerly Imperial and International Communications, Ltd.
† Including administration and general expenses, directors' fees, interest and income tax.
‡ Less £56,830 balance of a subsidiary liquidated during year.
§ After writing off £25,000 formation expenses in 1934 and £25,071 expenses on capital reduction scheme in 1935.
** After deducting debenture interest of subsidiary companies.
†† Subject to £64,534 interest on assented preference stock to November, 1934, and reserve provision of £405,093.

The communications company's message receipts are approximately 2½ per cent. higher at £4,902,755, an improvement which may be compared with a rise in the average monthly traffic index from 72½ to 73½ last year. Station working expenses, after steadily falling for some years, are slightly higher, and the chief economies, in round figures, are £50,000 in administration and £100,000 in pensions and retirements. Many of the cost items, however, are of a relatively fixed character, and the prospect for the operating company becomes more intimately associated with the traffics trend. The fall in the April traffic is distinctly severe, and is not comforting after the stolid course of receipts during the past four months.

—**and Earnings Prospects.**—It is in the balance sheet of Cable and Wireless (Holding) that this year's spectacular changes have occurred. Shareholdings in the four telegraph companies have been reduced from £52,745,267 to £44,005,383. This change is linked with the reduction in capital, but the accountancy procedure is of interest. Special dividends, it is stated, have been paid by the Eastern Extension and Western Telegraph concerns "out of their general reserves." They have been applied to writing down the book value of the Holding company's interest in the two concerns and to eliminating the item of £500,000 for the Holding company's formation expenses. In all, therefore, a special sum of £9½ millions has been

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found from general reserves. At the end of 1934 no entry was recorded in the consolidated balance sheet for general reserves, but a new item of £3,228,708 is entered in the latest accounts. On the other side, the group's investment holdings have been reduced from £17,615,361 to £11,376,184, and the equity interest in Cables Investment Trust, formed last year, appears at £1,085,000. These accounting changes may have been responsible for the market's rather cool reception of the report a week ago. The text of the Governor's speech, which is invariably illuminating, was not available as we went to press. The preference stock may now be regarded as fully covered, under present trading conditions, but there is little in the accounts or the recent traffics trend to suggest a rapid overhaul of arrears. Assuming that satisfactory arrangements are made to deal with £9 12s. 6d. of gross arrears, the stock, at the present price of 9½, yields its nominal rate on a net basis. The valuation appears reasonable, having regard to the present static position.

Chain Store Results.—The full accounts of Marks and Spencer and Great Universal Stores bring the record of "chain" retailing profits up to March 31st. As in previous years, the record is impressive. Only *Great Universal* has produced rather disappointing results, for in this instance profits have actually fallen. Since they are struck, however, after providing for certain expenses incurred in the development of two new subsidiaries, the fall in trading profits from £332,410 to £306,197 has a veiled significance. The disclosure of the specific figure would greatly assist investors in assessing the prospects of the latest recruit to the chain store group. The company's retail store business has been transferred to a separate subsidiary, and all expenses, apart from capital expenditure, have been charged against the profits of the parent concern. The latest results, therefore, leave the question of geometricity of earnings quite open. Earnings

£190,960 do not, in fact, provide the handsome cover usually associated with regular cash dividends and share bonuses. The Marks and Spencer full accounts confirm the impressive profits figures announced recently (see the *Economist*, May 9th, page 317). The striking geometric expansion of earnings progresses unchecked, and has even been strengthened. The profits and distributions of these concerns, and of their two competitors, are analysed in the following table:—

Company and Date of Accounts	Total Profits	Earned for Ordinary	Ordinary Shares				Yield
			Cash Div.	Capital Bonus	Price		
Marks & Spencer (Mar. 31):—							
1934	1,258,256	688,899	81.8	35	12½	(5/-) 92/6	2 3 2
1935	1,389,431	811,392	74.1	35	11		
1936	1,612,388	981,697	77.3	40	10		
Great Universal (Mar. 31):—							
1934	303,939	207,134	89.1	45	10	(5/-) 51/9	4 17 0
1935	332,951	258,216	111.1	50	10		
1936	310,213	190,960	74.8	50	10		
F. W. Woolworth (Dec. 31):—							
1933	4,734,221	3,172,949	112.8	80	...	(5/-) 129/9sd	3 17 0
1934	5,108,748	3,559,778	122.5	80	...		
1935	5,548,451	3,939,459	135.3	100	...		
British Home Stores (Dec. 31):—							
1933	90,020	...	70.2†	Nil	...	(1/-) 43/7½	...
1934	124,736	37,865	131.1	Nil	50		
1935	154,359	51,814	111.4	Nil	50		

† After charging one year's preference dividend.

Perhaps the most convincing evidence of Marks and Spencer's development is to be found in the Company's latest balance sheet. Between March 1934, and 1936, net current assets rapidly accumulated from £123,000 to £756,000; freehold properties advanced from £2,878,000 to £4,180,000; and leasehold properties were £430,000 higher at £2,202,000. Apart from an increase of £727,000 in mortgage loans, the whole of this expansion has been financed from within the business. And despite the hot pace which is being set in chain retailing—evidenced by a startling similarity of red and gilt exteriors in many shopping centres—Marks and Spencer appear to have continued scope for expansion. In relation to F. W. Woolworth, whose stores now approach 650, Marks and Spencer's chain of about 230 stores appears modest. Whereas new extensions in the Woolworth chain must now be made in new housing communities—involving a somewhat smaller type of store—Marks and Spencer is a name still unfamiliar to many sizeable localities. The most eligible sites, however, are rapidly dwindling in number, and a term may ultimately be set to the expansion of chain store organisations by this factor, rather than by any decline in administrative efficiency. British Home Stores, for example, opened ten stores in 1935, and has plans for a similar number this year, bringing the total to about fifty. In the more immediate future, chain store investors may have to face the implications of rising wholesale prices on profit margins. There is growing evidence of increased costs, and on some lines, at any rate, the stores may find it difficult to maintain their present margins. The main points which interest the investor, in sum, may be summarised as (1) Marks and Spencer's attraction for the investor; (2) Woolworth's high cash dividends and of further increases; (3) the high value at which it is capitalising the management of British Home Stores, which has yet to recommend a cash dividend; and (4) the ability, which has still to be demonstrated, of Great Universal to secure, at this stage, a geometric increase in earnings.

New York Central.—For the first time since 1931, the New York Central Railroad produced a small surplus over fixed charges last year. Freight traffic, and in particular bituminous coal, lumber, iron ore, steel and scrap and automobiles, provided most of the increase in revenue. Net operating revenue increased by \$15.1 millions, of which \$1 million was attributable to freight. Some

\$13 millions of this increase was absorbed by increased operating expenses, increased transportation expenses accounting for \$7.4 millions. Restoration of rates of pay and increased cost of fuel are cited as major factors responsible for the increased operating expenses. Net operating revenue was therefore \$2,082,403 higher at \$72,995,525. A reduction of some \$5½ millions in taxation and rentals, partially offset by a slight reduction in non-operating income produces a comparatively impressive rise in gross income from \$52,577,535 to \$59,441,181, and after providing for rents for leased roads, bond interest and other fixed charges, a credit balance of \$115,045 remains on net income account, compared with a deficit of \$7,682,335 for 1934. The company is thus within sight of significant earnings on the common stock. For the first quarter, net operating income amounted to \$8,776,000, compared with \$7,604,000 for the same period in 1935. This scale of improvement has carried the stock from last year's low point of 12¼ to a present quotation of 34½, after 42 earlier this year. For a stock which appears to be running on a \$1 per share earnings basis, this is evidently a "recovery" valuation. The tenor of business reports from the United States suggests, however, that industry refuses to follow a disconsolate Wall Street, and the long-term outlook suggests prospects of a further improvement in railway earnings.

Whitehead Iron Results.—Steel shares have been a poor market this week, and Whitehead Iron, despite the excellent preliminary figures, have suffered with the rest. The indicated profits and dividend are well up to expectations. Trading profit has increased by about £50,000 to around £285,000, while net profits have advanced from £185,973 to about £250,000. A dividend of 35 per cent. is to be paid, as against last year's dividend of 30 per cent. on a smaller capital. Compared with the interim profit statement published last November, the figures show that the rate of profit has been very well maintained during the second half of the financial year. The following table shows approximate comparative results during the last three years:—

	Years to March 31,		
	1934	1935	1936*
Net profit.....	73,796	185,973	250,000
Ordinary shares—			
Paid	56,191	119,793	175,282
Earned (%)	21.1	51.4	54.6
Paid (%)	15.0	30.0§	35.0
Reserve	15,103	60,000	70,000
Carried forward.....	11,160†	18,813†	23,531

* Approximate. † After bringing in £1,473 profit on the sale of an investment. ‡ After writing off £707 issue expenses. § At 25 per cent. capital bonus.

The company's production and profits have been increased this year by the double-shift operation of the Whitehead Thomas Strip and Bar Company's plant, and also, presumably, by the completion of the extensions put in hand in 1933. No further increase in capacity is at present projected, and since the company is probably now working at maximum efficiency, the period of sensational profit advances may be at an end. The company, however, should derive substantial dividends from the subsidiary, Whitehead, Hill and Company. Moreover, benefit may be derived from the expected rise in finished steel prices, for the company obtains its raw material on a long-term contract from Richard Thomas. The increase in steel production costs, which are clearly reflected in the failure of Park Gate Iron and Steel to increase its profit by more than £1,475, may not therefore seriously impair Whitehead's profit-earning capacity. The shares at 7½ cum dividend yield 4½ per cent., and are one of the best holdings in the iron and steel group.

Wiggins, Teape.—The accounts of Wiggins, Teape and Company for the year to December 31st last, are gratifying to shareholders, for they disclose an increase of 12 per cent. in the consolidated trading profit of the company and its subsidiaries, and recommend an increase in the parent

company's ordinary dividend from 8 per cent. to 9 per cent. They are even more gratifying to supporters of the "better balance-sheet" movement, for they prove conclusively that the publication of a wealth of financial detail—including consolidated profits, a group balance sheet, a list of "internal" reserves, and regular quarterly estimates of net profits—clearly does not prejudice a well-managed company in a competitive world. The following table traces the last three years' results, step by step, from the consolidated trading profit down to the dividend appropriations of the parent company:—

	Years to December 31,		
	1933	1934	1935
CONSOLIDATED FIGURES			
Trading profit of group and sundry income	850,388	896,486	1,003,553
Administrative expenses.....	382,800	394,911	418,220
Other charges, including pensions...	38,310	125,819	143,278
Net profit	429,278	375,756	442,055
Add surplus on taxation credits by subsidiaries and interest capitalised Cr.22,153 Cr.16,680 Cr.19,424			
Less			
Amounts written off by subsidiaries, for depreciation, development, goodwill, etc.	54,223	258	863
Profits of subsidiaries attributable or paid to outside shareholders....	39,512	34,679	45,924
Profits retained by subsidiaries.....	3,974	119	990
BALANCE OF PROFITS AVAILABLE TO WIGGINS TEAPE AND CO. (1919)	353,722	357,380	413,702
Income tax	2,885	11,825	135,968
Specific reserves, including depreciation and obsolescence.....	21,869	3,500	20,000†
Debt interest	68,750	68,750	68,578
Preference dividend	96,410	96,410	96,410
Ordinary shares:			
Earned	163,808	176,895	192,746
Paid	126,761	126,761	142,606
Earned (%)	11.0	12.1	13.1
Paid (%)	8	8	9
Reserve account	35,716	50,000	50,000
Carried forward	51,540	51,674	51,814

† Including £15,000 Special Obsolescence.

‡ Includes £10,000 to income tax equalisation reserve.

The advance in earning power reflects, in part, an increased volume of trade both in home and export markets and, in part, the improved results of some of the company's new ventures. The Greaseproof Paper Mills at Dartford, for instance, have not yet reached a profit-making stage, but their trading losses in 1935 were much less than in 1934. Meanwhile, the group, out of its own resources, is continuing to expend considerable sums on additions and improvements to the equipment of its mills. In the first quarter of 1936 earning power was broadly maintained at the level of the same months of last year. The £1 ordinary shares (which, with the £1 preference shares, are to be converted into stock) stand at 41s. 3d. to yield £4 7s. 3d. per cent. on a 9 per cent. dividend and £6 7s. per cent. on earnings of 13.1 per cent. They may be regarded as a well-covered investment in the "long-equity" group, and are reasonably valued by present standards.

Coats and the Fixed Trusts.—The J. and P. Coats preliminary figures and "ex bonus" dividend (on which we commented last week, page 376) came as an unexpected blow to the market. J. and P. Coats ordinary stock has always been a popular holding for investors, large and small, and its dividend record and impressive marketability put it in the first rank of industrial ordinary shares. The fixed trusts, doubtless for similar reasons, have made the stock one of their established favourites. An analysis of "duplicated securities" in our recent Fixed and Flexible Trust survey showed that J. and P. Coats ordinary stock actually came first on the list, and was held by as many as twenty trusts with a rigid portfolio, out of forty-eight trusts existing at the end of 1935. Further duplication may be involved if the managers of certain flexible trusts have exercised their power to invest in the stock. According to the estimates given on page 40 of the Survey, the twenty fixed trusts, if they had sold all their "available" units, would hold some £377,000 of the



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stock. This is a maximum figure, which has not, in fact, been reached. If holdings, however, had attained such a level, the passing of the bonus would have involved a loss of income to the trusts of some £14,100. I.C. Gas, whose stock is held by seventeen trusts, has been compelled to reduce its dividend from 12 per cent. to 10 per cent. In view, however, of the relatively small proportion represented by the "investment" industrials in fixed trusts portfolios, it may be expected that these adversities may be offset in forthcoming distributions by higher dividends from the larger "recovery" holdings.

Other Company Results.—A large number of reports are again included in our usual table of company profits which appears on page 463. The results of 70 additional companies will be found, and each section is well represented. Recent property company results are augmented by those of City of London Real Property and City and West End, which show a slight decline in earnings, and by Hesketh Estates, whose profits and dividends are increased. Imperial Continental Gas net profits have fallen sharply from £523,093 to £437,770, but the reduction of the dividend to 10 per cent. was not unexpected in view of the reduced interim dividend and the continued difficulties of the gold bloc countries. Pease and Partners report an increase in profits from £123,815 to £145,294. Yorkshire Amalgamated Collieries have enjoyed a better year, reflected in an increase of profits from £50,273 to £108,505 and a doubled ordinary dividend of 4 per cent., while Wilsons and Clyde Coal have declared an increased dividend of 5 per cent. out of higher profits. Ocean Coal and Wilsons, however, have suffered a severe fall in profits from £173,266 to £67,915, and the ordinary dividend—2 per cent. in the previous year—has been passed. The Singer results disclose a loss which is unexpectedly severe, amounting to as much as £203,449. The difficult working conditions during 1935, coupled with shortage of working capital and dislocation, have apparently been responsible, and the report discloses that the creditors have granted a moratorium until December next. In the brighter textile group, the Fine Cotton Spinners result is more encouraging, and the profit of £117,204 reduces the debit balance carried forward to £434,880. British Cotton and Wool Dyers have also experienced better trading, reflected in the increased dividend of 6½ per cent. Illingworth Morris record an impressive recovery in profits, from £1,707 to £79,924, and Porritt and Spencer have earned higher profits. This general improvement in the textile industry last year is reflected in improved earnings for Tweedales and Smalley, whose dividend is raised from 10 to 12 per cent. Among the miscellaneous companies, Beechams Pills reports a sharp rise in earnings from £213,484 to £330,651, the dividend being raised from 2½ to 50 per cent. The Fisher and Ludlow report illustrates the prosperity of the light engineering and metal stamping trades, for profits have increased from £59,988 to £114,383, while shareholders receive 17½ against 12½ per cent. B. Laporte appear to have gained advantage from the modest recovery in agricultural spending power. The net income of Whitehall Electric Securities has been reduced from £214,472 to £191,767 owing to Greek Exchange difficulties. A con-

servative policy is adopted by the directors of *Chloride Electrical Storage*, whose dividend is maintained at 15 per cent., while profits increased by £48,000 to £389,237. Increased dividends have been announced this week by *Suez Canal*, *Raleigh Cycle* and *Vactric*. *Griffiths Hughes Proprietaries* have maintained the total distribution of 17½ per cent.; the operating company earned £5,466 less at £456,678.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company and professional meetings:—Society of Incorporated Accountants and Auditors, Union-Castle Mail Steamship, Commercial Union Assurance, Equitable Life Assurance Society, Liverpool and London and Globe Insurance, London and Manchester Assurance, London County Freehold and Leasehold Properties, Mid-European Corporation, British Shareholders Trust, Selection Trust, Lunuva (Ceylon) Tea and Rubber Estates, Bangawan Estates, Kasintoe Rubber Estates, British Borneo Petroleum Syndicate, Stephany (Furniture Trades), and James W. Cook. The chairman of Equitable Life Assurance discussed the rate of bonus declared as a result of the recent valuation, and stated his expectation that the rate would be maintained. Mr Herbert Lewis, discussing the progress of Commercial Union Assurance, disclosed that the first three years of the current quinquennium pointed to a good valuation. Mr A. E. Pattinson, at the Liverpool and London and Globe meeting, referred to the record underwriting profits achieved during the past year, which amounted to £637,839. Reflections on the inadequacy of insurance for dependants occupied an interesting part of Mr Walter H. Brown's address to London and Manchester Assurance shareholders. At the Union-Castle meeting, Mr Robertson F. Gibb outlined the result of negotiations regarding control of the company. At the fifty-first annual meeting of the Society of Incorporated Accountants and Auditors, Mr R. Wilson Bartlett dealt with the income tax provisions in the Finance Bill, and with the services available in the profession for dealing with tax matters. Sir William J. M. Burton disclosed a number of interesting features associated with the management of the London County Freehold and Leasehold Properties, and it was stated that earnings of 15 per cent. should be available in the current year. The chairman of British Shareholders Trust announced results which justified bringing the dividend up to 100 per cent. Mr Norman Holden said that Mid-European Corporation, Ltd., had been able in the last twelve months to reduce the percentage of investments in Germany from 24.80 per cent. to 18.94 per cent. The chairman of British-Borneo Petroleum Syndicate discussed diversification of the syndicate's investments, and said that of investments having market quotations, 43 per cent. were in oil, 16 per cent. in home railways, 5 per cent. in electrical supply companies. The chairman of Selection Trust discussed the company's investments in American Metal Company, in Yugoslavian mines, and in Consolidated African Selection Trust. Mr W. J. Clarke, at the meeting of James W. Cook and Company, proposed the writing-off of the balance of goodwill on this company's accounts. The chairman of Stephany (Furniture Trades), Ltd., discussed advances to subsidiaries to finance their increasing business. Mr Eric Macfadyen referred at the Kasintoe Rubber Estates meeting to exchange difficulties. Mr James Fairman at the Bangawan Estates meeting referred to unfair treatment of British North Borneo by the International Regulation scheme for restricting rubber production. The chairman of Lunuva (Ceylon) referred hopefully to the prospects for 1936.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
JUNE 9ACCOUNT
JUNE 11

market has entered the three-week holiday account the very minimum of relish. The knowledge that the quarter's industrial production reached an all-time high is one of the confirmatory facts which proves that

the market was right in the past without giving it any decisive pointer for the future. Last week's J. and P. Coats results still appear to cast their shadow, despite the considerable number of smaller companies which show a satisfactory earnings improvement. Previous history, however, suggests that a succession of discounted dividends may do little to alleviate a market in which the basic factors suggest a cautious appraisal both of the political and economic possibilities. Oil shares, in fact, have virtually monopolised speculative interest.

The gilt-edged market has experienced a dull week. Support was lacking from the start, and although the Huddersfield loan "success" helped matters on Tuesday, the persistent liquidation on a small scale had its inevitable corollary in fractional declines throughout the list. Conditions in the home corporation market responded only momentarily to the early closing of the Huddersfield lists, and the news of further issues in store, although no secret, depressed an already leaden market.

The feature in the foreign bond market was provided by Chinese bonds, which suffered a heavy fall on the disclosure of the extent of losses from smuggling in North China (described on page 433), and somewhat exaggerated fears that the Shanghai revenues might be threatened. The Customs issues fluctuated considerably on later days, as sentiment swung to the more favourable view that the prior charges on the collections could be regarded as reasonably secure. Japanese issues were affected by the record armaments budget. European bonds were still favoured with meagre support. Brazilian bonds had a poor record, although Argentine issues were maintained.

The wages question now overhangs the home rail market, and business throughout the week has been on a restricted scale. The traffics were satisfactory but not exciting, and were insufficient to stem the small losses which set in on Tuesday. In the foreign rail market Cordoba first debentures were again active, but the ordinary stocks of the principal lines, although not lower on the traffics, derived no encouragement from them.

General dullness has spread over the industrial markets, and there have been no decisive movements in the past week strong enough to break the monotony. Relief has been found only in a few individual issues which have responded to specific causes. Cable and Wireless preference stock, which greeted the accounts with a certain aloofness, were distinctly easier on the traffic index. Iron and steel issues, which were irregular at the end of last week, have made no progress. The Whitehead results were considered fairly satisfactory, but were followed by slight selling, and in mid-week most iron and steel prices declined. Publication of record iron and steel production figures left the markets unmoved. Business was generally dull in the motor and aviation share groups, the principal points being the weakness of Singers' shares on the surprisingly poor results and the recovery in mid-week of Thos. Tilling issues.

Among electrical equipment shares, Crompton Parkinson were supported at the end of last week, but no particular interest was shown this week. The textile group was affected by the lower profits and the omission of the J. and P. Coats bonus, although from time to time there were occasional improvements in other issues on better company reports. The stores group was one of the brighter features in the market, although Woolworth, which touched a record level at the end of last week, showed slight easiness this week. Tobacco shares remained quiet, although Gallaher were stronger in mid-week.

The miscellaneous industrials section offered a few outstanding features against a generally uninteresting background. Henry Meadows shares were in steady demand throughout the week, and prices were buoyed up by hopes of a bonus. Other small engineering shares were also well maintained, but the building materials group was rather weak. Beechams deferred provided a brighter spot and recovered quickly from the dividend deduction.

The oil shares market has continued its firework display. Eagle issues betrayed no signs of market difficulty at the carry-over. But the main stimulus has been derived from the "Shell" dividend, which was up to expectation, and Royal Dutch dividend, which were better than the market's most optimistic estimates. Interest was by no means confined

to these issues, and Trinidad Leaseholds provided a particularly good feature. Mexican Eagles became erratic in mid-week. Hopes of resumed dividends led to a demand for Phoenix issues. Rubber shares have reflected movements in the commodity price; a rise at the end of last week produced cheerfulness, but a recession this week reinforced the dullness borrowed from the rest of the market. Tea shares improved slightly in mid-week.

Conditions in the Kaffir market were inclined to be a little quieter, and for want of continued support many prices were lower in mid-week. West Witwatersrand, however, continued to improve, and Randfontein were in demand in hopes of an increased dividend. There was a similar quietness in the West African department, and prices tended to move downward in mid-week. Rhodesian copper issues were irregular, and tin shares reacted in sympathy with the commodity, which touched the lowest price of the year.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to May 15, 1936	May 14, 1936	May 15, 1936	May 18, 1936	May 19, 1936	May 20, 1936	May 21, 1936
Government and Municipal Loans	6,071	1,149	1,168	1,492	1,110	1,042	1,214
Transport, Communications, and Public Utilities	5,066	964	1,120	1,219	917	850	970
Commercial and Industrial	23,109	5,318	4,825	4,939	4,300	4,050	3,647
Banks, Insurance and Financial	2,935	564	617	666	613	459	557
Mines (including Nitrates)	7,424	1,240	1,585	1,513	941	1,076	834
Oils	1,796	424	405	383	375	399	366
Rubber, Tea and Coffee	1,413	263	319	333	277	272	231
Total	47,914	9,922	10,039	12,491	8,533	8,148	7,821
Corresponding day in 1935	...	10,953	11,120	12,491	10,120	10,501	9,967

* Including Iron and Steel and Breweries.

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	May 14, 1936	May 15, 1936	May 18, 1936	May 19, 1936	May 20, 1936	May 21, 1936
114.5	107.4	110.4	110.5	110.7	110.3	109.3	108.7

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Mar. 16)	May 14, 1936	May 15, 1936	May 18, 1936	May 19, 1936	May 20, 1936	May 21, 1936
138.4	137.0	138.0	137.9	137.9	137.9	137.8	137.7

FOREIGN STOCK EXCHANGES

NEW YORK

Two political events were behind the main market movements this week. The defeat, in the House of Representatives, of the Frazier-Lemke Farm Mortgage Bill, closely following the Senate's strong opposition to the Tax Bill handed up by the House of Representatives, was followed by an active day, and leading issues rose up to 4 points. A short lull at the end of last week was expected to give way again to a renewed bullish movement when the Supreme Court handed down its decision on the Guffey Coal Act, but, contrary to expectation, which was based upon the experience of the market after the N.R.A. reversal, the coal decision did not herald a boom. Disappointed professionals became bearish, and on Tuesday prices fell fairly rapidly on a relatively small volume of trading. A slight recovery later was not sufficiently marked to induce hopes that Wall Street had shaken off its political fears and was willing to pay more attention to the business news, which continues good. Oil shares advanced on the adjustment of the Pelican Company's production on the new Rodessa field, and a number of consumption goods shares improved on good retail trading reports. Company reports have been satisfactory. The Iron Age estimate of steel mill activity at 68.5 per cent. has improved slightly on last week. Power output is 15.4 per

cent. over the corresponding week of last year. Dealings in a number of foreign securities have been suspended because regulations of the Securities and Exchange Commission have not been satisfied.

	May 13, 1936	May 20, 1936	May 20, 1936 Eng. Equiv.†		May 13, 1936	May 20, 1936	May 20, 1936 Eng. Equiv.†
U.S. 2½% Treas. Bds. 1945-47	103½	103½	104½	Natl. Biscuit	33½	34½	34½
Atchafalaya	69½	69½	70½	Phelps Dodge	33½	33½	33½
Erie	11½	12	12½	Pullman	42½	42½	42½
Illinois Central	19½	19½	19½	Sears Roebuck	65½	66½	66½
N.Y. Central	33½	34½	34½	Un. Fruit	74	75½	75½
Pennsylvania	29½	29½	29½	U.S. Leather	6½	6½	6½
Southern Pacific	30½	30½	30½	U.S. Rubber	28½	29½	29½
Southern Ry.	14½	14½	14½	U.S. Steel	56½	56½	56½
Union Pacific	122	123	123½	Westinghouse	106½	110½	111½
				Woolworth	48½	50	50½
Am. Can.	128½	127	127½	Am. Tel. and Tlg.	156½	160	161
Amer. Smelting	75½	75½	75½	Int. Tel. Tel.	13	13½	13½
Anaconda	33½	33½	33½	Utilities P. & L.	4½	5	5
Bethlehem Steel	48½	49½	49½	W. Union Tlg.	75½	77½	77½
Chrysler Motor	92½	93½	94½				
Corn Products Rf.	74½	76½	77½				
Eastman Kodak	164	161	162				
Gen. Electric	35½	36½	36½				
Gen. Motors	62½	61½	61½	Shell Union	17½	18½	18½
Int. Harvester	81½	82½	82½	Std. California	38	36½	36½
Mont. Ward	40½	40½	41	Do., N.J.	60½	57½	57½

† Calculated at \$4.97 to £.

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

	1935		1936 (Jan. 1 to May 20)		Beginning of Year 1936		May 6, 1936		May 13, 1936		May 20, 1936	
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Apr. 8								
351 Industrials	74.5(0)	112.3	112.7	127.1(0)	112.3	117.7	116.2	116.1				
33 Rails	27.4	43.0(m)	42.8	51.1(0)	41.5	45.5	44.6	45.1				
27 Utilities	52.2	93.6	91.2	106.2(a)	93.6	94.2	93.2	95.3				
Total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	102.0	100.7	101.0				
Average yield of 50 Industrial Common Stocks	3.02%	4.06% (b)	High 3.60% (c)	Low 2.95%	3.22%	3.21%	3.25%	3.53%				

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

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

Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	May 13, 1936	May 14, 1936	May 15, 1936	May 16, 1936	May 18, 1936	May 19, 1936	May 20, 1936
147.6	126.2	133.4	136.3	136.2	135.9	134.8	131.4	132.9

TOTAL DEALINGS IN NEW YORK

	May 14, 1936	May 15, 1936	May 16, 1936	May 18, 1936	May 19, 1936	May 20, 1936
Stock Exchange—Shares (Thous.)	1,390	990	370	990	910	690
Bonds (Value Thous. \$)	8,190	9,620	3,330	8,260	8,460	8,480
Curb—Shares (Thous.)	260	202	93	224	207	163

* Two-hour session.

PARIS

The outlook for the Paris speculator has been, in his own eyes at any rate, that of a shorn lamb shivering before the Socialist wind. But M. Blum's reassurances seem to have sheltered the wind, and the investor is hoping that his lambs may not even be shorn. At the end of last week nervousness died away and rentes recovered slightly. Industrials were in favour, and internationals able to hold.

(Continued on page 442)



SECURITY FIRST

TOTAL FUNDS EXCEED
£47,000,000CLAIMS PAID, OVER
£200,000,000

Head Offices:

LIVERPOOL North John St. LONDON Lombard

NOTE—Shares with a New York Quotation or with definite American interest are distinguished by italics

Prices, Year 1935	Prices, Year 1936 Jan. 1 to May 20, inclusive	Name of Security	Price, May 13 1936	Price, May 20, 1936	Rise or Fall	Yield May 20, 1936	Prices, Year 1936 Jan. 1 to May 20, inclusive		Last two Half-yearly Dividends	Name of Security	Price, May 13, 1936	Price, May 20, 1936	Rise or Fall	Yield, May 20, 1936
							High	Low							(a) (b) (c)

Prices, Jan. 1936 Jan. 1935 May 20, 1935 Inclusive	Last two Half-yearly Dividends	Name of Security	Price, May 13, 1936	Price, May 20, 1936	Rise or Fall	Yield, May 20, 1936	6- 8- 10- 12- 14- 16- 18- 20- 22- 24- 26- 28- 30- 32- 34- 36- 38- 40- 42- 44- 46- 48- 50- 52- 54- 56- 58- 60- 62- 64- 66- 68- 70- 72- 74- 76- 78- 80- 82- 84- 86- 88- 90- 92- 94- 96- 98- 100- 102- 104- 106- 108- 110- 112- 114- 116- 118- 120- 122- 124- 126- 128- 130- 132- 134- 136- 138- 140- 142- 144- 146- 148- 150- 152- 154- 156- 158- 160- 162- 164- 166- 168- 170- 172- 174- 176- 178- 180- 182- 184- 186- 188- 190- 192- 194- 196- 198- 200- 202- 204- 206- 208- 210- 212- 214- 216- 218- 220- 222- 224- 226- 228- 230- 232- 234- 236- 238- 240- 242- 244- 246- 248- 250- 252- 254- 256- 258- 260- 262- 264- 266- 268- 270- 272- 274- 276- 278- 280- 282- 284- 286- 288- 290- 292- 294- 296- 298- 300- 302- 304- 306- 308- 310- 312- 314- 316- 318- 320- 322- 324- 326- 328- 330- 332- 334- 336- 338- 340- 342- 344- 346- 348- 350- 352- 354- 356- 358- 360- 362- 364- 366- 368- 370- 372- 374- 376- 378- 380- 382- 384- 386- 388- 390- 392- 394- 396- 398- 400- 402- 404- 406- 408- 410- 412- 414- 416- 418- 420- 422- 424- 426- 428- 430- 432- 434- 436- 438- 440- 442- 444- 446- 448- 450- 452- 454- 456- 458- 460- 462- 464- 466- 468- 470- 472- 474- 476- 478- 480- 482- 484- 486- 488- 490- 492- 494- 496- 498- 500- 502- 504- 506- 508- 510- 512- 514- 516- 518- 520- 522- 524- 526- 528- 530- 532- 534- 536- 538- 540- 542- 544- 546- 548- 550- 552- 554- 556- 558- 560- 562- 564- 566- 568- 570- 572- 574- 576- 578- 580- 582- 584- 586- 588- 590- 592- 594- 596- 598- 600- 602- 604- 606- 608- 610- 612- 614- 616- 618- 620- 622- 624- 626- 628- 630- 632- 634- 636- 638- 640- 642- 644- 646- 648- 650- 652- 654- 656- 658- 660- 662- 664- 666- 668- 670- 672- 674- 676- 678- 680- 682- 684- 686- 688- 690- 692- 694- 696- 698- 700- 702- 704- 706- 708- 710- 712- 714- 716- 718- 720- 722- 724- 726- 728- 730- 732- 734- 736- 738- 740- 742- 744- 746- 748- 750- 752- 754- 756- 758- 760- 762- 764- 766- 768- 770- 772- 774- 776- 778- 780- 782- 784- 786- 788- 790- 792- 794- 796- 798- 800- 802- 804- 806- 808- 810- 812- 814- 816- 818- 820- 822- 824- 826- 828- 830- 832- 834- 836- 838- 840- 842- 844- 846- 848- 850- 852- 854- 856- 858- 860- 862- 864- 866- 868- 870- 872- 874- 876- 878- 880- 882- 884- 886- 888- 890- 892- 894- 896- 898- 900- 902- 904- 906- 908- 910- 912- 914- 916- 918- 920- 922- 924- 926- 928- 930- 932- 934- 936- 938- 940- 942- 944- 946- 948- 950- 952- 954- 956- 958- 960- 962- 964- 966- 968- 970- 972- 974- 976- 978- 980- 982- 984- 986- 988- 990- 992- 994- 996- 998- 1000- 1002- 1004- 1006- 1008- 1010- 1012- 1014- 1016- 1018- 1020- 1022- 1024- 1026- 1028- 1030- 1032- 1034- 1036- 1038- 1040- 1042- 1044- 1046- 1048- 1050- 1052- 1054- 1056- 1058- 1060- 1062- 1064- 1066- 1068- 1070- 1072- 1074- 1076- 1078- 1080- 1082- 1084- 1086- 1088- 1090- 1092- 1094- 1096- 1098- 1100- 1102- 1104- 1106- 1108- 1110- 1112- 1114- 1116- 1118- 1120- 1122- 1124- 1126- 112
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Shipping										FIXED AND OTHER TRUSTS Latest prices, as supplied by the managers:-														
					Standard Motor Co. £1										Name					May 20, 1936 Compared May 13				
7 7/8	4 7/8	4 11/16	Nil	Nil	Catrin Line (10/-)	5/-	5/-	...	Nil	Amalgamated Certs.	23/3-24/3	-3d	Hundred Securities	20/9-21/9xd	...									
6 1/4	6 1/4	6 1/4	6 1/4	6 1/4	Cian Line Steamers (11)	6 1/4	5/-	- 1	3	Aviation & Univer.	10/-/10/3	-6d	Investors Gas & Elec.	15/6-16/6	-1 1/2									
21/10 1/2	17/-	3 1/2	Nil	Nil	Cunard £1	5/-	5/-	- 3d	Nil	British Empire "A"	22/9xd bid	-6d	Investors General	19/7 1/2 bid	-3d									
22/9	17/10 1/2	3 1/2	Nil	Nil	Furness, Wylky £1	15/-	17/3	-3d	Nil	Do. "B"	17/7 bid	-3d	Investors Gold Trst.	19/3-20/3	-1 1/2									
					P. & O. Del. £1	20/-	19/6	-2d	Nil	Do. Comprehensive	21/3-22/3xd	-3d	Investors 2nd Gen	17/7 1/2-18/7 1/2	-1 1/2									
Tea and Rubber																								
17/10 1/2	14/9	Nil	2 1/2	2 1/2	Allied Sumatra £1	15/6	16/-	+6d	3	British general "A"	23/6-24/6	-6d	Keystone Certs	19/3-20/3	-3d									
30/3	26/10 1/2	2 1/2	2 1/2	2 1/2	Anglo-Dutch £1	28/-	28/6	+6d	2	Do. "B"	18/9-19/9	-3d	Keystone Flats	17/8-19/8	-3d									
29/-	24/9	5	5	5	Bah Lias £1	27/-	26/10 1/2	-1 1/2	3	Do. "C"	23/6-24/6	-6d	Limited Invest Fd	21/-/21/9	-3d									
19/9	5/7 1/2	2 1/2	2 1/2	2 1/2	Cons. Tea & Lands £10	21	20xd	- 1	5	British Industries, 1st	22/3-23/3	-3d	Mid. & Stn. Inv.	20/3-21/-	-3d									
36/3	28/3 1/2	2 1/2	2 1/2	2 1/2	Courat Tea £1	15/7 1/2	16xd	+7 1/2	3	Do. 2nd Series	18/6-19/6	-3d	National, "A"	36/6-37/6	-3d									
52/6	43/3	5 1/2	5 1/2	5 1/2	Joakie Tea £1	28/9	28/9	- 1	14	Do. 3rd Series	20/-/21/-	-3d	Do. "B"	22/-/23/-	-3d									
46/6	38/3	5 1/2	5 1/2	5 1/2	Jonatun Tea £1	43/9	43/9	- 1	2	Do. 4th Series	21/3-22/3	-3d	Do. "C"	20/-/21/-	-3d									
21/9	17/6	Nil	Nil	Nil	London Plantations £1	40/-	40/-	- 1/3	1	Capital Secs.	8/6-8/9	-3d	Do. "D"	21/-/22/-	-3d									
4/8 1/2	3/11 1/2	8 1/2	7 1/2	7 1/2	Lingda Asiatic 2/-	4/3	4/1 1/2	-1/3	2	Century Certs.	20/-/21/-	-1 1/2	Provident Investors	18/9-19/9	-1 1/2									
34/6	30/3	5	5	5	Rubber Trus £1	30/3xd	30/9	+6d	3	Commercial	22/3-23/3xd	-3d	Rand	25/6-26/9	-3d									
4/1 1/2	3/3 1/2	6	6	6	Union Serdang 2/-	3/7 1/2	3/7 1/2	- 3	2	Electrical Industries	18/-/19/-	-3d	Scottish Certs.	19/6-20/6xd	-3d									
Oil																								
29/9	23/3 1/2	5	7 1/2	7 1/2	Anglo-Bucardorian £1	28/3	28/-	-3d	5	First British	47/3-48/3xd	-3d	Scottish & N.C. Inv.	19/6-20/6	-3d									
33/1 1/2	24/9	10	10	10	Anglo-Egyptian B £1	32/-	30/7xd	+7 1/2	6	First Protected	21/9-22/9	-1 1/2	Second British	16/9-17/9	-3d									
67/6	68/9	12 1/2	5	5	Anglo-framan £1	94/10	95/-	+7 1/2	2	First Prov. "A" x	19/3-20/3	+3d	Second Protected	19/9-20/9	-1 1/2									
27/1 1/2	23/7 1/2	10 1/2	17 1/2	17 1/2	Arc (Trinidad) 5/-	25/7 1/2	25/7 1/2	- 1/8	5	First Prov. "B" x	19/3-20/3	-3d	Security First	20/6-21/6	-1 1/2									
32/1 1/2	19/4 1/2	Nil	Nil	Nil	Brit. Coroll. (V.T. Cts)	21/7	22/6	+1/8	Nil	First Reeds Units	8/6-9/-xd	-3d	Selective "A"	20/-/21/-	-3d									
47 1/2	3/2	Nil	Nil	Nil	Burmah Oil £1	4/-	4/4	+4 1/2	Nil	For Govt. Bonds	19/3-20/3	-3d	Third British	24/3-25/-	-3d									
100/7 1/2	81/3	1 1/2	16 1/2	16 1/2	Libatos Oilfields £1	100	95/3	- 1/2	4	Fourth British	22/6-23/3	-6d	Trst. of Bk. & Insur.	20/3-21/3	-3d									
47/6	36/3	7 1/2	7 1/2	7 1/2	Mexican Eagle (Mex. \$4)	43/1 1/2	42/6	-7/8	7	Glit Edged	19/9-20/3	-3d	Trst. of Bk. Shares	18/9-19/9	...									
27/10 1/2	5/10 1/2	Nil	Nil	Nil	Phoenix Oil £1	25/-	26/-	+1/-	Nil	Gold Prod., Units.	28/9 bid	-3d	Trst. of Brit. Trsprt	18/-/19/-	...									
11 1/4	7/6	2 1/2	Nil	Nil	Royal Dutch (B 100).	8/-	10/1 1/2	+2/10 1/2	Nil	Gold Prod. 2nd Ser.	20/3-21/3	-3d	Trust of Insurance	22/9-23/9	-3d									
35	29/1	7 1/2	10 1/2	10 1/2	Shell Transport £1	53 1/2	53 1/2	- 1/2	4	Gold Prod. 3rd Ser.	15/3-16/3	-3d	Universal Certs.	21/4 1/2-22/4 1/2	-3d									
101/10 1/2	82/3	11 1/2	c 17, c	c 17, c	Trinidad Leaseholds £1	98/-	98/9	+9d	3	Gp. Unit Certs. av	22/10-23/10 1/2	...												
100/3 1/2	87/-	12 1/2	7 1/4	7 1/4	V.O.C Ord 18/4	95/-	93/9xd	-2d	4															
49/6	32/6	7 1/2	11 1/2	11 1/2		43 1/2	40/7 1/2	-3/8	6															

(a) Interim dividend

(b) Final dividend

(c) Last two yearly dividends.

(d) Includes 11% from capital accretions.

(e) Also special non-recurring bonus of 50 per cent. free c (m) Including bonus 5% free of tax.

(Continued from page 439)

their own, though most improvements were marked by restraint rather than enthusiasm. A modicum of profit-taking at the beginning of this week was converted to small-scale nervous selling following demands from the C.G.T. for large-scale public works, and the selling had a more pronounced result as the week progressed. In mid-week rentes lost up to a franc, and Banque de France shares were down to 6010. Internationals suffered from Wall Street's weakness, and industrials were equally depressed. Speculators are once more nervously fingering their wool, keeping an eye on the wind.

BERLIN

The share market was very firm almost all last week, and it was notable that activity was revived in fixed-interest securities, many of which registered moderate advances. Gains in the share market last week were substantial, some specialities rising eight to ten points. Favourites among standard industrials were Farbenindustrie, Siemens and Halske, Mannesmann, Felten und Guillaume, Ilse Lignite, Stolberg Zinc, and Schultheiss Brewery. Banks shares were strong, the leading commercials rising some five points and Reichsbank seven points. The new week opened firmly, but weakened on Tuesday. Dollar bonds were irregular, with many slight declines. There was no improvement on Wednesday.

	May 13, 1936	May 18, 1936	May 20, 1936		May 13, 1936	May 18, 1936	May 20, 1936
Banque de France	6,500	6,310	6,010	Wagons Lits	45	45 1/2	42
Crédit Lyonnais	1,385	1,436	1,376	Mexican Eagle	95	101	99
Suez Canal	19,285	19,290	19,450	"Chartered"	113	113 1/2	112 1/2
Chargeurs Réunis	271	275	264	Ford	47	47	46
Rio Tinto	1,060	1,120	1,094	De Beers	631	660	668
Royal Dutch	26,525	26,550	26,600	"Johnnies"	293 1/2	294	290 1/2

AMSTERDAM

A firm close, with a restricted volume of business, to last week's operations gave way at the opening of the new week to indifference, with certain outstanding exceptions, particularly rubber issues, which were encouraged by the good American consumption figures. This idle condition has prevailed throughout the week, and rubber shares have joined the general trend. Royal Dutch improved slightly on the dividend announcement, but industrials were dull, with Unilever N.V. 2 points down in mid-week.

	May 13, 1936	May 18, 1936	May 20, 1936		May 13, 1936	May 18, 1936	May 20, 1936
2 1/2% Dutch Loan	75 1/2	75 1/2	75 1/2	Steel Common	34 1/2	35 1/2	34 1/2
5 1/2% German	19 1/2	19 1/2	19 1/2	A. K. U.	22 1/2	22 1/2	22 1/2
Unilever N.V.	115 1/2	115 1/2	115 1/2	Ford Motor	20 1/2	20 1/2	20 1/2
Philips Lamps	182 1/2	186 1/2	180 1/2	Deli Batavia Tob.	175 1/2	176 1/2	174 1/2
Netherlands Ship Union	42 1/2	44 1/2	43 1/2	Royal Dutch	256 1/2	257 1/2	258 1/2
				Handels Am.	221 1/2	223 1/2	218 1/2

CAPITAL ISSUES

THE ebbing conditions in the ordinary share markets this week have left the home corporations with a free hand—if that description can be properly applied to a queue which moves only to informal but effective direction. The terms inaugurated by Birmingham some weeks ago have been maintained, despite the result of the Sheffield issue at the end of last week. The Huddersfield loan of £1,000,000, funded by cash applications for half of the total issue, is largely a conversion operation of a 3 per cent. stock into a 3 1/2 per cent. stock. Stockton-on-Tees comes to the market for £900,000, of which some £226,063 is repaid by converting existing debt and £524,037 for funding short-term mortgages. Both authorities have a high proportion of reproductive to total debt, and Huddersfield continues the helpful practice, inaugurated by Sheffield last week, of setting out the trading profits of each department. We discuss the position in the municipal loan market in a Note on page 433. The remaining supply of new securities this week are provided by smaller concerns, on whose behalf statements are published "for information only." These include the 4 1/2 per cent. debenture stock of James Grant, purchased by Prudential Assurance at 99 per cent.

net, and an issue of 3 1/2 per cent. stock placed at 98 1/2 by Home and Foreign Investment. Particulars relating to Willowbrook, Perfecta Motor Equipments, Trojan (Holdings) and I. Grieve all disclose a rising trend of profits.

ISSUES OF THE WEEK

January 1 to May 16, 1936, including conversions, Old Basis, £145,573,686.
January 1 to May 16, 1936, excluding conversions, Old Basis, £85,110,432.
January 1 to May 16, 1936, including conversions, New Basis, £199,759,638.
January 1 to May 16, 1936, excluding conversions, New Basis, £138,396,383.
† Reduced by £25,000. New money for Sheffield Loan given as £2,500,000 instead of £2,475,000.
National Savings Certificates, Net receipts week ended May 16, 1936, Dr. £50,000.

	Nominal Capital	Conversions	New Money
To the Public			
Huddersfield Corporation, £1,000,000 3% stock, 1956-58, at 99 1/2	1,000,000	827,737	162,263
Stockton-on-Tees Corporation, £900,000 3% stock, 1956-58, at 99 1/2 (to repay £226,063 3 1/2% stock 1928-68) ...	900,000	226,063	665,937
Total	1,900,000	1,053,800	828,200
To Shareholders only			
Hevea (Burma) Co., £25,000 conv. pref. 2/- ord., at par....	12,500	...	12,500
Kenya Gold Mining, 56,000 5/- shares at 7/6	14,000	...	21,000
Short Brothers (Rochester and Bedford), £120,000 new ord. £1, at 27/6	120,000	...	165,000
Total	146,500	...	198,500
By Stock Exchange Introduction (at opening price)			
Heatrae, 500,000 2/- shares, offered at 3/6 (opened at 3/7 1/2)	87,500	...	90,625
Trojan (Holdings) 500,000 5/- ordinary shares at 6/1 1/2 ...	125,000	...	153,125
Total	212,500	...	243,750

By Permission to Deal
During week ended May 16, 1936

	Including Conversions	Excluding Conversions	Total
Total Capital raised—			
January 1 to date—			
1936 (New Basis)	206,715,493	144,288,438	351,003,931
1936 (Old Basis)	147,604,186	86,087,132	233,691,318
1935 (New Basis)*	187,855,785	106,679,454	294,535,239
1935 (Old Basis)	123,282,206	44,108,464	167,390,670
January 1 to date—			
1934	227,167,843	76,370,499	303,538,342
1933	143,543,775	86,293,726	229,837,501
1928	217,294,979	...	217,294,979
(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3 1/2 per cent. War Loan.			

	Debt	Preference	Ordinary	Total
Nature of Borrowing (Excluding Conversions)				
January 1 to date—				
1936 (New Basis)	61,831,651	15,198,956	67,267,831	144,288,438
1936 (Old Basis)	54,023,427	6,250,710	25,812,995	86,087,132
1935 (New Basis)*	28,948,919	24,724,241	63,006,394	106,679,454
1935 (Old Basis)	15,792,663	16,508,873	11,806,923	44,108,464
Whole year—(Old Basis)—				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,500	31,696,741	37,265,387	236,147,628
* Including securities for which "permission to deal" was given in twenty-one weeks ended May 23, 1935.				

PUBLIC OFFERS

Huddersfield Corporation.—Issue of £1,000,000 3 per cent. stock at 99 per cent. to redeem £827,737 3 per cent. stock 1920-40 and to repay mortgages up to £172,262. New stock redeemable at par December 31, 1958, or from January, 1956, on three months' notice. Rateable value, £847,179; present rate 10s. in the £. Population, 114,500. Total net debt, March 31, 1935, £5,685,724 (of which £2,134,258 for trading undertakings earning gross profit for 1934-35 of £289,995, equivalent 13.6 per cent. and having £473,846 reserves) and balance for estates, housing, and other services. List closed at end of banking hours May 20th. Cash applicants received 47 per cent. of their requirements.

Stockton-on-Tees Corporation.—Issue of 3 per cent. stock at 99 per cent. Redeemable at par July 1, 1958, or after July 1, 1956, on three months' notice. Proceeds to redeem 3 1/2 per cent. stock, 1928-1968, and to repay short-term mortgages together totalling about £750,100. Population 67,697. Rateable value, £321,900. Present rate 16s. 1d. in the £. Net loan capital, £2,945,000, of which £1,672,000 is for utilities, £944,500 housing, and £328,500 for other services.

BY STOCK EXCHANGE INTRODUCTION

Grant (James) and Company, Ltd.—Particulars of issue of £200,000 4 1/2 per cent. first mortgage debenture stock. Prudential Assurance Company, Ltd., have purchased stock at par, less 1 per cent. commission to provide for repayment of existing securities issued on real and heritable property, and for improvement and extension of properties. Redeemable at par by May 15, 1976, or at 102 1/2 from May 15, 1943, on three months' notice.

Home and Foreign Investment Trust, Ltd.—Particulars of issue of £100,000 3 1/2 per cent. debenture stock at 98 1/2 per cent. To be repaid at par November 1, 1963, or after November 1, 1953, at three months' notice.

Perfecta Motor Equipments, Ltd.—Issued capital 240,000 5s. ordinary shares. Acquires motor accessories business of similar name established 1919. Net assets, excluding goodwill, £39,582. Acquired for £50,000 in 200,000 5s. ordinary shares.

Profits, after depreciation: 1933, £6,139; 1934, £8,003; 1935, £12,181.

Trojan (Holdings) Ltd.—Particulars of issue of 500,000 5s. ordinary shares. Company acquires 16,471 £1 preference shares and 1,373,497 6d. ordinary shares of Trojan, Ltd., incorporated in 1914, Government contractors and aircraft components manufacturers. Net assets of Trojan, Ltd., £71,030, exclusive of goodwill. Purchase price, £62,138, in 172,668 5s. ordinary, 16,471 £1 preference shares, and £2,500 in cash. Profits of Trojan, Ltd., before depreciation, years to October 31st: 1933, £7,763; 1934, £132; 1935, £3,188; 5 1/2 months to April 11th, 1936, £9,378.

Willowbrook, Ltd.—Issued capital, 500,000 2s. ordinary shares. Formed 1927 to build motor bus and coach bodies. Profits, before depreciation: 1933, £1,046; 1934, £2,854; 1935, £6,658.

I. Grieve and Company, Ltd.—Issued capital 280,000 4s. ordinary shares and 120,000 6 per cent. cumulative 10s. preference shares. Acquires furniture manufacturing business of similar name founded in 1890. Net assets, £111,716, acquired for £110,000 by allotment of 80,000 10s. preference shares, 349,993 4s. ordinary shares and balance in cash. Profits of vendors, after depreciation, years ended August 31: 1933, £4,182; 1934, £20,141; 1935, £23,741; half year to February 29, 1936, £15,782. The Standard Industrial Trust purchases 80,000 10s. preference shares at par and 162,500 4s. ordinary shares at approximately 6s. 2d. per share.

PRIVATE PLACING

Greene King and Sons.—Greene King and Sons has placed privately 25,000 ordinary shares of £1 at £4 each.

ISSUES TO SHAREHOLDERS ONLY

Hevea (Burma) Company.—125,000 convertible preferred ordinary shares of 2s. are offered for subscription at par. The preferred ordinary shares are entitled to a cumulative dividend of 6 per cent. and to priority for capital and arrears of dividend and are convertible into ordinary shares not later than March 31, 1941.

Kenya Gold Mining.—The directors have decided to issue the unissued 56,000 shares of 5s. at 7s. 6d. per share. Shareholders registered at the close of business on May 7th are entitled to apply for new shares in the proportion of one share for every three shares held. The new shares will, when allotted, rank *pari passu* in all respects with the 144,000 shares already issued.

Short Brothers (Rochester and Bedford), Ltd.—An arrangement has recently been concluded with Messrs Harland and Wolff, Ltd., of Belfast, whereby this company and Messrs Harland and Wolff, Ltd., will co-operate in the formation of a new company for the purpose of constructing aircraft of both land and marine types at Belfast. The new company will have an authorised share capital of £450,000, of which £250,000 will be issued all in ordinary shares of £1 each. In order to facilitate the subscription by the old company of shares in the new company, 120,000 new ordinary shares are to be offered to existing shareholders in the proportion of one new share for every five at present held, at 27s. 6d. per share.

CONVERSIONS AND REPAYMENTS

Birkenhead Corporation 6 per cent. Redeemable Stock, 1936-51.—This stock will be repaid at par on September 1, 1936.

Nottingham Corporation 6 per cent. Redeemable Stock, 1936-51.—This stock will be redeemed at par on September 1, 1936.

Stockton-on-Tees Corporation 3 1/2 per cent. Redeemable Stock, 1928-68.—This stock will be repaid on December 1, 1936.

OFFER ABROAD

Australian Loan.—A 3 1/2 per cent. Australian loan for £9,000,000, issue price 98 1/2, is now being made in the Commonwealth market.

FORTHCOMING ISSUES

Alpha Cement.—A meeting of shareholders to approve of the terms of new issues of capital is to be held May 25.

Elephant Trading (South Africa) Holdings, Ltd.—Arrangements have been completed for an offer for sale by M. Samuel and Company of 300,000 5 1/2 per cent. cumulative preference shares at 21s. 6d. each and 600,000 5s. ordinary shares at 7s. each in Elephant Trading (South Africa) Holdings, Ltd.

Hartley (William P.).—An offer for sale will be made on May 25th by Charterhouse Investment Trust of 500,000 5 per cent. cumulative preference shares of £1 each at 21s. 6d. per share, and 500,000 ordinary shares of 5s. each at 8s. per share, of Wm. P. Hartley.

OTHER RESULTS OF ISSUES

Borax Consolidated, Ltd.—The issue by Borax Consolidated of 150,000 deferred ordinary shares to the preferred ordinary and deferred ordinary shareholders of the company was substantially over-subscribed.

Kellner-Partington Paper Pulp Company.—Cash subscription lists for the issue at par of £1,000,000 4 1/2 per cent. guaranteed mortgage debenture stock were closed at 9.2 a.m. May 15th owing to over-subscription. Conversion lists will close May 25th.

Lloyd's Building.—The list of applications for the issue at 95 1/2 of £600,000 3 per cent. first mortgage debenture stock was closed at 9.5 a.m. May 15th. The issue was heavily over-subscribed.

Sheffield 3 per cent. Stock.—Conversion lists for the issue at 99 of £2,500,000 3 per cent. debenture stock, 1956-58, were closed at the end of banking hours May 15th. Cash lists were opened and closed on May 14th. The underwriters have been left with 48 per cent.

Tea Corporation.—The new issue of £40,000 4 1/2 per cent. first mortgage debenture stock at par has been fully subscribed.

CALLS DUE MAY 25 TO MAY 30, 1936

The grand total of calls in May, 1936, is £11,271,054, which compares with £5,893,415 in May, 1935.

Nominal amount of Stock	Company	Amount of Call	When payable	Making Paid
5/-	Aeronautical Corporation of Great Britain, 560,000 shares, at par	2/- p.s.	May 25	All
Stock	British Burmah Petroleum, £500,000 5 1/2% first deb. stock, at par	£45%	May 30	All
£1	British Power and Light, 339,384 ordinary shares, at 25/-	10/- p.s.	May 29	25/-
10/-	Bushitt Mines (1934), 90,000 shares, at 10/3 per share	10/3 p.s.	May 27	All
Stock	English Electric, £1,250,000 4% debenture stock, at 98 1/2	£20%	May 28	£45%
£1	Furnishers, 50,000 6% cumulative preference shares, at par	10/- p.s.	May 25	All
5/-	Kenya Gold Mining Syndicate, 56,000 shares, at 7/6 per share	3/- p.s.	May 30	3/- p.s.
£1	Meadows (Henry), 54,000 "A" shares, at 35/-	10/- p.s.	May 30	All
5/-	Nuro (Biggleswade), 360,000 ordinary shares, at par	2/6 p.s.	May 26	All
5/-	Snethwick Drop Forgings, 500,000 ordinary shares, at 20/- per share	10/- p.s.	May 30	All
Stock	Surrey County 3% Red. Stock, 1961-66	£45%	May 27	All
£1	United Steel Companies, 2,205,455 shares, at 25/- per share	10/- p.s.	May 28	10/- p.s.
5/-	Whiteley, Stevens (Holdings), 200,000 ordinary shares, at 7/6 per share	3/6 p.s.	May 29	All
£1	Do., 100,000 6% cum. pref. shares, at par	10/- p.s.	May 29	All

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, May 13, 1936	Price, May 20, 1936
Aeronautical Corp. of Great Britain 5/-	5/-	3/-	1/3-9d dis	1/-6d. dis
Anglo-Palestine Bank "A" £1	37/6	37/6	41/6-42/6	41/6-42/6
Birmingham 3%	99	39	1-1 1/2 pm	1-1 1/2 pm
Blackburn Aircraft 5% Pref. £1	21/-	6/-	7 1/2-4 1/2 dis	7 1/2-4 1/2 dis
Bradford 3%	99	35	1 1/2-1 1/2 pm	1 1/2-1 1/2 pm
British Bedaux Ord. 5/-	6/-	6/-	5 1/2-5 1/2	4 1/2-5 1/2
British Guiana Cons. Gold 5/-	99	5/-	3 1/2-4/3	4 1/2-4/6
Cons. of East Africa 20/-	22/6	17/6	1 1/2-1 1/2 pm	16/9-17/9
County of London Electric 3 1/2% Deb.	par	25	1 1/2-1 1/2 pm	par-1 1/2 pm
Cowburns and Scots Ord. 4/-	4/6	4/6	3/10-4/4 1/2	4/1-4/7 1/2
Croydon 3%	99	5	1 1/2-1 1/2 pm	1 1/2-1 1/2 pm
English Electric 4% Deb.	98	25	6 1/2-6 1/2 pm	5 1/2-5 1/2 pm
Franco Signs (10/-)	17/4 1/2	17/10 1/2	17/4 1/2-17/10 1/2	18/-18/6
Furnishers Ord. 2/-	3/-	3/-	3/3-3/6	3/3-3/6
Do. 6% Pref.	20/-	10/-	9d-3d dis	9d-3d dis
F. Hills Ord. 4/-	5/3	5/3	4/10-5/1 1/2	4/9-5/-
Gas Light and Coke 3 1/2% Deb.	99	40	3 1/2-3 1/2 pm	3 1/2-3 1/2 pm
Guillail Development 5% Deb.	2/-	2/-	1/9-2/-	1/9-2/-
Hetty (Gowen) Ord. 1/-	4/-	4/-	3/7 1/2-3/10 1/2	3/4 1/2-3/7 1/2
Do. 6% Pref.	101	10	1 1/2-2 1/2 pm	1 1/2-2 1/2 pm
Industrial and General Trust 3 1/2% Deb.	98	25	9 1/2-9 1/2	9 1/2-9 1/2
Int. and Gen. Combustion Ord. 20/-	98 1/2	5	4/7 1/2-5/1 1/2	4/7 1/2-5/1 1/2
Lewis (J.) Props. 3 1/2% Deb.	98 1/2	5	1 1/2-1 1/2 pm	1 1/2-1 1/2 pm
Lloyds Builders Ext. Deb.	20/-	10/-	10 1/2-4 1/2 dis	10 1/2-4 1/2 dis
Marshall, Sons and Co. 5/-	100	40	1 1/2-1 1/2 pm	1 1/2-1 1/2 pm
Messons 5 1/2% Pref.	100	20	1 1/2-1 1/2 pm	1 1/2-1 1/2 pm
Do. 4 1/2% Deb.	98 1/2	5	1 1/2-1 1/2 pm	1 1/2-1 1/2 pm
Middlesex 3%	22/6	22/6	24/-24/6	23/4 1/2-23/10 1/2
New Zealand 3%	97	62	1 1/2-1 1/2 pm	1 1/2-1 1/2 pm
Pressed Steel Ord. 5/-	99	45	1 1/2-1 1/2 pm	1 1/2-1 1/2 pm
Railway Finance Corp. 2 1/2%	99	29	8 1/2-9 1/2	8 1/2-9 1/2
Rochdale 3%	99	19	7 1/2-8 1/2	7 1/2-8 1/2
Sheffield 3%	100	55	1 1/2-1 1/2 pm	1 1/

THE REPUBLIC OF CHILE

PRESIDENT'S MESSAGE TO CONGRESS

His Excellency Senor Don Arturo Alessandri, President of the Republic of Chile, delivered his Message to Congress on 21st May, in which he dealt fully with the financial and economic position of the Country.

The following is a translation of extracts from the Message:—

After recapitulating in general terms the difficulties which had to be faced when his Government took power, and stating that these difficulties had been satisfactorily dealt with, President Alessandri said:—

If it was my pleasing duty last year to place on record that the financial year of 1934 had closed with a surplus, how much greater is now my satisfaction to be able to inform you that the financial year of 1935 has given us a surplus amounting to the sum of \$117,689,223.93.

The actual yield from the different sources of national revenue has exceeded all expectations as laid down in the estimates for 1935, among which attention should be drawn to the greater revenue derived from import duties which exceeded the estimate by \$140,000,000.

This is explained by the boom in exports which has given us a larger number of instruments of exchange, on which the importation of those articles necessary for the development of the normal activities of the country depends.

The actual figures of the 1935 Budget are as follows:—

Revenue	\$1,408,644,392.18
Expenditure	\$1,290,955,168.25
Surplus	\$117,689,223.93

Economic recovery is, therefore, an incontrovertible fact, seeing that this cannot take place if there is not a real equilibrium in the public estimates, as I have pointed out on other occasions.

The three financial years of my administration have each closed with a surplus: in 1933, with \$1,831,654.27, in 1934 with \$68,108,253.73, and in 1935, with \$117,689,223.93.

The well-ordered system of taxation and the impulse given by the Government to productive activities by direct and indirect measures, have, therefore, permitted us to count on the resources indispensable for the normal development of the administration and unforeseen necessities, which is a factor of paramount importance for the well-being of the country.

OUTSTANDING ACCOUNTS

During the year 1935, the accounts outstanding from previous administrations have continued to be settled. These, as I informed you on another occasion, amounted to the large sum of 376 million pesos.

The authorisation contained in Law No. 5408 for the settlement of these commitments had not a wide enough scope, and in order to complete the task initiated, and to free the Treasury from outstanding commitments, payable at sight, I was compelled to ask to supplement the aforesaid law by 85 million pesos, which was passed on February 1, 1935, as Law No. 5585 of the same year.

In my Message of last year I explained to you the necessity for modifying the Organic Law of Estimates, so as to establish regulations which shall fill up the blanks in the existing regulations and avoid, as far as is possible, the future accumulation of unpaid accounts, such as those which it has been necessary to deal with in the laws already mentioned, and which shall impede the fictitious financing of the ordinary Estimates of the Nation. For this purpose and so as to give the character of fixed expenditure to the commitments of the State in relation to the Cajas de Prevision (Sinking Funds) Beneficencia Publica (Public Charities Administration) and

other quotas for special services, which according to the existing laws constitute commitments of the Exchequer, your approval has been requested for a Bill which introduces certain modifications in Law No. 4520, the passing of which is pending your consideration. I have to insist in pointing out to you the extraordinary importance I attach to the approval of this Bill, which I commend to your special consideration.

EXTERNAL DEBT

Payment having been effected of the outstanding accounts, which my Government inherited from previous administrations to the tune of the enormous sum already indicated, and arrangements satisfactory to the country having been made for the payment of the floating debt in the terms expressed in my Message of the year 1935, the Government considered that the moment had arrived to recover its credit lost by the suspension of the service of the External Debt, and making as many sacrifices for this purpose as possible, within the maximum permissible by economic realities, and on the initiative of the Government, the National Congress approved during the year 1935, Law No. 5580, which prescribes the renewal of the service of External Debts, direct and indirect, both of the State and of the Municipalities of the Republic.

For this purpose, in the first place, part of the revenue accruing to the Treasury from the nitrate industry was earmarked in replacement of the export duty which a previous Government had relinquished in favour of the producers and creditors of the nitrate industry. This revenue the present Government has recovered for the State. In addition, the revenue derived from the income tax on copper producers was earmarked for the same purpose.

It is my pleasing duty to inform you that this important law, destined to re-establish the country's credit abroad, is being applied by the Caja de Amortizacion in its entirety, and with undeniable success.

As you well know, this law assigns half of the revenue derived by the state from the nitrate and copper industries for paying interest on the total amount of the debt, and the remainder after deducting expenditure entailed by the application of the law, is assigned to the amortisation of the debt, by purchasing the bonds on the market, while these are quoted below par, and by drawings at par, should the bonds be at a higher price than their nominal value.

During the past year, the Caja de Amortizacion (Amortization Fund) has by use of the faculty indicated, redeemed bonds to the nominal value of 14,674,500 dollars and £14,020.

In this way, the total debt, service for which is prescribed in Law No. 5580, has been reduced from a total equal to \$449,109,338 at which it stood on December 31, 1934, to \$434,365,677, on the same date in 1935. This reduction, therefore, represents \$14,743,661 and a decrease of 3.3 per cent. of the value of the debt.

The portion of the revenue which the law assigned to the service of interest amounted to a total of 2,064,125.80 dollars during 1935, which, distributed over the debt aforementioned represents an interest of 4.75 dollars for each one thousand dollars of capital.

The Caja de Amortizacion has been able to make arrangements both in England and on the European Continent, for the banks who place the loans to continue handling the payment of coupons for the sums permitted by Law No. 5580. In London, the payment of coupons was initiated on February 10th of the current year and Messrs Rothschild and Sons, traditional bankers of the Chilean Government in England, have reported that in the period of less than three months of payment, or say, up to April 30th last, the holders of more than 72 per cent. of the bonds issued through their intermediary have adhered to the form of payment laid down by Law No. 5580.

In France, Switzerland and Germany, the payment of coupons commenced in the month of March, and the U.S.A. payment commenced on April 24th last through the correspondents of the Caja de Amortizacion in New York, the Schroder Trust Company.

I am pleased, therefore, to be able to confirm that Law No. 5580 is being fully applied, and the great percentage of bond-holders in England who have adhered to the Chilean plan permits us to hope that within a reasonable period, the proportion of bond-holders who will adhere to the plan of the U.S.A., and in the countries of the Continent of Europe, will reach a figure near to that already obtained in London.

In order to make compliance with the law efficacious and to convince the creditor markets that Chile was doing its utmost and making great sacrifices to settle its obligations, the Government and the Caja de Amortizacion appointed a Commission which carried out its duties in a very satisfactory manner, in spite of the grave difficulties encountered. Happily these difficulties were over to a great extent, principally in England, where the Mission, composed of Messrs. Puga, Hamel and Mardones, was able to secure explicit acceptance of the plan contained in Law No. 5580.

PUBLIC WORKS

As the State took over the entire service of the External Debt from the Caja de Credito Hipotecario, the State Railways and Municipalities, it was necessary to promulgate a law establishing the relations which should exist between the Government and the old debtors of such obligations.

For this purpose, also on the initiative of the Executive, Law No. 5601 was promulgated. This law satisfies the purpose previously indicated and allowed the Government to receive from the old debtors a sum in national currency of over 90 millions of pesos in the year 1935. The whole of this sum was earmarked, by virtue of the different laws, to financing the Institutes of Mineral and Industrial Development of Tarapaca and Antofagasta and to several other important Public Works, such as the hospital and jail construction schemes, the survey and establishment of the air line to Magallanes, etc.

In this way, with the plan already mentioned, there has also been secured a very important advantage of an internal character, the importance of which is undeniable, seeing that it has been possible to commence these works, which would not have been very easily financed in any other way.

LONG-TERM INTERNAL DEBT

The increase of \$146,095,798.23, which the long-term Internal Debt of the State shows during the year 1935, is due entirely to the cancellation or consolidation of exigible debts contracted by Administrations previous to the present one. The only issue of a different nature is that effected in order to hand over funds for complying with Colonisation Law No. 5420, and which amounts to a total of \$10,636,914.43, a lesser sum than the amortisations of the internal debt effected during the same year.

Actually, the issues carried out during the year 1935 were the following:—

Law No. 5408, for the payment of accounts pending owed by the State previous to the year 1933	\$136,319,356.42
Law No. 4532, payments to cash for balances not covered in the plan of Public Works of the years 1930 and 1931	642,000.00
Law No. 4386 issued for the redemption of bonds bearing greater interest than 7 per cent.	2,730,000.00
Law No. 5601, issued in order to cancel part of a bank advance of 8,000,000 dollars owing since 1930 by the Caja de Creditos Hipotecarios. This advance was declared to be of the responsibility of the State by Law No. 5601, in exchange for the waiving by the Banks of the State's responsibility in regard to the sum of 15,000,000 dollars for bonds deposited as a guarantee of the aforementioned advance	6,868,576.32
Law No. 5127. This law, promulgated on May 20, 1932, declared the State to be responsible for the loans which the Municipality of Santiago had contracted for the construction of Barrio Oivico. In order to carry out the said operation and to pay part of the bank advance contracted by the Municipality of Santiago, it was necessary to issue bonds for the sum of	8,050,000.00

Total of the foregoing, which as we have said, represents compliance with engagements entered into by previous Administrations

In addition, bonds have been issued for compliance with Law No. 5420, relating to colonisation of properties situate in the zone of the Law regarding Austral Property, to the sum of

And annuities have been redeemed in the State coffers, in accordance with Laws of September 24, 1865, and of August 11, 1869, for

Total issued \$168,460,916.53
And ordinary and extraordinary amortisations have been effected for 22,365,118.12

Increase in the Debt \$146,095,798.23

As may be seen, the increase in the Debt is lower than the value of the bonds which it was necessary to issue for compliance with the exigible engagements contracted by Governments previous to the present one.

It is with great satisfaction that I declare also, that during the course of the present year, in relation to the consolidated Internal Debt of the State, the only issue to be recorded is that of \$33,334,000, which was employed for increasing the capital of the Institute of Commercial Credits, in accordance with Law No. 5687, of September 16, 1935, and that these bonds bear 6 per cent. interest and are held in portfolio by the Institute itself, so that they in no way affect the bond market.

BANK ADVANCES

I am pleased to be able to place on record that during the year 1935 the arrangement regarding the short-term debts in foreign currency was concluded. These obligations, which had reached maturity in 1931 and 1932, were extended in the same advantageous conditions pointed out in my Message of last year, that is to say, with interest of 1 per cent. and amortisation of 2 per cent. and 2½ per cent. per annum.

Extensions were also secured on the same advantageous conditions for the three obligations for which the State was declared to be responsible by Laws Nos. 5127 and 5601, of May 20, 1932, and February 14, 1935, respectively.

The Government has entrusted the "Caja Autonoma de Amortizacion de la Deuda Publica" with the service of all these obligations. It is in this organisation that the service of all financial obligations of the State has been centralised.

NITRATE INDUSTRY

Law No. 5350, dealing with the reorganisation of the Nitrate Industry has continued to be applied with very satisfactory results and without disturbing in any way the development of the activities of the Nitrate and Iodine Sales Corporation.

In the year 1935 there were nineteen nitrate "oficinas" in operation, and the output of nitrate was 49.23 per cent. higher than in the year 1934. The average number of men maintained in work by the industry during 1935 was 21,672, and the number of employees 2,779. Total wages were \$100,925,000, a figure which makes a favourable comparison with the total of \$74,400,000 paid in the year 1934.

With the number of "oficinas" that are operating at the present time, the unemployment problem has ceased to exist in the North, and all employable workers have been absorbed in the establishments which are producing, and as before June 30th next three further "oficinas" which have been shut down will be opened—"Cecilia" in Antofagasta, and "Aguada" and "Canina" in Tarapaca—the number of men in work will show an even further appreciable increase, and there will be a greater demand for nitrate workers during the course of the present year.

The working population of the "pampa" stands to-day at the figure of 53,143, and, as will be understood, this population is of enormous importance to commerce in the ports of the North and exercises a powerful influence on the development of our mercantile marine.

The population indicated is made up of the families of the 22,000 men now working in the nitrate "oficinas," and the activities of these workers are well-ordered, thanks to the harmonious relations existing between the industrialists and their operatives, which not only permits the work in progress to be correctly developed, but also facilitates the policy of perfecting the industry which is striving particularly to improve the quality and presentation of the nitrate, in order to compete in more favourable conditions with its rivals in all markets.

to divert our thought and energies into more profitable channels; and I hope that, when the time comes, you will show, by your endorsement of the necessary changes, that you share our own conviction that the settlement represents, from the point of view of the interests of this company as a whole, a completely satisfactory and honourable solution of this unfortunate internal controversy.

PROFIT AND LOSS ACCOUNT

I will now turn to matters more immediately before this meeting and commence by referring to the accounts.

As you will doubtless have observed, the profit on voyages for the year under review, after making provision for depreciation on ships, property and plant, for loss in respect of a subsidiary company, taxation, administration and other expenses, amounted to £351,119, which is about £16,700 less than for the previous year. This decrease is more than offset, however, by the increase of £21,000 in our income from investments and properties.

On the debit side of the account, it will be noticed that the amount paid out in interest has increased, owing to further advances received in connection with the financing of the construction of new vessels. After this amount and the amounts required for the payment of directors' fees and the interest on the debenture stock have been taken into account, there remains, with the sum brought forward from 1934, a balance available of £412,063.

Out of this sum a full year's dividend on the preference shares of the company has been paid and £240,000 has been transferred to the reserve for depreciation of investments, thus leaving a balance of £47,443, which it is proposed to carry forward.

CONSERVATIVE DIVIDEND POLICY STILL NECESSARY

Mention of the preference dividends leads me to repeat what I stated last year, that while the board sees no prospect of these dividends falling further into arrear, it is still necessary to continue to conserve our financial resources for two reasons, namely:

First, as you will notice, the auditors again qualify their report with the remark that "the book value of the investments, after deducting the reserve for depreciation of investments, is considerably in excess of their present value." Until this position is rectified, it is considered wise and prudent at present to refrain from paying off these arrears—a policy which I feel sure will commend itself to our shareholders.

The second reason for a cautious policy in regard to dividends is the paramount necessity for bringing our fleet up to present-day requirements, so as to render it capable of maintaining the company's position in the various trades in which it is engaged. When last I addressed you, after referring to the two mail, two intermediate and two refrigerated cargo ships which had been ordered during the previous year, I said "it will be indispensable for the company, at no distant date, to contemplate still further new tonnage if it is to keep fully abreast of the requirements of the trade." Such further tonnage has been ordered and other improvements in our fleet put in hand. I shall refer later to what has been done in this direction, but this very substantial building programme has required financing, and this, in turn, necessitates a conservative policy on the part of your directors.

BALANCE SHEET

Turning now to the balance sheet, you will see that there is no change in the capital of the company, the reserve account remains at the same figure as last year (£450,000), whilst the insurance reserves have increased by £46,772, and now amount to £776,807.

During the year under review we have repaid £150,000 on account of an advance we received some years ago under the Loans Guarantee Act of Northern Ireland, thus reducing the amount outstanding to £160,000. This is all that now remains of the very extensive financial commitments entered into under the previous regime in respect of shipbuilding and otherwise with which the present board has had to deal during the past few years.

I will refer later to our further liabilities in respect of shipbuilding.

VALUATION OF THE ASSETS

On the assets side of the balance sheet, the fleet has been substantially written down, depreciation having been regularly provided for on the usual five per cent. basis. The book value of our property, furniture and plant has also been well written down, and, in view of the rapid increase in the value of property in South Africa recently, the figure at which many of our South African properties stand in our books is probably considerably less than their present actual value.

I have already referred to the overvaluation of our investments, the circumstances attaching to which are so well known to you that it is not necessary for me to refer to them again to-day, and the time is rapidly approaching when it will be necessary to write off some of our largest investments completely.

Some of our investments, of course, are not overvalued and, as you will have gathered from the increase in our return from investments generally, some of our smaller subsidiary companies have made substantial profits, whilst only one made a loss last year. This was not a trading loss but a book loss on the sale of a property bought many years ago.

Your directors have taken advantage of every opportunity which has presented itself to dispose of certain of our investments in other companies which once formed part of the Royal Mail Group, and I am glad to say that, in some instances, the amounts received by us have been rather more than at one time we anticipated.

I do not think there are any other matters in the accounts which call for special comment.

Our services were operated regularly and efficiently throughout the year and were carried on without any serious accident.

EFFICIENCY OF THE FLEET

During the whole of the year under review the fleet has been maintained at its usual high standard of efficiency, and at December 31st last it comprised 33 sea-going vessels, including four vessels under construction, with a total tonnage of 370,683 tons, if small craft are also taken into account.

Of the six vessels which were under construction a year ago, three, namely, the "Roslin Castle," "Rothesay Castle," and "Stirling Castle" have already entered our service, whilst the fourth, the "Athlone Castle," is due to commence her maiden voyage to-morrow, after completing satisfactory trials and making a successful trip round from Belfast to Southampton. The remaining two ships, the "Dunnottar Castle" and the "Dunvegan Castle" will be placed into commission very shortly.

The "Roslin Castle" and "Rothesay Castle" have now made several voyages from South Africa with cargoes of fruit and other perishables, and they have proved very useful in enabling us to fulfil our obligations to the South African Government in this respect.

MAIL CONTRACT AND ACCELERATION OF MAIL SERVICE

As I mentioned to you last year, the question of acceleration of our services has been in the minds of the directors for some time past, but, as regards the mail service, the matter, as you know, under the terms of our mail contract, is one for mutual arrangement between the Government of South Africa and the company. I am pleased to be able to tell you that, whilst I was in South Africa early this year, I conducted negotiations with the Government of the Union, as the result of which an agreement was concluded between the company and the Government whereby our Ocean Mail Contract is extended for a period of ten years commencing January 1, 1937. As from the beginning of 1939, the length of the voyage of all our mail vessels between Southampton and Capetown will be reduced to not more than fourteen days—that is, about three days less than at present.

The conclusion of this agreement marks a noteworthy development in the history of the company, and the accelerated service, when it comes into operation, should prove of great benefit not only to the company itself, but also to the Union of South Africa. This faster service should be of especial value to the fruit exporting industry, and the announcement of its inauguration has, in fact, given general satisfaction to all who are connected with the shipping of perishable produce from the Union.

The "Stirling Castle" and "Athlone Castle" will commence the accelerated voyage this autumn, but they alone of our existing vessels are capable, at present, of maintaining the speed necessary to ensure that the contract time is regularly adhered to. It has therefore been necessary for us to arrange for the re-powering of five of our other mail vessels and the construction of a sister-ship to the "Stirling Castle" and "Athlone Castle." Needless to say, this will involve heavy expenditure.

SHIPBUILDING PROGRAMME

Further to this extensive building and reconstruction programme, your directors have also considered it imperative to order two more refrigerated cargo ships of the "Roslin Castle" type to assist further in carrying out our obligations under the terms of the freight contract which we entered into with the South African Government at the beginning of 1934.

The citrus and deciduous fruit industries of the Union are continuing to develop, and it is estimated that, by the time these two additional vessels are ready for service, the exports will have reached such proportions as to enable them to be employed regularly for the greater part of the year.

We have, in addition, ordered a small vessel for our Continental cargo service.

I am glad to be able to inform you that it has been possible to make satisfactory financial arrangements in connection with our shipbuilding programme.

PASSENGER TRAFFIC WELL MAINTAINED

Generally speaking, our passenger traffic was well maintained throughout the year, and the total number of passengers carried was somewhat higher than for 1934, although the earnings were rather less.

The special facilities we offer in the form of holiday tours to and from South Africa, round Africa, and to Madeira, the Canary Islands, the Continent and the Mediterranean have continued to prove very popular.

As our new tonnage comes into commission the amount of accommodation available for passengers will be increased, and we are thus well prepared for any expansion that may take place in the near future in the volume of passenger traffic between this country and South and East Africa.

An Empire Exhibition is to be held at Johannesburg for four months commencing September 15th next, and it is possible that his attraction, added to the many already afforded to those desirous of escaping the northern winter, will result in rather more passengers than usual visiting the Union during the coming season.

The number of classes in our smaller mail vessels has been reduced from three to two, and in our two new mail vessels we are carrying first and cabin class passengers only, cabin class being, in regard to standard of accommodation and fare, between second and tourist class. This eliminates the necessity for having three separate sets of public rooms and permits of a better distribution of the available space. The cabin class accommodation we are providing is excellent value, being, in fact, superior to the first class of a few years ago, and I feel sure that, when it becomes generally known, it will be particularly popular.

CARGO TRAFFIC

The increase in the volume of our outward cargo traffic to which I referred last year has, I am glad to say, been more than maintained, but, owing partly to the fact that many of the rates of freight have been reduced and partly to our having carried larger quantities of low-rated cargo, our earnings from this source were slightly less.

On the other hand, there was a welcome increase in the volume of homeward cargo and in homeward freight earnings.

Our East African service received rather better support, both outwards and homewards, and produced a somewhat higher revenue.

There has been a considerable amount of competition from lines outside the Conference in the trade between the United States of America and South Africa, with the result that not only were our carryings reduced as compared with the previous year, but, owing to the lower rates of freight which were charged, our earnings in this trade fell very considerably.

TRIBUTE TO THE STAFF

Once again I wish to express on behalf of my colleagues and myself our complete satisfaction with the services of our staff at home, abroad and afloat. I feel sure that they all do their best to further the interests of the company, and it is upon their continued co-operation and diligence that the success of the company must in no small measure depend.

CHAIRMAN'S VISIT TO SOUTH AFRICA

I have already referred briefly to my recent visit to South Africa, during which I should like to say our Deputy-Chairman and my co-Managing Director, Sir Vernon Thomson, devoted his time and energy unremittingly to the company's affairs, as he always does.

During the course of my stay in the Union, I took advantage of the many opportunities afforded me of renewing my personal acquaintance with most of the Cabinet Ministers, whilst both in South Africa and in Portuguese East Africa I met a large number

of responsible Government officials and prominent members of the commercial community, as well as visiting all our offices in these two countries and discussing with our officials in each place various matters affecting the company's interests.

The cordial welcome I received and the many expressions of appreciation of my visit made to me by leading members of the Government and by prominent business men served to confirm the opinion which I already held that visits such as this are of very great value in maintaining and developing the friendly relations which exist between our company and the people of the countries visited, apart altogether from any more tangible results such as, in this case, the extension of our mail contract.

Unfortunately, I did not have sufficient time at my disposal to visit Rhodesia and East Africa, and, in view of our expanding interests in these Colonies, I hope it will be possible for me or one of my colleagues to visit them during the coming winter.

AN ERA OF PROSPERITY

No visitor to South Africa at the present time could fail to be impressed by the many signs of prosperity and industrial and commercial development which are to be seen there. This prosperity is admittedly due primarily to the great increase in revenue from gold-mining, as the result of the premium on gold, but the South African Government are fully alive to the necessity for establishing the economic structure of the Union on a broader foundation than that afforded by one industry, and every effort is being made to encourage the development of as many primary and secondary industries as possible.

There are no indications at present of any falling off in business activity in South Africa, and, in the absence of any untoward development in the International situation, it would seem that this era of prosperity is likely to continue. In this prosperity your company, as its new vessels and improved facilities become available, ought increasingly to participate.

I now move "That the report of the directors and the statement of accounts for the year ended December 31, 1935, now submitted, be and they are hereby received and adopted."

I will ask Sir Vernon Thomson to second the resolution, and before putting it to the meeting I shall be pleased to answer any questions you may like to ask. (Applause.)

Sir Francis Vernon Thomson, K.B.E., Deputy Chairman and Joint Managing Director, seconded the resolution, which, in the absence of question or comment, was carried unanimously.

The Chairman moved the re-election of Mr R. A. Murray, the retiring director.

The Duke of Abercorn, K.G., K.P., seconded the resolution and it was unanimously adopted.

On the motion of Mr H. C. Seear, seconded by Mr J. Philp, the auditors (Messrs. Deloitte, Plender, Griffiths & Co.) were re-appointed.

TRIBUTE TO THE BOARD

Mr F. Coward proposed a cordial vote of thanks to the chairman and directors for the way in which they had conducted the business of the company during the past year. He felt that the statement which the chairman had put before the shareholders was in every way satisfactory. He was particularly pleased that the troublesome litigation which had been pending for a long time had at last been settled in what he thought was a satisfactory manner. The directors were to be heartily congratulated on that fact.

Captain J. Hare, in seconding the resolution, said it was evident from their report that the directors had had a very busy year, and they all realised that the chairman's visit to South Africa was by no means a pleasure voyage, for he had had to carry out various important negotiations and make commercial arrangements for the company. He was very pleased that the arrangement with the holders of the ordinary shares had been amicably effected.

The motion was carried with acclamation and the chairman, in briefly acknowledging the compliment, said it was a great encouragement to the directors to know that they had the confidence and support of the shareholders.

The proceedings then terminated.

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

COMMERCIAL UNION ASSURANCE COMPANY, LIMITED

RECORD NEW LIFE BUSINESS

MR HERBERT LEWIS'S REVIEW

The seventy-fourth annual general meeting of this company was held, on the 19th instant, in London.

Mr Herbert Lewis (the chairman) said that in the fire department the premium income amounted to £5,266,449, a reduction of £108,370 as compared with the previous year. That reduction was in the main due to lower receipts in the United States. Their home income had been not only maintained but increased. He wished he could say the same in respect of the general foreign field, but they could hardly look for much expansion there until there was greater stability and prosperity in the world generally.

GOOD FIRE EXPERIENCE

The ratio of claims paid and outstanding was 39.2 per cent., the lowest in the history of the company. Throughout the world and particularly in the Dominions their experience had been good, but they would not have attained that low ratio had it not been for the unusually favourable experience in the United States. It would be too much to expect a continuance of that experience; indeed, it would scarcely be healthy if it were so, and already there were signs that this year might produce a higher ratio.

After adjusting the reserve for unexpired risks on the usual 40 per cent. basis, there resulted the substantial underwriting profit of £602,063, or 11.43 per cent., as compared with £442,305, or 8.23 per cent., in 1934; £500,000 had been transferred to profit and loss account and the balance of the profit, £102,063, had been added to the additional reserve of the department, bringing the fire fund to £6,934,468, or 131.67 per cent. of the premium income.

MARINE AND ACCIDENT

In the marine department the net premiums were £584,935, an increase of £42,373, and £100,000 had been transferred to profit and loss account.

In the accident department premiums amounted to £7,609,467, an increase of £184,763 as compared with the previous year. That increase was due to the growth of their business at home and in the general foreign field. The policy of revising their commitments in the workmen's compensation and motor departments in the United States had entailed a reduction in the income from that country. The past year had shown a considerable improvement in America. He was not yet able to say that they had got back to the position of earning a profit on their accident business in the United States, but the difference between profit and loss last year was so small that he trusted the result for 1936 would be expressed as a plus rather than a minus quantity.

The net result of the operations of the accident department was a profit of £258,630, or 3.4 per cent., which indicated satisfactory trading at home and in other countries except the United States. A sum of £225,000 had been transferred to profit and loss, leaving the accident fund at £5,558,313, or 73 per cent. of the premium income.

INCREASED LIFE BUSINESS

Their life business was transacted almost entirely in this country and conditions had continued favourable for the development of new business. In 1934 the net new sums assured amounted to £4,630,681, a record in the history of the company, but in 1935 there had been a further increase of £489,222, making a net total new business of £5,119,903. Notwithstanding the increase in the amount of new business, expenses and commission were only greater by £2,152 than in 1934, and, when expressed as a percentage of the premium income, they showed a slight reduction from 12.9 per cent. to 12.8 per cent.

The premium income amounted to £1,796,115, an increase of £32,799. Claims by death amounted to £417,483, a reduction of £105,870, and the lowest amount since 1926. Claims by survival to the date of maturity in the case of endowment assurances amounted for the first time to over £1,000,000, namely £1,019,877, an increase of £236,807. During 1935 the amount of the life fund had increased, and at the end of the year was only a little short of £24,000,000.

They had now completed three years of the current quinquennial and everything pointed to the result being good. Under properties insuring policies which became claims this year they were their present position.

continuing to pay interim bonuses at the full rate of bonus declared at their last valuation.

PROFIT AND LOSS ACCOUNT

With regard to the profit and loss account, it would be seen that interest, dividends and rents, after deduction of income tax, amounted to £770,042, a reduction of £50,789. The greater part of this decrease was accounted for by a fall in the interest received from their American securities, due partly to defaults and partly to their policy of strengthening their investment portfolio in that country by increasing their holdings in short and medium term Government bonds. Furthermore, as exchange restrictions had prevented the remittance in due time of a dividend declared by a foreign subsidiary company, the account for 1934 benefited by the inclusion of two years' dividends, and 1935 suffered in comparison to the extent of £13,500. Finally, the interest account has had to provide a larger contribution to the leasehold redemption fund owing to an increase in the premium income of this department. This charge would be eventually recouped in the shape of the profits which that account contributed to profit and loss. The real decrease in the net interest receipts was not, therefore, so substantial as the figures appeared to indicate.

The investments had increased in amount by over a million pounds. The full benefit from this increase would only materialise this year. There were reasons for thinking that, if there was a further shrinkage in the interest receipts it should be less severe than that they had already experienced.

The various transfers from the departmental accounts totalled £825,000, or £100,000 more than last year, but it should be borne in mind that out of this total the sum of £300,000 had been transferred from profit and loss to general reserve.

HEAVY TAXATION CHARGES

In the past references had been made to the heavy charges borne in respect of taxation. If the amount borne by the life department was included, the total for 1935 reached £1,003,724.

As they were now in a position, without trenching upon the departmental reserves, to write off the balance of the cost of businesses acquired account, they had decided to take that step. That balance, amounting to £285,778, had accordingly been debited to general reserve, thus eliminating the item from the balance sheet and leaving the fund at £3,882,376, an increase of £20,324 over the previous year's figure.

The investments appeared in the balance sheet at £21,351,915, as against £20,274,327 in 1934, and showed the substantial increase of £1,077,588. Last year there had been a substantial excess over book values, and he was glad to say that that statement held good for 1935. In that connection he would mention the material improvement which had taken place in the market value of their American investments. The total assets, excluding the various life funds, now stood at £30,827,650, an advance of £410,454, notwithstanding the disappearance from the balance sheet of the item of cost of businesses acquired.

WORLD CONDITIONS

Referring to world conditions, the Chairman said that the insurance offices transacted business in one form or another in practically every country of the world, including even Ethiopia. Their operations in those many countries were naturally affected by the economic and financial ills from which most of them were suffering. They had felt particularly the effects of the decline in international trade and had experienced serious inconvenience and loss from the numerous artificial exchange regulations now in force.

Another adverse influence was the disconcerting frequency with which, in pursuance of the prevalent national—or rather ultra-national—spirit, legislation was threatened or enacted with the object of reducing or abolishing the opportunities for insurance companies to work in foreign countries.

They had had their full share of trouble from those and similar causes during the past year, and he wished he could see signs of improvement in that direction. Meanwhile, they might take comfort from the manner in which they had been able to meet those difficulties in the past and from the knowledge that they had an efficient organisation, able and prepared to meet the problems of the future.

The report and accounts were unanimously adopted, and a final dividend of 4s. per £1 stock, less tax, making 8s. per £1 stock, less tax, for the year was approved.

The retiring directors were re-elected and the auditors re-appointed.

A hearty vote of thanks was passed to the managers, officers, staff, representatives and agents, and, a similar compliment having been passed to the chairman and directors, the proceedings terminated.

LONDON AND MANCHESTER ASSURANCE COMPANY, LIMITED

ANOTHER SUCCESSFUL YEAR

COUNTRY STILL SERIOUSLY UNDER-INSURED

The sixty-seventh annual general meeting of the London and Manchester Assurance Company, Limited, was held, on the 20th instant, at the Chief Offices, Finsbury Square, London, Mr Walter H. Brown (the chairman) presiding.

The Secretary (Mr A. H. Dawes) having read the notice convening the meeting and the report of the auditors to the shareholders, The Chairman, in the course of his speech, said:—Despite the very considerable increase in life assurance business during recent years and the growth of industrial assurance with its greatly improved conditions of benefit among the wage earners, the people of this country are still seriously under-insured.

INADEQUATE PROVISION FOR DEPENDENTS

How seriously the community is under-insured is revealed in the official returns for estate duty. These show that of the adults who die in this country every year, eight out of nine leave less than £1,000, which would provide an income of only some £30 per annum; seven out of nine leave less than £300; and two out of every three adults who die actually leave under £100.

When only one person out of three leaves his dependents with £100 or more, it is misleading to talk of the increase in life assurance business, unless at the same time we emphasise the fact that the people of this country have scarcely begun to realise the part which should be played by insurance in providing, particularly for the family, a real measure of security against the risk of death.

Dealing now with the figures, the total premium income for the year was £3,137,881, an increase of £134,065 over that for the previous year, whilst the income from all sources amounted to £3,931,661.

ORDINARY BRANCH

In this branch the new assurances in the year reached the record figure of £4,690,312, whilst the premium income was £1,309,453, representing an increase of £80,069. Claims under policies amounted to £519,664, of which £370,826 was paid in respect of matured endowment assurances. Surrenders at £127,048 were less than in the previous year, whilst the consideration money for annuities granted amounted to £56,291, as compared with £128,309 in the year before. I may say that we are not anxious for too large an amount of this class of business in present conditions.

The excellent reversionary bonus of £2 4s. od. per cent. on the sums assured, which is recommended by the directors, with the concurrence of the actuary, will doubtless be welcomed by both the with-profit policyholders and the company's representatives. This is the eighth successive year that the £2 4s. od. per cent. will have been declared. I think you will agree with me that this is a notable achievement, especially when I can tell you that it has placed no strain on the company's finances to maintain this bonus.

It will interest you to know that the average amount per policy is increasing, and that the number of policies being effected for sums in excess of £500 is also increasing.

When it is remembered that in ten years the premium income of the branch has grown from £500,700 to £1,309,000, and the fund from £2,356,476 to £9,436,000, it is small wonder that our progress is regarded by some as phenomenal.

In these times of cheap money there can be no doubt that a policy with the "London and Manchester" securing an immediate estate forms a particularly attractive investment, there being no possibility of depreciation such as can apply to an investment in stocks and shares.

The interest yield upon the fund for the year I am reviewing was £4 9s. 6d. per cent. after deduction of tax.

INDUSTRIAL BRANCH

Dealing now with the industrial branch, the premium income was £1,749,546, representing an increase of £61,766 for the year. Claims under policies amounted to £813,859, an increased figure due chiefly to the high death rate all over the country during the long winter of inclement weather.

The popularity of endowment assurance among people who can pay premiums quarterly or yearly is of many years' standing; and it is interesting to note that there is a growing tendency among weekly wage-earners to take the same opportunity of combining saving with assurance and thus securing what is, in effect, a profit-producing investment when account is taken of the 10 per cent. bonus added to our sums assured. Ten years ago 14 per

cent. of our new industrial policies being issued were endowment assurances; now it is 26 per cent., and with a higher average weekly premium. Thus, in addition to providing a sum for his widow in the event of his earlier death, the weekly wage-earner, with the prospect of a pension for himself and his wife under the National Pension Scheme, sees the advantage of adding to his resources as a pensioner a capital sum either to be used to buy a small annuity or kept in reserve to meet emergencies.

It is proposed that £112,950 of the surplus of this branch be allocated to holders of policies of ten years' standing or more. The profits which have been so far distributed in this way aggregate £769,619.

The interest yield upon the fund for the year was £4 6s. 10d. per cent. after deduction of tax.

The house purchase department is proving of utility to many who desire to live in their own house. During the year steady development has taken place in it.

In the fire and general branch the premium income was increased during the year to £70,353. Whilst the results in this branch have not been spectacular, the premium income has been steadily progressive.

You will have observed that the assets were increased in the course of the year by £1,073,865, and on March 24th last stood at £16,547,723.

The security for the assurance funds is a prime consideration, and, as usual, our assets have been cautiously valued. £27,500 has been taken from profit and loss balance and applied to write down property values. Of Stock Exchange securities no less than 78.3 per cent. is invested in the United Kingdom, and a further 16.8 per cent. in the rest of the Empire, thus leaving only 4.9 per cent. in foreign countries. It may interest you to hear that as much as 43 per cent. of the amount of our Stock Exchange securities carry a definite date of redemption. The remaining assets are all in the United Kingdom.

Before concluding, I would remark that with the gradual improvement in trade which is undoubtedly taking place I feel that the future of the company can be looked forward to with the utmost confidence. As you know, the magnitude of the company's operations is such that the only requirement for its continued progress is the continued prosperity of the wage-earners. The report and accounts were unanimously adopted.

EQUITABLE LIFE ASSURANCE SOCIETY

The one hundred and seventy-fourth annual general meeting of this Society was held, on the 20th instant, in London.

Mr H. L. M. Tritton (the president) said that the new business for the year 1935 was about the same as that for the previous year and remained, as far as life assurance was concerned, at well over £1,250,000, while the sinking fund and capital redemption business made satisfactory progress. The premium revenue of the whole business was over £670,000—easily the largest ever collected by the Society, and the funds at December 31st last were over £10,000,000.

The most important matter in connection with the report was the result of the valuation made as at December 31st last. In the difficult conditions of to-day the directors were satisfied that it was necessary to carry forward a larger amount than five years ago, as they considered that, if the present low rate of interest and high income tax continued, a reduction in the valuation rate of interest for with-profit policies by one-quarter per cent. would be required at the next valuation. The amount carried forward was over £140,000, and that should allow for a lower rate of interest five years hence if necessary.

A sum of £39,000 had been carried to the cost of pensions and to valuation expenses. Judging from letters which had been received by the office, the bonuses declared had given considerable satisfaction, and, although the bonus had not been greater than the rates assumed in the valuation, members would have observed that the rates of interim bonus in the event of death during the next few years had been increased for policies which had been some years in force.

At the end of his report on the valuation the Actuary said that the rates of bonus were not guaranteed, but, catastrophe apart, he hoped and expected that they would be maintained. He (the president) thought it was fair to the Actuary to say that he would not have recommended a bonus which he did not think the office would be able to maintain, and it was fair to the directors to add that their view in that respect was wholeheartedly the same as that of the Actuary. He thought he might summarise the position by saying that the accounts for the year showed a most satisfactory position and that the valuation had given bonuses to their members of which the Society might indeed be proud.

The report and accounts were unanimously adopted.

THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES LIMITED

CONTINUED PROGRESS

STRONG FINANCIAL POSITION

The twenty-sixth annual general meeting of the London County Freehold and Leasehold Properties, Limited, was held, on the 19th instant, at the registered office of the company, 114-116 Park Street, London, W.1.

Sir William J. M. Burton, the chairman, said: The report and accounts mark another year of progress and consolidation. To-day we are on a firmer foundation than at any time since the company's formation. Our income, after deducting outgoings, is £568,610, as against £507,152, showing an increase of £61,468, whilst our net revenue is £350,056, as against £297,236, an increase of £52,820.

During the year we have made various issues of new capital and the proceeds have been expended as explained in the report. I draw your attention to the fact that we have not obtained the benefit of these purchases for the full year, and for part of the time we have been obliged to leave money on deposit with our bankers pending completion of certain purchases. When we issued our prospectus inviting subscription for our last share issue, the directors stated that they estimated that in a full year they would have a surplus of £90,000 after payment of dividend and bonus at the rate of 11 per cent. per annum. I am glad to say we now have every reason to believe that this estimate was conservative.

Competition remains keen, and it speaks volumes for the organising powers and alertness of our staff that we should find ourselves in the advantageous position in which we are to-day.

BALANCE-SHEET ITEMS

The repairs and maintenance reserve shows that we brought in from last year £101,276, and expended in extraordinary work during the year £59,339, leaving a balance of £41,937. We have added the sum of £60,000 to this account from the year's revenue, making the account now £101,937.

As stated in the report, we have completed our programme as to the exterior of our properties, and are budgeting for the completion during the next two years of our task of bringing the interior of our properties fully up to date as tenancies expire. I feel sure you will agree that the policy which your directors have pursued has resulted in placing the company on an extremely sound footing. The only criticism I have observed is that we have progressed too rapidly—a criticism which your board can regard with equanimity.

THE KEY-FLAT

The sign of the Key-Flat has become an item of goodwill, because prospective tenants are attracted by that sign, knowing they can rely on the efficient management of the property in which they propose to dwell. For the benefit of the staff we publish a monthly periodical giving details of the company's activities and also the results of the various sections of our athletic and social club. There are items in the last issue that may be equally of interest to you—I will give you some:—

Key-Flats provide accommodation for some 34,000 people, or just about equal to the population of Perth and rather more than that of Margate or Guildford. Over 6,000 yards of material are used every year for our porters' uniforms. Incidentally, this "roll" of cloth would stretch from Keysign House, Marble Arch, to Liverpool Street Station.

A staff of 40 gardeners is permanently engaged in the upkeep of gardens and beautification of entrances. Four large greenhouses and two acres of nursery gardens contribute to the propagation of shrubs, plants and flowers. More than 100,000 bulbs are planted in the gardens every year by our own gardeners. Some 2,000 shrubs and small trees are also required to keep the gardens fresh and beautiful.

Provision of central heating and constant hot water over 12,000 tons of coke are consumed annually, equalling the contents of 40 large railway wagons every week of the year. A works department of 500 men under the supervision of 20 clerks of works is regularly employed in maintenance.

HIGH CONTRIBUTION TO RATES

Pay rates amounting to nearly £250,000 every year, believed highest contribution of any property company to the

rates of London. Some of my friends seem to think that the management of a property company simply consists of sending out rent statements and collecting the rents.

The facts I have just given will indicate to you that efficient supervision and constant care have to be exercised by those responsible for working the company. Our staff have the essential team spirit and I can assure you we look forward to the coming year with every confidence.

I will now move, "That the directors' report and accounts for the year ended March 31, 1936, as printed and circulated, be adopted," and will ask our managing director to second the resolution.

MANAGING DIRECTORS' SPEECH

Mr T. J. Cullen (managing director), in seconding the resolution, said: Our chairman has, I think, given you all the essential details of our past year's work that have not already been quoted in our printed report and accounts. There is, accordingly, little for me to do other than formally to second the resolution.

NEW PROPERTIES

It may, however, be of interest to you to know that we are pleased with our purchases during the year. No less than sixteen individual purchases of established blocks of properties adjoining our existing properties or linking up with our district organisation have been made. The other purchases of new properties are the buildings in Portman Square and Portland Place and the three beautiful buildings on Putney Heath. Portland Place was sufficiently finished in September last for us to give occupation to a few tenants, but completion of the purchase could not take place until December. The lettings are extraordinarily good, and there are only a few of the small flats not yet occupied.

Portman Square is not yet completed, but no less than one-third of the flats are already let or under firm offer. At Putney Heath, where so many flats have been erected in the surrounding districts, we believe we have the most attractive properties—they are all of a high-class order and are letting steadily and well to an excellent class of tenants.

Our Norbiton Hall property which, as mentioned last year, was then nearly completed, has now a few flats remaining unlet and, at the present rate of letting, the building will be fully occupied within a few weeks.

A FUNDAMENTALLY SOUND UNDERTAKING

The chairman has mentioned that we believe our estimate of a full year's working was conservative. I would like to emphasise that our net earnings for last year were equal to 14 per cent. on the ordinary stock capital completely paid up and employed during the whole of that period. In a full year—that is, the current year—the earnings should be equal to 15 per cent. on the ordinary stock capital now issued. The excellent demand for our flats indicates that we have a fundamentally sound undertaking that will produce a regular and reliable return for our stockholders.

Mr T. J. Cullen (the managing director) having replied to questions, the resolution was put to the meeting and carried unanimously.

THE DIVIDEND

On the motion of the chairman, seconded by Mr T. J. Cullen, it was unanimously resolved:—"That a final dividend of 4 per cent. and a bonus of 1 per cent., less income tax at 4s. 9d. in the £, making, with the interim dividends of 6 per cent., less income tax at 4s. 6d. in the £, a total distribution of 11 per cent. for the year ended March 31, 1936, to be paid to holders of ordinary stock issued prior to July 5, 1935, whose names appear on the company's register at the close of business on March 31, 1936."

The retiring director, Mr C. T. Nicholls, was re-elected, and Messrs. George A. Touche & Co. and Mr Thomas George Piper, chartered accountant, were reappointed auditors.

At an extraordinary general meeting which followed, resolutions were passed providing the means of obtaining additional capital when required.

The chairman explained that they had no intention of making an immediate issue.

INCORPORATED ACCOUNTANTS

INCOME TAX CHANGES

In his speech at the Incorporated Accountants' fifty-first annual meeting at Incorporated Accountants' Hall, on the 20th instant, Mr R. Wilson Bartlett, J.P., president of the Society of Incorporated Accountants and Auditors, referred to contemplated changes in income tax. He mentioned Clause 19 of the new Finance Bill, which deals with income settled on children under so-called educational trusts. He said he wished that the Clause had been drafted in more comprehensible terms. Whilst there was nothing to be said for trusts which the parent could revoke at any time, yet in the case of irrevocable trusts the position was different. Such a trust disclosed an intention of the parent to alienate annually a definite portion of his income for educational purposes and maintenance. Where the parent settled for life a capital sum upon his child, the income enjoyed by the child was not the income of the parent for the purpose of income tax and sur-tax. From the point of view of income, there was little difference between an irrevocable undertaking to pay an annuity and the settlement of a lump sum. In both cases, it seemed reasonable that the parent should be relieved of income tax in respect of the income. Moreover, the payment of an annuity in the circumstances indicated was open to those of moderate means, where the settlement of a capital sum would probably be out of the question.

INCOME TAX CODIFICATION AND PRACTICE

Mr Wilson Bartlett also referred to the Report of the Committee on Income Tax Codification. The accountancy profession was an integral part in the administration of income tax, and would welcome any simplification of the accountant's labour and any clarification of the law with which it was the duty of the taxpayer to comply. In response to the Chancellor of the Exchequer's intimation that he would be glad to have the views of important representative bodies on the Committee's proposals, a sub-committee had been set up to consider the recommendations in detail and no doubt the society would indicate its views to the Chancellor of the Exchequer in due course.

While dealing with income tax, the President said he would like to make a statement on the services which the taxpayer could retain in dealing with income tax. The services of incorporated accountants in public practice were available for the aid of the taxpayer, and income tax work was a large and important part of the practice of accountants, who were fully competent to carry out their work in the best professional traditions, and to the advantage of all parties. There was at the present time, a good deal of advertising in the Press and elsewhere, on the part of income tax agencies. The practice was to be strongly deprecated. The advertisers conformed to no standard of qualification or of disciplinary control.

During the depression a good deal had been heard about overcrowding and unemployment in the professions. The information available indicated that the amount of unemployment among incorporated accountants was negligible, although, of course, some of the younger members were anxious to improve their positions and prospects. He was satisfied that no candidate of good character and education should be deterred from entering into articles. After he had qualified as an incorporated accountant, he would have as good a chance and as promising prospects as in many alternative callings.

FIXED TRUSTS

Experience had shown that legislation and publicity were necessary to protect the investor, and provide him with proper information. Four years ago, the society had expressed its view that amendments were necessary in company legislation, particularly as regards accounts and audit. Of late there had been a rapid development in fixed and flexible trusts. The idea was undoubtedly attractive, but it should be appreciated that the trustees who held the investment had no responsibility whatever for the management of the trusts. Management rested with a managing company, which was invariably a private company, controlled by a few individuals. Parliament had found it necessary to subject companies, savings banks, building societies, etc., to specific legislation and control, but no such legislation existed in relation to fixed trusts. In the view of the society, some kind of registration of fixed trusts was urgently necessary, and they should be required to file particulars similar to those sent to the Board of Trade by public companies. It was satisfactory that the Board of Trade had set up a strong Departmental Committee to inquire into the matter, and the result of the inquiry would be awaited.

SELECTION TRUST, LIMITED

INVESTMENT APPRECIATION

MR A. CHESTER BEATTY'S REVIEW

The third ordinary general meeting of Selection Trust, Limited, was held, on the 18th instant, at 20 Aldermanbury, London, Mr A. Chester Beatty (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said: The main financial features of our business during the year have been the marked rise in the valuation of our investments and an improvement in the revenue. At the beginning of 1935 the total market value of the quoted investments was lower than the book figure, but during the year there was a considerable rise in the market prices of these investments, and at December 31st last their aggregate value, based on prices at that date, was very substantially in excess of the figure of £2,867,000 shown in the balance sheet.

The profit and loss account shows an increase in the gross revenue from £156,500 in 1934 to £229,600 for last year.

The net profit for the year was £119,052, and after bringing in the adjusted balance from the preceding year, and making provision for income tax and reserve as shown in the accounts before you, there is an available balance of £156,370, out of which we recommend that you should to-day declare a dividend of 6d. per share, leaving a balance of £78,453 to be carried forward.

Turning to the investments, one of our largest holdings is in common shares of the American Metal Company, Limited, and a copy of that company's report for the year 1935 has been issued to you. The report records a gratifying improvement, and after making provisions for depreciation, reserves and taxation, the company showed a profit of \$801,000, against a deficit of about \$232,000 for the preceding year. For the first quarter of 1936 a profit of \$282,000 has been announced, and this compares with a profit of \$73,000 for the corresponding quarter of 1935.

The American Metal Company's investments include a valuable holding of shares of the Climax Molybdenum Company, which paid substantial dividends during the past year, and is conducting a progressive and remunerative business. It also continues to hold substantial investments in the shares of Roan Antelope Copper Mines, Limited, and in Rhodesian Selection Trust, Limited, which, as most of you are aware, holds a two-thirds interest in Mufulira Copper Mines, Limited. These interests in the Roan Antelope and Mufulira companies, with their great copper deposits in Northern Rhodesia, are very valuable assets, which may be expected to earn good profits for many years. The Roan Company paid its maiden dividend of 1s. per share last year, and for the first nine months—ended March 31, 1936—of its current financial year the profits are estimated at £372,000, against £330,000 for the whole of the preceding financial year. The Mufulira Company has now practically completed its construction programme and has entered the profit-earning stage.

A substantial contribution to our income from investments was derived from dividends on our holding in Trepca Mines, Limited. The operating surplus of £395,000 shown by that company in its financial year ended September 30th last was the highest reached since production began in 1930. For the first six months to March 31, 1936, of its current financial year the company reported an operating surplus of £253,398.

Kopaonik Mines, Limited, another of our companies with lead-zinc-silver properties in Yugoslavia, is making good progress in equipping its mine for production, and it is probable that another of our Yugoslavian interests—namely, Zletovo Mines, Limited—will also be entering the equipment stage before long.

Our holding in Consolidated African Selection Trust, Limited, is another principal source of revenue. The position of the diamond business of that company continues to be very satisfactory and higher dividends are being paid. We are well pleased with the progress at the company's Gold Coast mines and are particularly gratified by the excellent developments in the Sierra Leone field.

As regards the market for diamonds, trade steadily improved in 1935, and this improvement has been maintained during 1936.

The position of the base metals has also improved since our meeting last year. With regard to copper, the restriction scheme, which came into force in May, 1935, is operating effectively, and marketable stocks of copper outside the United States have been reduced as a consequence of production being maintained below consumption. In the latter part of 1935 consumption showed a marked increase, and a steady demand for the metal continues.

In regard to the market for lead and zinc, there are indications that the demand for lead will continue to expand. As to zinc, there is at present a tendency for production to outstrip consumption.

The report was unanimously adopted.

LUNUVA (CEYLON) TEA AND RUBBER ESTATES, LIMITED

A DISAPPOINTING YEAR FOR GOOD TEA PRODUCERS

FURTHER REDUCTION IN COSTS

RUBBER AND COPRA RESULTS

BRIGHTER PROSPECTS FOR 1936

The annual general meeting of the Lunuva (Ceylon) Tea and Rubber Estates, Limited, was held, on the 21st inst., in the Council Room of the Rubber Growers' Association (Incorporated), 19, Fenchurch Street, London, E.C.

Mr H. J. Welch (chairman of the company) presided.

Mr J. E. Ritchie, representing the agents and secretaries (Messrs Harrisons and Crosfield, Limited) having read the Notice convening the meeting and the report of the auditors,

TEA

The Chairman said:—Ladies and Gentlemen,—Although the Company made a larger profit on its tea production in 1935, the year was a disappointing one for tea producers. It was particularly so for those who produce good Ceylon teas such as this Company's, for they are not receiving the relatively better prices as compared with poorer qualities, which they deserve.

The average price realised for all Ceylon teas sold in the London market was only fractionally higher in the calendar year 1935 than in 1934, whilst the average price for Colombo sales was actually lower. In spite of the fact that our teas realised a slightly increased average price compared with 1934 the average price per lb. was well below that of any of the years 1921 to 1931.

Notwithstanding the lower International exportable percentage our 1935 crop was more than 700,000 lbs. in excess of that for 1934. This was due partly to young areas coming in for assessment, and partly to the inclusion for the first time of a full year's crop from St. John Del Rey Estate and nine months' crop from Dessford Estate.

The cost of production of tea was further slightly reduced and was the lowest for the last fourteen years, it having been found possible to effect economies in all the main groups of expenditure. Under restriction yield statistics have not the same significance, but as a matter of interest the average yield per mature acre during 1935 was 625 lbs., as against 619 lbs. in 1934. This is, of course, much below the potential yield of our estates. The profit per mature acre was £8 4s. 7d., as against £6 11s. for the previous year.

RUBBER

The rubber results were much poorer than those for 1934. The price obtained was lower and the cost of production higher—an experience shared by most rubber companies during 1935. The average selling price of rubber in London fell more or less steadily for the first nine months. In our own particular case the net average for 1935 (including uncoupons stocks taken into the accounts at a valuation) was .67d. per lb. below that of 1934. The higher cost was due to increased cost per lb. of cultivation, collection, packing, duty, loss on exchange, commission to staff, maintenance of untapped areas, and indeed, unfortunately, was experienced in nearly all the various groups of expenditure.

An average of only 54 per cent. of the mature area was in tapping during the year, and over nine-tenths of that 54 per cent. it was necessary during November and December to restrict tapping to two days per week in order to keep the crop in reasonable condition to the Company's exportable quota. The average area actually tapped was 436 lbs.

COPRA

The Company's interest in coconuts is small, but in spite of the much reduced crop—following a drought in 1934 and early in 1935—and the consequent increase of cost per ton of copra, the improvement in price resulted in the small profit of 11s. 2d. per acre being secured, as against a loss of 5s. 9d. per acre in 1934.

THE BALANCE SHEET

At the end of 1935 the issued capital was increased by 33,333 shares. The high 333 were issued for cash at 42s. 6d. per share and the

remaining 30,000 formed part of the purchase price of Dessford Estate. The Reserve Account has been increased to £52,299, as against £29,169 at the end of 1934.

On the assets side you will note that the book value of the Company's properties has been increased by £63,552. Of that sum the purchase of Dessford Estate accounts for £59,390, capital expenditure on immature areas for £3,651, and the balance consists of sundry small land purchases, etc. If, after allowing for payment of the final dividend proposed to-day, the amount of the surplus liquid assets over liabilities is deducted from the issued capital, the net capitalisation per acre is only £45 1s. 4d. As tea areas comprise over 60 per cent. of the planted area and are mainly of medium or high elevation this may be considered a very moderate figure.

The market value of our investments on December 31, 1935, was £4,000 above the cost at which such investments stand in the balance sheet.

PROFIT AND LOSS ACCOUNT

From the profit and loss and trading account it will be seen that tea produced an increased profit of over £21,000, but the profit on rubber, after charging £2,026 spent on upkeep of untapped mature areas, fell by over £7,500. The expenditure for the year on buildings, machinery and equipment amounting to £11,443 was written off out of revenue.

Our London expenses, notwithstanding the restricted crops, were equal to only 3d. per lb. of tea and rubber produced. This is a relatively low figure, and is one of the happy results of our increased areas and past amalgamations.

PROPERTIES AND STAFF

Our Vice-Chairman—Mr H. W. Horner—has visited all the company's properties, including Abbotsford, in the past twelve months and when he seconds the resolution to approve the accounts I hope he will give you some impressions of his visit. The Board welcomes the opportunity which such personal visits afford of maintaining close contact with the estates and the staffs in the East.

As you were informed in the Directors' Report, Abbotsford Estate, which is a high elevation property, has been acquired as from 1st January, 1936, thus making a valuable addition to the company's area of high grown tea. Steps are being taken to amalgamate it with our adjoining estate, Dessford, the factory on which is being enlarged this year to take the crops from both estates. It is anticipated considerable economies and other advantages will thereby be effected and the combined estate should make one of the finest of its size in Ceylon.

All our properties are reported to be in a first-class state of cultivation and generally well equipped with buildings, good roads, etc.

We have a very capable and efficient staff in the East—always giving of their best in the Company's interests. Our cordial thanks are again due to them, to our Visiting Agents, to our Agents, Messrs Harrisons & Crosfield, Limited, and to our Acting Secretary, Mr J. E. Ritchie, for their services to the Company during the year under review.

DIVIDENDS AND APPROPRIATIONS

£73,259 was brought forward in the Profit and Loss Account from 1934 and the Company's operations last year after debiting £8,800, the estimated liability for Ceylon Taxation, and writing off £11,443 expenditure on buildings, machinery, etc., resulted in a surplus from all sources of £66,016. The interim dividend of 3 per cent. which was paid in November last absorbed £19,637 and the balance we have to deal with to-day is £119,638. The Board recommends the appropriation of £11,000 to meet this year's income tax liabilities, the transfer of £3,000 to a reserve for

BANGAWAN ESTATES, LIMITED

BRITISH NORTH BORNEO QUOTA POSITION

The first annual general meeting of the Bangawan Estates, Limited, was held, on the 20th instant, in London.

Mr James Fairbairn (the chairman) said: The profit for the period from September 1, 1934, the date on which this company took over, to December 31, 1935, was £8,703, of which £1,587 was earned between September 1st and November 20th, i.e. prior to incorporation, and is thus not available for distribution by way of dividend.

The profit for the period under review does not, unfortunately, allow of a payment of a dividend to the ordinary shareholders, but this is due, in a large measure, to the unsatisfactory quota position of British North Borneo, coupled with the comparatively low average price of the commodity over the period. It is now admitted that the standard quota allotted to British North Borneo under the International Scheme is substantially lower than it should be, with the result that Borneo estates are under-assessed as compared with their counterparts in other territories within the International Scheme.

The standard quota of 1,937,000 lbs., which was originally allotted to this company, was, in February, 1935, reduced to 1,551,600 lbs., and when it apparently became clear to the British North Borneo authorities that adjustments would require to be made to keep within the country's exportable quota under the International Scheme, domestic cuts were imposed.

EFFECT OF ADDITIONAL CUT

During the period under review these cuts progressively increased as the quotas exportable under the scheme were reduced, with the result that the average exportable quota for 1935 from estates in British North Borneo was only 53½ per cent. of standard, as compared with 67½ per cent. under the International Scheme. For the fourth quarter of 1935 the estate was only permitted to export 40 per cent. of its quota.

It will thus be seen that, in addition to our quota being reduced by 385,400 lbs., we were penalised to the extent of a further 13½ per cent. over and above the average cut of 32½ per cent. imposed under the International Scheme for the year 1935. The actual crop harvested and free for export in respect of the 12 months ended December 31, 1935, was 833,985 lbs., but had we been allowed to produce and export to the full extent of 67½ per cent. of our original quota of 1,937,000 lbs., the crop free for export would have been 1,307,475 lbs., a difference of 473,490 lbs. It is reasonable to assume that with a larger crop the cost of production would have been lower, but even assuming that this was harvested at the same cost as was averaged over last year, and assuming the same average selling price, the additional profit would have amounted to £3,827, or nearly 4 per cent. on the ordinary capital of the company.

As I understand the position, the International Regulation Scheme was conceived and modelled on the basis of mutual sacrifice, and I am strongly of the opinion that it is in the ultimate interests of the signatory countries that the injustice which has been done to British North Borneo should be rectified without delay.

CURRENT YEAR'S POSITION

Fortunately, in respect of the current year, internal adjustments, presumably between European and native producers, have been made, and we are advised that reductions in the domestic cuts in respect of the first two quarters have been made. For the first quarter ending March, 1936, the domestic cut was reduced to 10 per cent., and for the second quarter, ending June, 1936, this has been further reduced to 5 per cent. The effect of this adjustment is that for the first six months of the current year the estate is allowed to export 52½ per cent. of its standard of 1,551,600 lbs., as against 60 per cent. under the International Scheme.

Notwithstanding the drastic economies which were effected during the slump period, the estates are in excellent condition and are now equipped with modern buildings and machinery.

The results of the past year show that, in spite of the difficulties which have beset plantation interests in British North Borneo, and the low realised price of only 5.45d. per lb. for rubber during that period, our production costs have been sufficiently low to enable us to make a profit of 1½d. per lb. on rubber produced. Bangawan is, undoubtedly, not only a first-class estate, but an economic producer, and, given a reasonable quota, is a competitive unit.

The report was unanimously adopted, and at subsequent extraordinary general meetings the extension of the conversion date of preference shareholders to December 1, 1940, was approved.

replanting rubber and the payment of a final dividend of 5 per cent., less income tax at 2s. 7d. in the £. You have no doubt appreciated that the average rate of income tax deduction on the dividends for 1935 works out at just under 2s. 6d. in the £ and that the total dividend of 8 per cent. for the year less such deduction is therefore equivalent to a dividend of 9.18 per cent. less tax at the standard rate of 4s. 9d.

The Reserve for replanting rubber is proposed because the Board has decided to inaugurate a programme of gradual replacement of some of the oldest areas with improved strains of rubber. Areas consisting of trees raised from selected material and cultivated on present-day lines should have an earning capacity much in excess of the rubber areas in contemplation for replanting. It should also be borne in mind that rubber trees are wasting assets (although their effective life has not been determined), and as a matter of prudence provision should be made in one form or another against their decline in productive capacity and value. Replanting is one of the suitable forms of amortisation for rubber-producing companies.

PROSPECTS FOR 1936

In addressing the shareholders of the Rubber Plantations Investment Trust, Limited, on the 14th instant I referred to the present position and prospects of the tea and rubber producing industries. With the report of these proceedings it is proposed to include a reprint of my speech on that occasion, and accordingly I will not now delay you with any further general reference to these industries.

You would like me, however, to say something about the Company's prospects for the current year. We have put on a care and maintenance basis more than one half of our mature rubber and shall tap the remainder for only two days per week. The Company expects to be able to export about 5,100,000 lbs. of tea and about 975,000 lbs. of rubber, but part of the latter will be provided from the stock in hand at the end of last year. According to our estimates our tea, rubber and copra will all be produced at slightly reduced costs. As you know, the prices for tea and rubber are at present above the average prices for 1935. We have sold forward 60 tons of rubber for shipment during the second half of the year at the London equivalent of approximately 8.00d. per lb. We have also sold 60 tons for delivery in 1937 at the London equivalent of approximately 8.19d. per lb. Without being unduly optimistic I think I may say the prospects are brighter for 1936 than for 1935.

I now beg to move: "That the Directors' Report and the Statement of Accounts for the year ended 31st December, 1935, be approved and adopted, and that a final dividend for that year of 5 per cent., less income tax at the rate of 2s. 7d. in the £, on the issued capital of the Company, be paid on the 29th May, 1936."

MR HORNER ON HIS VISIT

Mr. H. W. Horner (Vice-Chairman):—Mr Chairman, Ladies and Gentlemen,—I welcome this opportunity of saying a few words about my recent visit to the Company's estates in Ceylon. I can say with great pleasure, which I know you will share, that I found all of them in excellent shape, with the result of all the care and money expended upon them in recent years visible in their well-cared-for appearance.

The men in charge of them, and their assistants, with the advice and assistance of our Visiting Agents, have adapted themselves to conditions in a truly remarkable way. How difficult these conditions are I need not enlarge upon, but it is a constant uphill struggle to harvest at a reasonable cost a crop considerably below the producing capacity of an estate, and at the same time maintain the whole area and equipment in the first-class condition which is the rule with all of them. Particularly is this the case with rubber in Ceylon—owing to the severe internal cut.

I was particularly interested to see the estates which have been acquired in the past three years, subsequent to my last previous return to Ceylon—including Napier, now part of the Rookatenne group, Dessford and Abbotsford, which will be worked as one unit—St. John del Rey and the rubber estates Dabar and Maligatenne, which are in process of amalgamation with the Illuktenne Group. A good deal of work of an ameliorative character is in progress on all of them, and they will form valuable units in the Company's properties. I have much pleasure in seconding the resolution proposed by the Chairman.

The resolution was carried unanimously.

The retiring director, Mr John Mackie, was re-elected; the auditors, Messrs McAuliffe, Davis and Hope, were reappointed, and the proceedings terminated with a hearty vote of thanks to the agents and staff in the East and also to the directors and London management.

TEPHANY (FURNITURE TRADES), LIMITED

INCREASING TURNOVER

The statutory meeting of Stephany (Furniture Trades), Limited, was held, on the 20th instant, at Winchester House, London, E.C. Brig.-Gen. the Hon. Alexander V. F. V. Russell, C.M.G., M.V.O. (the chairman of the company), who presided, said: Gentlemen,—The statutory report has been in your hands for some days, and I presume therefore that I may take it as read.

As you will observe, the whole of the cash in respect of the issue of preference and ordinary shares has been received, and I think the receipts and payments account sets out quite clearly how it has been disposed of.

You will note that the sum of £16,250 has been advanced to the subsidiary companies. This is to assist them in financing their increasing turnover and it will, of course, be the policy of the holding company to employ as much as possible of their available cash in this manner, retaining only such amount as in the opinion of the board is necessary to meet their own requirements.

In the prospectus it was reported that the turnover for the current year had been fully maintained, and I am pleased to inform you that this state of affairs continues, the sales for March and April showing a substantial increase over those for the corresponding months in the previous year. Moreover, we have already been able to effect certain measures of reorganisation, which should lead not only to increased efficiency, but to definite economies in working.

RANGE OF THE COMPANY'S ACTIVITIES

By means of its subsidiaries this company is able to cover practically the whole country, and this, coupled with the fact that its business includes not only the more expensive, but also the cheaper grades of furniture, makes it less liable to sudden fluctuation than a single business carrying on one particular type of trade in a limited area.

The boards of the subsidiary companies—which have been strengthened by the addition of certain members of the board of the holding company—are working in close co-operation, and I am pleased to say that there is complete harmony between them. The views and experience of the directors of the various companies have been placed unreservedly at the disposal of the holding company, and I feel that we can look to the future with the greatest confidence.

I cannot let the occasion pass without referring to the tragic loss we have sustained in the sudden death of Mr J. C. Jackson, one of the original directors of the company. Mr Jackson was a man of great personal charm and ability, whose presence and influence will be missed more than I can say. The question of nominating a successor to the board is one which is having our earnest consideration.

In conclusion, I would like to say that we shall be pleased to welcome any shareholders who may care to see the company's show-rooms if they will kindly give prior notice of their visit either to the secretary or to the managing director of the company.

JAMES W. COOK AND COMPANY, LIMITED

10 PER CENT. DIVIDEND MAINTAINED

The thirty-ninth annual general meeting of this company was held, on the 15th instant, in London.

Mr W. J. Clarke (chairman and managing director), who presided, in the course of his speech, said: Through the autumn we started the job of bringing the up-river part of the quay at Millwall up to the L.C.C. level under the Flood Prevention Act. It has just been completed and is entirely satisfactory.

On the other hand, we intend as soon as we can to go in for a big scheme of development and rebuilding on our site, so that we can get the utmost possible out of our property.

On lighterage has been steady, suffering its share of the depression that affected the wharves, but I am glad to say that it is standing up very well, and, indeed, prospects there look brighter this year.

With regard to the subsidiary companies, I am glad to tell you that the Bulk Oil Steamship Company, Limited, continues to make satisfactory progress.

Previously I have referred to the activities of Eastern Roadways, Limited, and of the difficulties we have had to struggle with in the form of continually increasing licences and duty,

culminating last year with an increase of from one penny to eightpence per gallon on heavy oil, which was a heavy blow indeed to our calculations. I am glad to say that the service we are giving to the districts we serve is being more and more appreciated, so that with the increased tonnage carried we have been able to surmount these surprising dues and taxes and are becoming quite an institution in Norfolk and Suffolk.

As you see, we propose to pay the same final dividend as last year, making with the interim dividend already paid, 10 per cent. for the year. We are also asking you to agree to the transfer of £10,445 to reserve for contingencies. This is being done in order to bring that account up to a figure that will enable us to write off the balance of goodwill, £48,751, by appropriating the whole of reserve account, £28,303. This will then leave our reserve for contingencies account at the figure of £90,000.

The report and accounts were unanimously adopted.

BRITISH SHAREHOLDERS TRUST, LIMITED

IMPROVEMENT IN REVENUE AND CAPITAL POSITION

The fourteenth ordinary general meeting of the British Shareholders Trust, Limited, was held, on the 19th instant, at the registered office of the company, 3, Lombard Street, London, E.C. Sir Follett Holt, K.B.E. (the chairman), presided.

The Secretary (Mr H. C. Crafer, F.C.I.S.) having read the notice convening the meeting and the auditors' report,

The Chairman said: Gentlemen,—We are again happy to present to you a satisfactory report for the twelve months which ended with March last.

The profit for the year amounted to £84,012, an increase of £8,194, while the value of our investments also shows a substantial improvement on the figures of the previous year. It is satisfactory to us to be able to report to you that not only have we our capital intact, but in addition investments and cash equal to a further £316,835, or, in all, funds amounting to £855,000, as the substantial backing to our business as an issuing house.

In these circumstances, having allocated £21,204 from the profits of the year to increase the general reserve, we feel that we are fully justified in recommending to you to bring the dividend again up to 10 per cent., at the same time increasing the carry-forward by some £6,000 to £60,605.

AN ACTIVE YEAR

As the results show you, we have passed through an active year, and one that has proved an advantage to our shareholders, and we hope to our ever-widening circle of clients. While it is impossible to predict the measure of the future capital requirements of home industrial undertakings—the field in which we specialise—this issuing house, with its very solid foundation, remains ready to help wherever it is possible the financial needs of the home industries which fortunately show at the present time great vitality.

I am very sorry that Mr Edgar Crammond, who, as managing director, has worked so strenuously and successfully to build up our business, is not, on account of ill-health, able to be with us to-day, and I feel that you will all desire to join us in sending to him from this meeting a message of sincere wishes for his speedy recovery. To lighten somewhat his labours we appointed last September as joint managing director Mr Ronald Crammond, who has been with the Trust for the past seventeen years, and we are very pleased to have him working with us in this important position.

With our report we sent out a notice calling an extra-ordinary general meeting to follow immediately after the close of this meeting. The object is to obtain your authority to alter our articles of association in order to bring them into line with the last Companies Act, and I would ask you to remain a few minutes longer in order to carry through what amounts to a formality only.

The report and accounts were unanimously adopted, and a final dividend of 4½ per cent., making 7½ per cent. for the year, together with a bonus of 2½ per cent., was approved.

The retiring director and the auditors were re-elected, and a hearty vote of thanks was accorded to the chairman, directors and staff.

At an extra-ordinary general meeting of the company held subsequently, a resolution was passed adopting new articles of association.

MID-EUROPEAN CORPORATION, LIMITED

RECOVERY IN INVESTMENT VALUES

The twelfth annual ordinary general meeting of this corporation was held, on the 18th instant, at Winchester House, London.

Mr Norman Holden (chairman of the company), in the course of his speech, said:—In the directors' report there is a table setting out a geographical analysis of our investments, and no doubt you will have remarked that the percentage in Germany is now 18.94 per cent., and in other European countries, which, of course, includes Scandinavia and the countries of Western Europe, 19.18 per cent., as compared with 24.80 per cent. and 23 per cent. respectively twelve months ago.

You will see, therefore, that for some years past we have been consistently reducing our interests on the Continent of Europe. Moreover, this has been done largely by liquidating those particular investments most vulnerable to the political and economic disturbances which have presented such a perplexing problem during the last few years.

I should now like to give you a little more information with regard to the valuation of our investments. I may tell you that in June, 1932, the depreciation amounted to £895,000. At that date, however, we valued at cost the secured loans which have since been realised at a loss. The total depreciation should therefore be reckoned as £1,050,000 in round figures, whereas to-day the total, including the capital loss, amounts to only £464,000, which is an improvement of nearly £600,000.

Even as compared with twelve months ago there is a net improvement of £36,000, although £81,000 (or more than half) of the losses on secured loans was incurred during that period.

We have actually earned on our ordinary stock for the year 3.43 per cent., as compared with earnings at the rate of 2.41 per cent. per annum for the eight months to March 31, 1935.

As regards future revenue, the income derived from the non-European investments, if only maintained at the current level, is sufficient to provide for the interest on our debenture stock and the preference dividend.

We shall continue to seek means and opportunities of overcoming the difficulties which face any investment company which attempts to operate on an international scale.

The report and accounts were unanimously adopted, and a final dividend of 2 per cent. on the ordinary stock, making 3 per cent. for the year, was approved.

THE LIVERPOOL AND LONDON AND GLOBE
INSURANCE COMPANY, LIMITED

100TH ANNUAL REPORT

NEW RECORDS IN 1935

The one hundredth annual general meeting of The Liverpool and London and Globe Insurance Company, Limited, was held, on the 20th instant, in Liverpool.

Mr A. E. Pattinson, the chairman, stated that, apart from two exceptional years immediately following the war, underwriting profit of £637,839 in 1935 had never been exceeded in the company's history. Every department contributed to that splendid result—fire to the extent of £482,741; accident £133,809; marine £21,289.

New life business, at £2,460,601, constituted a record high level.

ROAD AND OTHER ACCIDENTS

17,000 KILLED ANNUALLY

The Chairman said that public attention had been focussed upon the serious problem of road accidents. There were, however, more people killed every year in accidents which occur in and about the home than are killed on the roads by motor cars. Out of the total number of 17,000 fatal accidents occurring each year in Great Britain, roughly,

7,500 are killed in and about the home,
6,500 are killed on the road,
3,000 are killed in industrial accidents,
and the tale of injured is equally impressive.

FIRE WASTE

There had been very marked alteration in the general attitude towards fire waste. Not only was the machinery of fire-fighting

being more closely studied, but there was also considerable development in the use of fire-resisting material in building construction. Moral hazard had improved, both voluntarily and compulsorily, and active campaigns in many parts of the world against fraudulent fires were bearing fruit.

1935 RESULTS

Net premiums.—Fire, £3,960,629 (against £3,960,976 for 1934); accident and miscellaneous, £4,293,399 (against £4,483,705); marine, £290,393 (against £282,413).

Profits, exclusive of interest, were: Fire, £482,741; accident, £133,809; marine, £21,289; and life, £26,000. Total interest to profit and loss account was £442,749.

At the new record figure of £2,460,601 net new life sums assured were £101,118 greater than in 1934. Interim bonuses were maintained at the same high rate as in the preceding year, viz. whole-life at 45s. per cent. per annum, endowment at 40s. per cent. per annum.

Profit and loss account, after providing for dividend, income tax, etc., showed a balance carried forward of £553,796.

The report and accounts were adopted, and a final dividend of 13s. 6d. per share was declared, making 27s. per share, less tax, for 1935.

BRITISH-BORNEO PETROLEUM SYNDICATE, LIMITED

TOTAL DISTRIBUTION OF 17½ PER CENT.

The twenty-second ordinary general meeting of this company was held, on the 20th instant, at the Chartered Insurance Institute, London, Mr Walter MacLachlan (chairman and managing director) presiding.

The Chairman, in the course of his speech, said: During the past year the success attending the operations of the company has been more than maintained, which the directors consider justifies the increase of the total distribution for the year to 17½ per cent., while at the same time advantage is taken of the opportunity to increase the general reserve to £50,000.

I shall now refer to the oil interests and investments which appear in the balance sheet at a cost, less amounts written down, of £274,523. We hold a substantial interest in Apex (Trinidad) Oilfields, Limited, which continues its successful career. During its financial year, which ended on September 30, 1935, the production consisted of 460,145 tons of oil; this was less than the output for the previous year, which had, however, constituted a high record for the property. After writing off £126,421 for amortisation of wells, there was a net profit of £170,035, and dividends amounting to 27½ per cent. were paid for the year, making the total dividend distribution to date £2,212,000. The production for the first seven months of the current financial year of the Apex Company has been 298,598 tons, which makes the total output to date just over 5,000,000 tons. I have much pleasure in informing you that during the year under review, very satisfactory developments have taken place on the south-western portion of the property, which have resulted in an important extension of the proved area of the Apex Oilfield.

The royalty which the company receives upon the production of oil by the British Malayan Petroleum Company from its Seria Oilfield, in the State of Brunei, continues to constitute a considerable portion of our revenue; during the past year it amounted to over £22,000.

In pursuance of our policy to continue to take advantage of favourable opportunities for interesting our company in new enterprises associated with the oil industry, we acquired during the year a share interest in the Ultramar Exploration Company, Limited, which holds various oil interests in Venezuela, which we have reason to believe are of considerable potential value.

In addition to those interests in the oil industry which are not represented by quoted securities, our investments include securities and shares of home railways, iron and coal companies, electrical supply companies and other British industrial undertakings, shares and debentures of mining finance companies and mining companies and other interests of a similar nature. I have pleasure in giving you an analysis of our investments having market quotations based upon their market value at March 31st, the date of the balance sheet: Oil shares, 43 per cent.; home railways, mainly guaranteed and preference stocks, 16 per cent.; electrical supply companies, 5 per cent.; iron and coal companies and home industries, 9 per cent.; shares and debentures of mining finance companies and mining companies, 23 per cent.; rubber and tea shares, 1½ per cent.; and American securities, 2½ per cent. The market value of those investments at March 31st exceeded by over £50,000 the amount at which they stand in the balance sheet.

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

ASSETS	May 20, 1935	Apr. 20, 1936	Apr. 27, 1936	May 4, 1936	May 11, 1936	May 18, 1936
Gold and English sterling	15,994	16,003	16,003	16,003	16,003	16,003
Other coin, bullion and cash	5,878	5,859	6,411	6,099	6,314	6,354
Money at short call—London	20,103	19,341	19,314	18,450	18,484	20,943
Short-term loans	6,836	3,056	2,690	2,854	2,626	3,383
Securities	68,637	75,997	75,997	75,498	75,498	74,999
Discounts and advances	6,440	7,964	7,961	7,961	7,961	7,832
LIABILITIES						
Notes issued	47,050	48,044	48,044	47,545	47,545	47,044
Reserve premium on gold	3,896	7,753	7,753	7,753	7,753	7,753
Deposits	85,149	63,846	63,902	62,819	62,910	66,084

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

ASSETS	May 15, 1935	Apr. 29, 1936	May 6, 1936	May 13, 1936
Reserve, of which:				
Gold coin and bullion	118,185	193,098	192,782	193,924
Domestic Government securities	106,936	179,936	179,648	179,738
LIABILITIES				
Notes in circulation	137,952	110,913	111,176	110,318
Deposits:				
Domestic Government	85,358	90,924	91,198	91,436
Chartered banks	14,158	21,671	21,273	26,772
Ratio of reserves to notes and deposit liabilities	155,628	187,415	194,826	183,364
	46.3%	64.3%	62.5%	64.1%

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

ASSETS	May 17, 1935	Apr. 17, 1936	Apr. 24, 1936	May 1, 1936	May 8, 1936	May 15, 1936
Gold coin and bullion	26,571	23,397	22,931	22,930	22,929	22,928
Bills discounted: Foreign	5,995	8,578	9,446	9,043	8,566	9,786
Investments	1,726	1,737	1,737	1,737	1,737	1,737
Other assets	13,326	12,640	11,700	13,103	12,643	12,403
LIABILITIES						
Notes in circulation	11,964	13,307	13,068	14,822	13,957	13,395
Government deposits	2,703	4,607	4,481	3,745	2,658	3,355
Bankers' deposits	26,216	22,648	21,508	21,647	22,072	23,377
Ratio of cash reserves to liabilities to public	59.0%	53.6%	52.9%	52.5%	52.9%	52.0%

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

ASSETS	May 17, 1935	May 1, 1936	May 8, 1936	May 15, 1936
Gold coin and bullion	44,42,13	44,42,17	44,42,17	44,42,17
Rupee coin	49,46,67	59,49,99	58,93,73	59,01,21
Balances abroad	16,70,15	16,84,09	17,04,34	15,56,94
Sterling securities*	48,62,95	68,31,71	68,31,71	68,31,71
Indian Government rupee securities*	43,05,24	23,43,02	23,43,02	23,43,10
Investments	5,09,93	4,95,23	4,95,23	4,91,29
LIABILITIES				
Notes in circulation	1,67,95,21	1,69,67,85	1,71,94,01	1,70,70,54
Deposits:				
Government	14,80,84	7,15,65	7,21,64	7,23,10
Other	14,64,50	35,02,14	33,82,23	33,58,94
Ratio of gold and sterling to liabilities	50.16%	57.6%	57.8%	57.8%

* Held against notes.

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

ASSETS	May 16, 1935	Apr. 30, 1936	May 7, 1936	May 15, 1936
Gold	82,274	69,951	70,969	70,044
Of which deposited abroad	21,993	19,520	19,520	24,559
Reserve in foreign currencies	4,051	5,464	5,338	5,428
Bills of exchange and cheques	3,606,372	4,233,483	4,259,174	4,138,598
Silver and other coin	206,246	140,654	190,607	207,437
Advances	1,65,492	73,426	53,032	41,523
Investments	675,944	558,995	548,216	538,618
Other assets	641,166	561,614	503,164	520,564
LIABILITIES				
Reserves	471,184	473,561	473,561	473,561
Notes in circulation	3,499,271	4,347,978	4,147,078	4,076,814
Other daily maturing obligations	957,767	687,704	685,852	650,296
Other liabilities	215,123	174,344	174,009	171,541
Cover of note circulation	2.46%	1.73%	1.85%	1.85%

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

ASSETS	May 16, 1935	Apr. 16, 1936	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936	May 14, 1936
Gold	3,100,804	3,376,351	3,401,000	3,429,182	3,483,258	3,525,356
Silver and other coin	65,944	61,427	63,910	61,184	60,915	61,934
Securities	1,203,616	1,211,818	1,229,212	1,247,304	1,276,734	1,296,471
Advances	147,384	77,615	74,974	75,294	75,582	75,766
LIABILITIES						
Notes in circulation	3,849,809	4,209,471	4,191,370	4,254,740	4,202,558	4,265,728
Deposits: Govt.	22,505	21,049	25,137	31,209	15,949	17,277
Other	838,833	688,970	744,879	719,292	802,571	868,608

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

ASSETS	May 20, 1935	Apr. 20, 1936	Apr. 27, 1936	May 4, 1936	May 11, 1936	May 18, 1936
Gold	652,787	713,843	709,983	710,043	697,315	698,010
Silver	21,816	19,192	19,883	19,101	19,412	20,019
Home bills discounted	41,080	24,926	24,450	25,345	28,124	28,433
Loans and advances in current account	153,729	128,905	127,706	141,944	135,307	131,827
LIABILITIES						
Notes in circulation	835,088	759,328	765,848	799,113	774,987	764,276
Deposits	57,521	145,729	137,012	118,813	125,790	135,685

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

ASSETS	May 18, 1935	Apr. 18, 1936	Apr. 25, 1936	May 2, 1936	May 9, 1936	May 16, 1936
Gold	129,710	105,490	109,840	109,490	109,340	108,520
Silver	72,020	72,090	70,430	71,240	74,600	75,760
Advances and discounts	580	1,330	960	1,180	1,340	1,410
Other assets	11,410	16,630	10,020	10,420	9,840	10,140
LIABILITIES						
Notes in circulation	173,280	157,390	155,170	156,830	161,050	158,890
Deposits and bills payable	28,780	25,540	23,500	22,880	21,850	24,640

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

ASSETS	May 15, 1935	Apr. 15, 1936	Apr. 22, 1936	Apr. 29, 1936	May 6, 1936	May 13, 1936
Gold	1,265,019	1,510,851	1,513,872	1,518,430	1,516,430	1,506,895
Of which held abroad	117,166	306,307	309,327	310,701	310,701	294,007
Discounts	108,043	53,655	50,147	77,761	67,089	70,781
Bills of the Confederation	34,715	69,051	68,651	66,051	62,300	61,500
Advances	77,583	64,180	64,559	65,430	65,395	62,427
Securities	60,486	45,556	46,286	46,334	46,421	46,723
LIABILITIES						
Notes in circulation	1,252,955	1,265,536	1,256,366	1,310,866	1,280,150	1,259,129
Deposits	247,228	424,393	427,038	402,658	413,508	426,007

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

ASSETS	May 18, 1935	Apr. 11, 1936	Apr. 18, 1936	Apr. 25, 1936	May 2, 1936	May 9, 1936
Gold	2,269,500	2,227,656	2,227,656	2,227,652	2,227,652	2,227,639
Silver	696,726	673,360	671,176	675,877	675,949	666,499
Discounts	1,018,769	1,133,076	1,120,638	1,089,677	1,077,297	1,103,821
Loans	1,381,641	1,588,365	1,564,755	1,578,771	1,602,684	1,643,409
Treasury bills	77,415	75,998	75,998	75,998	75,998	75,998
Securities	41,729	36,907	37,280	41,182	41,198	41,951
LIABILITIES						
Notes in circulation	4,614,536	5,380,875	5,369,266	5,354,261	5,433,839	5,526,200
Deposits	936,224	1,053,601	1,064,546	1,085,592	1,058,134	1,059,232

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

ASSETS	May 15, 1935	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936	May 15, 1936
Cash reserve	242,216	242,563	242,569	242,574	242,582
Other foreign exchange	51,458	80,277	82,202	84,249	81,253
Bills discounted	234,903	217,874	218,349	217,293	217,650
Federal debt	624,444	624,444	624,444	624,444	624,444
LIABILITIES					
Notes in circulation	868,507	849,262	852,349	894,572	897,187
Deposits	275,623	312,315	312,120	270,452	263,012

† In accordance with Art. 53 of the Statutes.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted)

ASSETS	May 15, 1935	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936	May 15, 1936
Gold	2,686,638	2,694,476	2,694,248	2,694,063	2,695,172
Balances abroad and foreign currency	315,375	45,005	43,735	49,978	46,057
Discounts and advances	1,062,321	1,415,999	1,436,042	1,227,433	1,315,095
State notes debt balance	2,078,095	2,038,105	2,038,053	2,038,003	2,037,974
LIABILITIES					
Bank notes in circulation	5,525,026	5,170,078	5,509,213	5,561,211	5,467,659
Check account balances	914,776	1,006,646	646,939	379,169	547,506

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

ASSETS	May 7, 1935	Apr. 15, 1936	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936
Gold and silver holdings	1,568,175	1,590,555	1,590,555	1,590,555	1,590,555
Balances abroad and foreign currencies	489,094	376,183	387,919	385,867	503,019
Discounts and advances	611,222	1,297,814	1,322,114	1,371,818	1,352,848
Advances to the Treasury	2,697,819	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES					
Reserves	1,260,145	1,249,710	1,248,933	1,248,903	1,248,898
Bank notes in circulation	2,119,349	2,282,827	2,166,655	2,232,063	2,266,864
Sight liabilities	2,053,819	1,975,263	2,132,194	2,094,331	2,149,302
Deposits	129,459	125,191	124,881	124,881	123,844

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

ASSETS	May 7, 1935	Apr. 15, 1936	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936
Gold and gold exchange	3,632,620	3,352,197	3,355,410	3,330,335	3,342,351
State Gold Bonds	571,519	567,202	567,202	566,697	566,697
Bills discounted	260,395	282,288	281,930	278,540	277,181
Advances	2,547,508	5,099,768	4,987,653	4,961,297	4,925,256
Debt to the State	2,714,111	3,605,111	3,605,111	4,605,111	3,605,111
LIABILITIES					
Notes in circulation	5,455,734	5,891,425	5,755,159	5,790,645	5,744,982
Deposits and current accounts	3,994,839	5,921,565	6,203,339	5,899,229	6,042,517
Foreign exchange liabilities	111,789	259,969	262,390	256,166	254,979

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

ASSETS	May 10, 1935	Apr. 10, 1936	Apr. 20, 1936	Apr. 30, 1936	May 10, 1936
Gold	509,056	426,878	417,355	390,642	381,395
Foreign exchange and balances	17,673	17,113	15,001	15,198	15,647
Bills discounted	611,814	618,195	602,358	656,708	651,786
Loans against securities	47,285	76,159	56,872	86,256	99,864
Treasury bonds discounted	38,181	59,671	59,296	65,631	64,412
Securities	41,538	91,201	91,261	91,286	91,274
LIABILITIES					
Notes in circulation	931,205	971,592	942,098	1,010,048	1,010,149

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period May 21st to 31st at 139.11½ per cent. The previous rate was fixed as from May 11th at 139.71 per cent.

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES

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

Bolivia.*	"Export" market selling rate fixed at 50 bolivianos per £ as from April 1, 1936.
Colombia.*	Sight rate, 176 pesos per 100 United States dollars on April 28, 1936. This rate applies to holders of permits buying in the "open" market.
Ecuador.	Sight selling rate on New York was maintained in March at 10.50 sucres per United States dollar.
Guatemala	Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.
Nicaragua.*	Official selling rate was established at 110 cordobas per 100 United States dollars on March 31st, 1936.
Salvador.	Sight rate on May 9, 1936, 2.51 colones per United States dollar.
Venezuela.	Sight rate on New York, 3.91½ bolívares per United States dollar, on April 24, 1936.

* Exchange controls are operative in these countries.

OVERSEAS DOMINION RATES

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND

	London on Australia and New Zealand				Australia and New Zealand on London*			
	Buying		Selling		Buying		Selling	
	Australia	New Zealand	Australia (any Mail)	New Zealand (any Mail)	Australia	New Zealand	Australia (any Mail)	New Zealand
T.T.	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2
Sight	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2
30 days	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2
60 days	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2
90 days	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2	125 1/2	124 1/2

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

GOLD AND SILVER

The following statistics of imports and exports of gold and silver for the week ended May 21, 1936, are issued by the Statistical Department of H.M. Customs and Excise.

IMPORTS AND EXPORTS OF GOLD

Gold Imported into Great Britain and Northern Ireland, week ended May 21, 1936			Gold Exported from Great Britain and Northern Ireland, week ended May 21, 1936		
From	Bullion*	Coin†	To	Bullion*	Coin†
British S. Africa.....	2,487,307	£	Irish Free State ..	3,661	£
Tanganyika Territory ..	11,652	...	Finland	22,622	...
Kenya.....	6,046	...	Germany.....	40,123	...
British India	408,186	...	Netherlands	9,612	...
Australia	57,000	488	Belgium	779,995	100
Canada	165,060	...	France.....	3,315	14,382
British Guiana.....	7,662	...	Switzerland	149,100	2,224
Germany	11,737	...	Austria	4,835	...
Netherlands	275,346	33,049	Czechoslovakia ..	407,162	...
Belgium.....	60,567	1,166	U.S.A.	126	...
Belgian Congo	63,670	32,655	Other countries ..	...	...
France	1,255,564	261,733			
Switzerland	50,142	14,317			
Portugal	31,594	100,000			
Austria	1,800	48,184			
Venezuela	3,290	...			
Other countries	2,663	128			
Totals	4,734,196	547,316	Totals	1,410,939	26,218
		371,144			25,170

* Current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

MANCHESTER SHIP CANAL COMPANY.—The Right Honourable Lord Colwyn, P.C., D.L., has resigned his directorship of the Manchester Ship Canal Company owing to pressure of other business. Lord Colwyn has been a director of the company since January, 1927, and the board have accepted his resignation with great regret. Mr. Kenneth Stoker, the managing director of Manchester Liners Ltd., and a director of Furness Withy and Company, Ltd., has been elected director of the company by the directors elected by the shareholders, to fill the vacancy created by Lord Colwyn's resignation.

IMPORTS AND EXPORTS OF SILVER

Silver Imported into Great Britain and Northern Ireland, week ended May 21, 1936			Silver Exported from Great Britain and Northern Ireland, week ended May 21, 1936		
From	Bullion*	Coin†	To	Bullion*	Coin†
Australia	946	£ 1,405	Irish Free State ..	95	£ 27
Germany	29,700	165	Nyasaland Protectorate ..	...	23,282
Netherlands	2,925	...	British India	354,943	...
Belgium	17,572	96	Sweden	1,775	...
France	51,123	300	Norway	1,895	...
Iraq	...	...	Denmark	2,102	...
Japan	...	...	Germany.....	8,376	551
Other Countries	30	1,075	France	652	500
		700	Other Countries ..	...	...
Totals	102,301	2,480	Totals	369,818	500
		1,261			23,860

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in italics. Other coin is entered at current market value.

GOLD MOVEMENTS: BANK OF ENGLAND

1936 ARRIVALS		1936 WITHDRAWALS	
May 15	£	May 15	£
" 16	Nil	" 16	Nil
" 18	Nil	" 18	Nil
" 19	729,293	" 19	Nil
" 20	Nil	" 20	Nil
" 21	13	" 21	Nil
Total	729,306	Total	Nil
Movement May 15, 1936, to May 21, 1936 (inclusive)			
Movement during year 1935			
Movement during 1936 (January 1 to May 21, 1936, inclusive)			
Movement April 29, 1925, to May 21, 1936 (inclusive)			
Movement September 21, 1931 (gold standard suspended) to May 21, 1936 (inclusive)			

GOLD MARKET

Messrs. Samuel Montagu and Company write on May 20, 1936, as follows:—

The Bank of England gold reserve against notes amounted to £204,290,743 on the 13th instant, as compared with £203,660,401 on the previous Wednesday. Purchases of bar gold as announced by the Bank during the week amounted to £1,072,317. In the open market offerings at the daily fixing totalled about £2,400,000. There was a general demand, but with supplies plentiful, prices showed a declining premium over gold exchange parities, that over the dollar being very slight.

Quotations during the week:—

	Per fine ounce	Equivalent value of £ sterling
May 14	140s. 3d.	12s. 1.38d.
" 15	140s. 2d.	12s. 1.46d.
" 16	140s. 3d.	12s. 1.38d.
" 18	140s. 1d.	12s. 1.55d.
" 19	139s. 11d.	12s. 1.72d.
" 20	139s. 11½d.	12s. 1.68d.
Average	140s. 1.25d.	12s. 1.53d.
May 21	139s. 11½d.	12s. 1.68d.

The s.s. "Viceroy of India" which sailed from Bombay on the 16th inst., carries gold to the value of about £424,000.

SILVER MARKET

The report that the United States Treasury had made a further purchase of silver from the Chinese Government stimulated demand from the Indian Bazaars and speculators, and prices advanced sharply, 20½d. for both cash and two months delivery being reached on the 15th inst. This level, however, was not maintained, buyers being disinclined to follow the rise, and on free offerings on China account and re-sales by speculators, prices quickly receded to 20½d. for cash and 20½d. for two months delivery quoted to-day.

An announcement was made on May 18th by Mr. Morgenthau that, at the end of a fortnight's conference of Treasury officials with representatives of the Chinese Ministry of Finance, the United States had agreed to buy from the Central Bank of China substantial amounts of silver and also to make available to that institution dollar exchange for currency stabilisation purposes. As the market made no recovery following the news, the effect of the agreement, the nature of which had been anticipated in some quarters, would seem to have been discounted.

Quotations during the week:—

IN LONDON		IN NEW YORK	
Bar silver per oz. std.	Cash Two Months' delivery	Bar silver per oz. std.	Cash Two Months' delivery
May 14	20½d.	May 13	45
" 15	20½d.	" 14	45½
" 16	20½d.	" 15	46
" 18	20½d.	" 16	No quotation
" 19	20½d.	" 18	45½
" 20	20½d.	" 19	45½
Average	20.573d.	" 20.615d.	
May 21	20½d.		

The highest rate of exchange on New York recorded during the period from May 14th to May 20th was \$4.97½ and the lowest \$4.95½.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit	Dividend
					Prefce.	Ordinary					
					Amount	Amount	Rate				
Banks											
British Bank of S. America	Dec. 31	119,744	31,150	150,894	£	20,000	% 2	£ 11,000	119,894	50,648	% 2
Hambros Bank	Mar. 31	94,192	324,822	419,014	...	156,512	{ 18Ord. 6A }	170,000	92,502	310,021	{ 180. 6A }
Breweries											
Chesters Brewery	Mar. 31	70,411	119,844	190,255	17,588	86,270	24	12,500	73,897	116,433	23
Dutton's Blackburn Brewery	Mar. 31	20,343	60,279	80,622	28,000	28,000	7	3,675	20,947	50,592	5½
Rowell (John) and Son	Mar. 31	28,671	10,177	38,848	2,500	7,000	7	...	29,348	8,397	6
Electric Lighting, etc.											
Madras Electric Supply	Dec. 31	26,858	131,619	158,477	24,849	47,856	8½	50,000	35,772	123,806	8½
Financial Land, etc.											
British Colonial and Foreign Holdings	Mar. 31	2,304	2,922	5,226	...	2,700	10	...	2,526	Dr. 2,298	Nil
British Hosiery Trust	Mar. 31	5,072	19,318	24,390	...	17,156	4½	2,381	4,853	16,416	2½
British Overseas & General Investment	May 13	9,026	1,158	10,184	...	...	...	...	10,184	Dr. 392	Nil
Capital and Counties Freehold Equity Trust	Mar. 31	...	248	248	...	...	...	...	248	(a)	(a)
City of London Real Propy.	Apr. 12	211,826	302,640	514,466	37,438	246,000	4	17,415	213,613	316,772	4
City & West End Properties	Mar. 25	24,086	66,026	90,112	15,356	39,769	7½	11,287	23,700	67,799	7½
Grand Junction Co.	Mar. 31	13,241	41,583	54,824	5,622	29,799	4	5,828	13,575	43,891	4
Hesketh Estates	Feb. 29	14,258	44,488	58,746	13,562	13,437	7	10,000	21,747	36,370	5
N.Z.M.T. Agency and Trustee Co.	Feb. 29	3,315	12,138	15,453	...	8,000	8	5,000	2,453	(a)	(a)
Primitiva Holdings.....	Apr. 30	114,899	78,159	193,058	11,442	54,285	3	7,500	119,831	74,977	3
Reserves Securities Trust ..	Apr. 5	2,653	11,401	14,054	...	7,362	5	4,000	2,682	7,273	4
Selected Land and Property	Mar. 31	3,728	13,998	17,726	...	5,753	{ 8 (b) 27½(c) }	7,500	4,473	12,140	{ 7½(b) 25(c) }
Whitehall Electric Investm'ts	Mar. 31	268,492	191,767	460,259	187,500	...	...	...	272,759	214,472	Nil
Gas											
Imperial Continental Gas ...	Mar. 31	488,075	437,770	925,845	...	429,800	10	...	496,045	523,093	12
Iron, Coal and Steel											
Howard and Bullough (Securities)	Mar. 31	655	29,774	30,429	11,625	35,649	3½	Dr. 17,000	155	16,125	2½
Ocean Coal and Wilsons.....	Dec. 31	7,542	67,915	75,457	69,830	...	...	5,627	173,266	2	3
Park Gate Iron and Steel...	Mar. 31	25,085	112,312	137,397	...	44,201	3	65,000	28,196	110,837	2
Pease and Partners	May 29	57,807	145,294	203,101	...	...	...	175,461	27,640	123,815	Nil
Ransomes and Rapier	Dec. 31	329	11,322	11,651	686	4,013	2½	5,000	1,952	Dr. 11882	Nil
Sanderson Bros. & Newbould	Dec. 31	Dr. 116368	6,674	Dr. 109694	...	...	...	6,674	Dr. 116368	Dr. 2,320	Nil
Wilson and Clyde Coal ...	Feb. 29	28,400	65,514	93,914	2,712	25,713	5	37,000	28,489	59,657	4
Yorks. Amalgam. Collieries	Mar. 31	9,100	108,505	117,605	...	88,914	4	22,500	6,191	50,273	2
Motor and Cycle											
Singer and Company	Dec. 31	74,247	Dr. 203449	Dr. 129202	...	...	...	...	Dr. 129202	49,905	Nil
Rubber											
Dahan	Dec. 31	Dr. 325	Dr. 760	Dr. 1,085	...	...	...	...	Dr. 1,085	714	Nil
Emerald	Jan. 31	13,077	11,028	24,105	...	9,406	5	2,000	12,699	11,133	5
Kuala-Nal Kelantan	Dec. 31	2,562	491	3,053	...	...	...	...	3,053	2,563	Nil
Kuala Selangor	Dec. 31	1,719	6,964	8,683	...	6,458	4½	...	2,225	9,689	6½
St. George	Dec. 31	2,418	2,868	5,286	...	2,800	4	...	2,486	6,065	7½
Yataderia	Dec. 31	4,874	7,743	12,617	...	4,200	3	7,500	917	7,683	2½
Shipping											
British and Irish Steam	Dec. 31	34,623	338,235	372,858	90,000	90,000	6	150,000	42,858	197,717	6
E.D. Realisation Co.	Dec. 31	...	(g) 3,706	3,706	...	3,705	(h)	...	1	(a)	(a)
Nitrate Producers' Steamship	Apr. 30	15,837	53,536	69,373	...	5,861	6½	47,773	15,739	23,148	6½
R.M. Realisation Co.	Dec. 31	...	(g) 38,572	38,572	...	38,562	(i)	...	10	(a)	(a)
Shops and Stores											
Great Universal Stores	Mar. 31	2,851	231,937	234,788	24,339	127,656	50(i)	79,137	3,656	287,998	50(i)
Kennards, Ltd.	Feb. 10	20,215	58,535	78,750	13,125	39,250	22	3,000	23,375	58,010	24
Tea											
Amalgamated	Nov. 30	36,008	81,347	117,355	21,000	38,268	4	19,000	39,087	62,184	2½
Anglo-American Direct.....	Nov. 30	50,906	75,050	125,956	30,000	39,742	6	...	56,214	111,388	10
Chubwa	Nov. 30	18,205	18,932	37,137	3,710	13,250	12½	754	19,423	11,849	10
Consolidated Tea and Lands	Nov. 30	64,286	237,457	301,743	78,000	120,000	10	39,000	64,743	215,649	9
Haydella	Dec. 31	541	557	1,098	...	500	2½	250	348	394	Nil
Kanan Devan Hills Produce	Nov. 30	72,381	127,034	199,415	33,000	93,750	12½	6,750	65,915	140,300	12½
Lethenty	Dec. 31	619	Dr. 733	Dr. 114	...	...	...	...	Dr. 114	Dr. 1,862	Nil
Peacock & Nilambe (Ceylon)	Dec. 31	598	1,333	1,931	2,081	...	...	Dr. 1,000	850	686	Nil
Telegraphs, etc.											
Cable and Wireless (Holding)	Dec. 31	128,398	1,026,041	1,154,439	926,677	...	...	...	167,762	1,012,251	...
Cable and Wireless	Dec. 31	...	1,001,397	1,001,397	...	1,000,000	£3 6 8	...	1,397	625,546	2
Textiles											
Armitage (Sir Elkanah) and Sons	Mar. 28	707	1,807	2,514	...	...	...	...	2,514	2,396	Nil
British Cotton and Wool Dyers'	Mar. 31	45,219	105,325	150,544	...	51,611	6½	48,395	50,538	90,723	5
Fine Cotton Spinners	Mar. 31	Dr. 452084	117,204	Dr. 334880	...	...	...	100,000	Dr. 434580	11,309	Nil
Illingworth, Morris & Co. ...	Mar. 31	48,754	79,924	128,678	24,296	...	...	22,782	81,600	1,707	Nil
Porrits and Spencer	Mar. 31	19,476	98,629	118,105	17,098	55,793	13½	25,000	20,214	85,120	17½(s)
Woodrow (John) and Son...	Mar. 31	1,630	15,786	17,416	5,038	3,660	8	2,629	6,089	(a)	(a)
Tramways and Omnibuses											
Mansfield District Omnibus	Dec. 31	140	3,522	3,662	...	...	...	1,376	2,286	4,421	Nil
Trusts											
Industrial and General	Mar. 31	118,333	222,070	340,403	61,359	135,880	10	15,500	127,664	219,577	9½
Nineteen Twenty-Eight Investment	Mar. 31	14,989	37,942	52,931	29,388	7,760	2	...	15,783	40,979	2
Second Mercantile	May 5	52,791	50,716	103,507	19,349	25,047	6½	5,000	54,111	48,198	6
Sphere Investment Trust ...	Mar. 31	13,101	46,641	59,742	23,063	15,250	4	8,000	13,429	39,548	3
Other Companies											
Abdulla and Co.	Dec. 31	5,498	70,960	76,458	20,000	30,000	10	20,000	6,458	64,124	7½
Assoc'd Automatic Machine	Mar. 31	...	10,986	10,986	...	...	...	10,986	...	Dr. 1,266	Nil
Beechams Pills	Mar. 31	58,116	330,651	388,767	154,500	96,094	50	77,500	60,673	213,484	27½

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS—cont.

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Interest	Amount Available for Distribution	Appropriation				Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit
					Prefce.	Ordinary	Rate			
					Amount	Amount				Dividend
Other Companies—cont.										
British Alkaloids	Mar. 31	£ 679	29,360	30,039	£ 3,545	£ 7,847	22	£ 16,500	£ 2,147	£ 18,083
Chloride Electrical Storage	Mar. 31	88,936	389,237	478,173	3,720	161,537	15	240,896	72,020	341,252
Compton (J.) Sons & Webb	Dec. 31	3,472	63,632	67,104	14,000	35,000	12½	7,500	10,604	56,096
Dunlop Condenser	Mar. 31	7,849	26,513	34,362	7,625	7,825	20	10,500	8,412	20,935
Finlay (James) and Co.	Dec. 31	260,547	186,233	446,780	30,000	150,000	10	266,780	223,028	12½
Fisher and Ludlow	Mar. 31	27,309	114,383	141,692	7,000	53,375	17½	34,500	46,817	59,988
Laporte (B.), Ltd.	Mar. 31	22,797	93,246	116,043	14,044	32,002	22½	48,223	21,774	76,104
Mansfield, Ltd.	Mar. 31	...	8,013	8,013	1,763	1,725	20	2,110	2,415	(a)
Meters, Ltd.	Mar. 31	6,760	20,781	27,541	5,408	13,924	9	8,209	20,402	9
Royal Sovereign Pencil	Dec. 31	9,951	20,049	30,000	6,595	12,985	6	1,500	8,920	17,227
Siemens Brothers and Co.	Dec. 31	332,985	208,739	541,724	55,000	147,000	6	339,724	106,548	4
Standard Wood Pulp Co.	Dec. 31	1,564	Dr. 1,568	Dr. 4	...	...	...	...	1,984	Nil
Sudan Salt	Dec. 31	Dr. 12,396	16,740	4,344	...	...	...	3,074	1,270	(a)
Threefolds and Smalley	Apr. 30	50,591	78,918	129,509	...	54,000	12	25,000	50,509	50,198
Verellen, Ltd.	Dec. 31	Dr. 32,975	Dr. 1,345	Dr. 33,110	...	...	...	Dr. 33,110	Dr. 6,253	Nil
Whiteaway, Laidlaw and Co.	Feb. 29	3,127	Dr. 27,960	24,833	...	...	...	Dr. 28,000	3,167	Dr. 35,742
Wiggins, Teape and Co. (1919)	Dec. 31	51,674	345,136	396,810	96,410	142,606	9	105,980	51,814	298,536

(a) No comparable figures. (b) Ordinary shares. (c) Deferred shares. † Free of income tax.
 (g) From February 26, 1935, to December 31, 1935. (h) Represents dividend 1.148 per cent. on 5 per cent. income debenture stock.
 (i) Represents dividend 2.397 per cent. on 5 per cent. income debenture stock.
 (j) Also capital bonus of 10 per cent. (s) Absorbed £54,758.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(a) Week ended May 15, 1936. (c) Week ended May 16, 1936.		Miles Open	Gross Receipts, week ended May 17, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (20 weeks) (£'000)				
			Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts
Great Western	1936 3,746	183	201	100	301	484	3,401	3,708	2,126	5,834	9,235	
(c) L. & N. Eastern	1935 3,748	181	193	99	292	473	3,420	3,549	2,087	5,606	9,026	
L. M. & D. Scottish	1936 6,339	277	324	225	549	827	5,343	6,452	4,871	11,323	16,666	
Southern	1935 6,339	278	332	214	546	823	5,353	6,182	4,640	10,822	16,175	
	1936 6,917	433	473	218	729	1,163	8,114	9,414	5,201	14,615	22,729	
	1935 6,926	433	473	220	693	1,126	8,120	8,910	4,948	13,858	21,978	
	1936 2,154	275	69	27	96	371	5,124	1,195	690	1,885	7,079	
	1935 2,172	267	67	28	95	362	5,140	1,194	635	1,829	6,969	
Total	1936 19,150	1,170	1,105	570	1,675	2,845	21,982	20,769	12,888	33,657	55,639	
	1935 19,185	1,158	1,065	561	1,626	2,784	22,033	19,835	12,280	32,115	54,148	
(b) Belfast	1936 80	2-1	...	0-6	2-7	38-7	...	...	...	10-8	47-5	
(c) Co. Down	1935 80	2-1	...	0-6	2-7	38-7	...	...	...	9-9	48-3	
(b) Great Northern	1936 543	8-5	...	10-5	19-0	159-4	...	...	...	188-5	347-9	
(b) Great Southern	1935 543	8-5	...	10-1	18-3	155-9	...	...	...	173-1	334-0	
(b) Great Southern	1936 2,076	29-5	...	41-9	71-4	552-4	...	...	...	800-5	1,332-9	
(b) Great Southern	1935 2,124	31-4	...	39-1	70-5	549-9	...	...	...	757-1	1,307-0	

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935 (000's omitted)				
	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year 1934:				
Gross increase or decrease	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year 1935:				
20 weeks to May 17, 1936	+ 209	+ 751	+ 491	+ 40
Weekly average first half 1936 latest week 1936 compared with 1935	+ 10½	+ 37½	+ 24½	+ 2
	+ 11	+ 37	+ 4	+ 9

LONDON TRANSPORT				
	Week ending May 16, 1936	Aggregate 45 weeks ending May 16, 1936	1935	1934
Takings	£568,100	£25,044,400	£5,300	£297,865
For an explanation of the manner in which the figures are made up, see the <i>Economist</i> , March 17, 1936, page 610.				
Notes:—The receipts for 1936 include receipts of bus undertakings not absorbed by London Transport in the corresponding period of the previous year. In order to make comparison with the previous year, the figures for that year have been adjusted on the best information available. The receipts for the week are comparable.				

Continued.

OVERSEAS RAILWAY RECEIPTS

Name of Railway	Weeks Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts	
			1936	+ or -	1936	+ or -
INDIAN						
			Rs.	Rs.	Rs.	Rs.
Assam Bengal	4 Apr. 30	1,330	\$5,03,400	+ 31,077	13,57,900	+ 32,231
Barsi L. Ry.	3 Apr. 29	292	5,300	1,95,800	5,300	5,200
Bengal & N. Western	4 Apr. 30	2,112	11,30,637	+ 69,293	32,94,396	+ 1,97,865
Bengal-Nagpur	1 Apr. 29	10	2,268	23,15,000	72,789	72,789
Bombay, Bar. & C.I.	6 May 10	3,072	35,03,000	+ 1,25,000	1,48,66,000	+ 17,96,000
Madras & S. Mahr.	4 Apr. 30	3,230	23,60,000	+ 99,573	67,99,000	+ 4,02,974
Rohilk'd & Kumaon	3 Apr. 29	572	12,28,756	+ 12,072	7,25,227	+ 27,627
South Indian	3 Apr. 29	2,532	15,26,309	+ 49,789	3,052,363	+ 34,670
↑ to days						
CANADIAN						
			\$	\$	\$	\$
Canadian National	19 May 14	23648	3,615,386	+ 308,470	62,404,213	+ 3,704,737
Canadian Pacific	19 May 14	17237	2,693,000	+ 430,000	45,114,000	+ 4,273,000

SOUTH AMERICAN

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IRON AND STEEL EXPANSION. (CARGO FLEET IRON AND SOUTH DURHAM STEEL DEVELOPMENTS).—Plans for future developments involving the expenditure of £1,000,000 are announced by the Cargo Fleet Iron Company and the South Durham Steel and Iron Company. This scheme is additional to one already being carried out at the Cargo Fleet Works and involves the reconstruction of two furnaces at Seaton Carew which have been idle since 1925; re-opening the malleable iron shop at Stockton and the erection of a new battery of coke ovens and a by-product plant at West Hartlepool. When completed, in about a year's time, the new works at West Hartlepool will have a capacity to deal with 7,500 tons of dry coal per week coming from the companies' pits.

BEECHAM'S PILLS, LTD.—Profits of Beecham's Pills rose by £138,247 in the year to March 31st to £425,781. Tax requires more at £92,130, and after providing for directors' fees and bringing in £58,115, the available balance is £388,766. The deferred dividend is raised from 27½ per cent. to 50 per cent., less tax. The transfer to development reserve is increased by £50,000 to £65,000, and there is also a transfer of £12,500 to general reserve. The carry-forward has risen from £58,115 to £60,673. Meeting, Hotel Victoria, W.C.2, May 25th, at 12 noon.

YORKSHIRE AMALGAMATED COLLIERIES, LTD.—A rise in profits from £50,278 in the year ended March 31, 1935, to £108,504 for 1935-36 is shown in the accounts of this company. With the amount brought in, there is available £117,604. The directors have written off £22,500, being the whole of the outstanding balance of discount on the first mortgage debenture stock issued in the previous year, leaving £95,104 for disposal. A dividend of 4 per cent., against 2 per cent., less tax, is recommended on all classes of ordinary shares, leaving £6,191 to go forward. Dividends have been received during the year from all the constituent companies.

SINGER AND COMPANY, LTD.—A total loss of £203,449, of which £99,214 was incurred on trading, is shown in the accounts for 1935 of Singer and Company, Ltd. By the scheme of arrangement, £350,000 was written off properties, plant, stock, etc., but by utilising surplus reserves, the balance on profit and loss account and a small sum from surrendered shares, this amount was met, and the surplus of £74,247 has been used to reduce the 1935 loss to £129,202. Meeting, Canterbury Street, Coventry, May 27th, at 11.30 a.m.

ILLINGWORTH, MORRIS AND COMPANY, LTD.—The accounts for the year to March 31, 1936, show that dividends, free of tax, from subsidiaries amounted to £121,362, against £48,002 in the previous year. Adding £50,137 at credit of profit and loss account and tax recovered, the balance is £171,500, compared with £95,048. After deducting £82,268 debenture and other interest, preference dividends and total cost of debenture conversion, there is left £89,237. Reserve is raised by £7,638, to £25,000.

THE MID-EUROPEAN CORPORATION, LTD.—The net revenue for the year ended March 31, 1936, after provision for income tax,

amounts to £48,703 16s. 3d. After deducting the dividend on the 5½ per cent. preference stock paid and accrued, amounting to £23,443 15s., and adding £83,814 7s. 4d. brought forward from the last account, there is available £109,074 8s. 7d., which the board recommends be appropriated as follows: To payment of a final dividend of 2 per cent. (less income tax at 4s. 6d. in the £) on the ordinary stock, making with the interim dividend of 1 per cent. (less income tax) paid on November 15, 1935, a total of 3 per cent. for the year, absorbing £22,087 10s.; to carry forward to next account £86,986 18s. 7d. During the year the outstanding amount of the corporation's 5 per cent. redeemable debenture stock was reduced to £893,455 by the purchase and cancellation of a further £7,500. The investments held by the corporation and its subsidiary, including secured loans, numbered 363 on March 31, 1936.

HARRODS (BUENOS AIRES), LTD. (PREFERENCE ARREARS PLAN).—The directors of Harrods (Buenos Aires) have drawn up a plan to deal with accumulated arrears of preference dividend to be submitted for approval at meetings on June 12th. Preference arrears are to be satisfied by the allotment to each 8 per cent. preference shareholder of one new 4 per cent. £1 preference for every four existing preferences held, while the South American Stores is to have its debenture debt repaid amounting to some £759,000 out of the group's liquid resources. The board proposes to pay a half-year's dividend on the 8 per cent. preference shares for the six months ending August 31st next.

VACTRIC, LTD.—The directors have declared an interim dividend of 6½ per cent. actual, less tax, on the ordinary shares, payable June 2nd. The company is collaborating with a well-known American Corporation for the formation of a company in this country to market the products of the American Corporation which include electric refrigerators, washing machines and other domestic appliances.

STEPHANY (FURNITURE TRADES), LTD.—The Statutory meeting of this company was held on May 20th. The chairman (Brig.-General the Hon. Alexander V. F. V. Russell, C.M.G., M.V.O.) stated that "the whole of the cash in respect of the issue of preference and ordinary shares has been received," and went on to say "that the sum of £16,250 has been advanced to the subsidiary companies to assist them in financing their increasing turnover, and it will, of course, be the policy of the holding company to employ as much as possible of their available cash in this manner, retaining only such amount as in the opinion of the board is necessary to meet their own requirements. Turnover for the current year has been fully maintained, the sales for March and April showing a substantial increase over those for the corresponding months of the previous year. The boards of the subsidiary companies—which have been strengthened by the addition of certain members of the board of the holding company—are working in close co-operation, and I am pleased to say that there is complete harmony between them."

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE irregular tendency of the prices of primary products, noticeable since the beginning of May, continued during the past week. Wheat prices continued to sag under the influence of Canadian selling pressure, while most other grains were also cheaper. Raw sugar quotations failed to recover and the prices realised at the Mincing Lane tea auctions were lower than a week ago. The Smithfield meat trade was again slow, New Zealand mutton being slightly cheaper and Argentine beef a little dearer. On the other hand, the market in bacon showed a firmer tendency and butter rose sharply in price. English eggs were marked down a little.

Towards the end of last week rubber prices rose on more active buying, but the improvement was not fully maintained. Transactions in vegetable oils and oilseeds were small at declining prices. The London Spring Fur market closed firm, many descriptions registering an increase in price, varying from 5 to 15 per cent. Among precious metals, tin fell sharply in price to the lowest since the spring of 1933. Copper was also cheaper, while silver remained unchanged and lead rose a little in price. The market in iron and steel materials, however, remained very firm and, in many cases, it is impossible to place orders for near delivery. Business in coal was patchy. Our reports from Newcastle and Glasgow indicate a brisk trade, but there was no improvement on the Cardiff coal market.

The improvement in the demand for Lancashire goods, noticeable last week, has since continued and quotations for United States raw cotton again rose slightly. But wool prices showed an easier tendency and quotations for raw jute were marked down on favourable reports from the growing areas in India.

Prices of primary products in the United States recovered

a little during the past week. Thus Moody's index of the dollar prices of staple commodities stood at 165.4 on Wednesday, against 163.1 a week earlier, 171.5 a month ago and 159.9 on the corresponding day last year.

COAL

SHEFFIELD.—The volume of business in the export coal market continues unchanged and business remains quiet. Forward deliveries are still required, but little business is being transacted owing to price uncertainty. Quotations in the inland market remain steady, and demand for industrial fuel is unchanged. Requirements of household coal have lessened.

Export prices: South Yorkshire hards, 19s. to 19s. 6d.; washed steam doubles, 17s. 6d. to 18s.; washed trebles, 17s. 6d. to 18s.; Derbyshire top hards, 18s. 3d. to 18s. 9d.; Derbyshire cobbles, 18s. 3d. to 18s. 9d.; Derbyshire washed trebles, 17s. to 17s. 6d.; inland prices: South Yorks best, 23s. to 25s.; Derbyshire best house, 22s. to 23s.; best screened nuts, 19s. to 20s.; Yorkshire hards, 19s. 6d. to 20s.; Derbyshire hards, 19s. 6d. to 20s.; rough slacks, 11s. to 12s.

NEWCASTLE-ON-TYNE.—With home industrial trade so good, the usual seasonal decline in domestic requirements is hardly noticed. Northumberland steam collieries are fully booked, and large quantities of all classes have been sold over the next twelve months to home and Scandinavian markets. Despite the loss of the Italian market, production of Durham coal is substantial, this being due to active home trade. It is the general opinion that, should the Italian market be restored, conditions in Durham would be brisker than for some years. Coke remains a very firm market.

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

GLASGOW.—Trade is moving steadily. A revival in Continental buying has been a welcome feature. In spite of the seasonal slowing down of home business in various directions, most of the collieries are working fairly steadily and have good order books for a month

The New York Central Railroad Company

Extracts from the Report of the Board of Directors for the year ended December 31st, 1935

The Year's Business

Operating revenues amounted to \$310,192,979.54, an increase of \$15,108,088.25 (5.12 per cent.). Revenue freight handled amounted to 104,482,468 tons, an increase of 4,617,357 tons (4.62 per cent.). Freight revenues amounted to \$218,260,324.49, an increase of \$14,103,250.91 (6.91 per cent.). The company carried 44,381,459 revenue passengers, a decrease of 1,114,350 (2.45 per cent.). Revenue from passengers amounted to \$55,292,023.51, an increase of \$539,411.72 (0.98 per cent.). Net railway operating income was \$36,748,524.01, an increase of \$7,587,595.90. Net income for the year was \$115,045.54, which was carried to the credit of profit and loss.

Profit and Loss Account

Balance to Credit of Profit and Loss, December 31, 1934 ...	\$	169,899,462.26
Additions:		
Credit balance transferred from income for the year ...	115,045.54	
Profit on road and equipment sold ...	4,103.04*	
Unrefundable overcharges ...	33,173.60	
Donations ...	3,328.68	
Miscellaneous credits ...	2,113,389.21	
		2,260,833.99
		202,160,296.25
Deductions:		
Surplus appropriated for investment in physical property ...	107,538.20	
Loss on retired road and equipment ...	4,748,854.20	
Miscellaneous debits ...	1,335,560.41	
		6,191,952.81
Balance to credit of Profit and Loss, December 31, 1935 ...		195,968,343.44

* Debit.

Operating Expenses

Restoration of rates of pay under agreements with employees and the increased cost of locomotive fuel and other materials were major factors contributing to an increase of \$15,025,684.82 in operating expenses. By groups they were as follows:—

Group	Amount	Increase
Maintenance of way and structures	\$1,478,584.44	\$325,318.26
Maintenance of equipment	65,297,666.21	4,697,713.76
Traffic expenses	6,397,437.63	118,462.15
Transportation expenses	117,380,073.06	7,411,873.72
Miscellaneous expenses	4,868,439.20	298,888.99
General expenses	12,304,733.97	157,689.57
Transportation for investment—credit	23,479.75	15,748.37
	237,197,454.76	13,025,694.82

Railway Tax Accruals

Railway tax accruals were \$20,619,431.57, a decrease of \$4,217,549.49. Reductions in assessed valuations and decreases in rates of taxation in certain taxing districts, together with the adjustments in respect to taxes on buildings in the Grand Central Terminal area, resulted in a decrease of \$3,825,703.89 in taxes on real and personal property. Federal and State capital stock taxes decreased \$489,843.44, mainly due to credit adjustments in Pennsylvania capital stock taxes, and special franchise and transportation taxes decreased \$150,701.85. These decreases were partly offset by the following: Canadian and Federal income taxes, and taxes on gross earnings in the several States, increased \$81,188.08 and \$85,442.98, respectively, the result of a larger taxable income; emergency and special taxes increased \$69,477.38, and sundry items of taxation increased \$12,581.23.

Equipment Rents

The net debit to equipment rents amounted to \$11,678,501.48. Rents received for the use of the company's equipment on foreign roads increased \$1,403,896.42, while rentals paid to others for use of equipment increased only \$1,099,725.38, resulting in a net decrease in equipment rents of \$304,171.04.

Joint Facility Rents

There was a net debit to joint facility rents of \$3,788,859.30, a decrease of \$967,623.94 as follows: the accounts of the previous year included an adjustment of \$491,600 in rentals due to the Illinois Central Railroad Company for use of its station facilities at Chicago, Illinois; also, payment of \$224,154 to the Nicholas, Fayette and Greenbrier Railroad Company under the dividend provision of its lease, these dividends having been discontinued in 1935, and there were decreases in other items amounting to \$251,869.94, resulting from less use of the facilities of others.

Non-operating Income

Non-operating income amounted to \$22,638,841.34, a decrease of \$582,992.14. The more important items contributing to this result were as follows. There was a change in the method of accounting for taxes on land occupied by sundry buildings in the Grand Central Terminal area, under which these taxes were in 1934 charged to Tax Accrual Account and credited to Miscellaneous Rent Income, the one account offsetting the other, while in 1935 the accounting procedure was to charge the taxes as paid direct to the tenants. The effect upon the Income Account as a whole is the same in both instances. This revised accounting is mainly responsible for the decrease of \$1,684,404.82 in Miscellaneous Rent Income. There was also a change in the method of accounting for New York Central Building income. In 1934, the gross income from this building was credited to income from

non-operating physical property, and the expenses were charged to the same account but the taxes were charged to the account Miscellaneous Tax Accruals. In 1935, due to the transfer of the operations of the New York Central Building to a lessee, the account Miscellaneous Non-operating Physical Property reflects the net amount received from the lessee after the deduction not only for the operating expenses but for taxes, ground rent and certain additional expenses as well. This is the principal cause for the decrease of \$1,018,810.66 in the account Miscellaneous Non-operating Physical Property.

There was an increase of \$265,746.79 in profit from separately operated properties resulting from the increased revenues from the operation of the Pittsburgh, McKeesport and Youghiogheny Railroad, the Federal Valley Railroad and the Mackinac Transportation Company.

Dividend income increased \$3,307,748.66. There were increases amounting to \$3,631,902.66 in dividends received from the Chicago River and Indiana Railroad Company, the Pittsburgh and Lake Erie Railroad Company, the Reading Company and on sundry other holdings, while dividends received from the Detroit Terminal Railroad and from the Nicholas, Fayette and Greenbrier Railroad Companies decreased \$100,000 and \$224,154, respectively.

Deductions from Gross Income

Deductions from gross income were \$59,326,135.91, a decrease of \$933,733.21. Rent for leased roads increased \$83,825.65. Rentals based upon revenues increased \$227,086.03, resulting from the increased revenues of such lines, which, together with a net increase of \$2,176.18 in sundry items, is offset in part by a decrease of \$145,436.56 in interest upon obligations of lessor companies, due to the retirement of maturing obligations and to the refinancing of certain obligations at lower rates of interest. Interest on funded debt amounted to \$28,549,102.04, a decrease of \$195,783.40. A decrease of \$459,842.68, due to the retirement of maturing obligations, is offset by the following: \$184,345.21, resulting from the higher interest rate on the company's 10-year 6 per cent. Convertible Secured Bonds, issued during 1934, as compared with interest on issues refunded; \$109,282.62 due to a full year's interest on additional borrowings from the Reconstruction Finance Corporation during 1934 and from the Federal Emergency Administrator of Public Works; and there was a net decrease of \$29,568.55 in other items.

Interest on unfunded debt decreased \$125,236.84, mainly due to reduction in the rate of interest on bank and other loans. Other deductions were \$954,791.60, a decrease of \$696,538.62, resulting from credit adjustments amounting to \$192,564.65 in miscellaneous taxes applicable to prior years, a reduction of \$303,510.52 due to change in accounting for certain taxes; a reduction of \$208,123.85 in miscellaneous rentals and a net increase of \$5,680.40 in other items.

Net Income and Surplus for the Year

The net income of the company for the year amounting to \$115,045.54 was carried to the credit of profit and loss. After sundry adjustments, the profit and loss account at the end of the year amounted to \$195,968,343.44, and total corporate surplus to \$204,915,933.32.

Capital Stock

There was no change in the capital stock during the year, the number of shares authorised being 10,000,000 and the number of shares outstanding being 4,992,597 2/5.

Termination of The New York Central Railroad Company Equipment Trust of 1920

The New York Central Railroad Company Equipment Trust of 1920 having expired on April 15, 1935, the title to the equipment was transferred by the Trustee to the several railroad companies entitled thereto under the terms of the lease and sub-leases covering the equipment.

Loans from Reconstruction Finance Corporation Reduced

The indebtedness of the company to Reconstruction Finance Corporation, aggregating \$27,499,000, evidenced by three-year notes due at various dates in 1935, 1936 and 1937, was reduced to \$11,899,000, principal amount, by payment out of available cash resources of the \$15,600,000 of the notes which became due in 1935. In connection with this payment it is contemplated, subject to the Interstate Commerce Commission's approval, that the balance of \$11,899,000 of the loans, due in 1936 and 1937, will be extended to July 1, 1941.

Loans from The Railroad Credit Corporation

The loans obtained by the company from the Railroad Credit Corporation in 1932 and 1933, originally amounting to \$5,710,000, had been reduced by credits thereon and repayments to a balance of \$2,474,059.84 on December 29, 1935, as of which date the company gave its renewal note for the then outstanding balance. The Railroad Credit Corporation made a 1 per cent. distribution on December 31, 1935, the company's share of which, \$73,297.26, was credited on the renewal note, reducing the principal amount thereof to \$2,400,762.58 at the close of the year.

Railroad Retirement Act of 1935

On May 6, 1935, the Supreme Court of the United States declared unconstitutional an Act of Congress, approved June 27, 1934, known as the Railroad Retirement Act. Thereafter, Congress enacted two statutes, both thereof approved August 29, 1935, in one of which, known as Railroad Retirement Act of 1935, provision is made for annuities for railroad employees substantially as had been provided for in the earlier statute above referred to, and in the other of which there are imposed a so-called income tax on railroad employees at the rate of 3½ per cent. of carrier compensation up to \$300 per month and a so-called excise tax on carriers at the rate of 3½ per cent. of said compensation. Early in 1936, in the Supreme Court of the District of Columbia, suit was instituted by Class I carriers, including this company, and others, to test the constitutionality of said Railroad Retirement Act of 1935 and its said companionate Tax Act. During the year 681 employees were retired and pensioned: 402 at the age of seventy, 239 at disability and 20 special service pensions. There were 5,497 pensioners at the close of the year. The total amount paid in pensions for the year was \$3,533,038.86. The Board wishes to express its appreciation of the loyal and efficient service of the officers and employees of the company during the year.

For the Board of Directors,

F. E. WILLIAMSON,

President.

or two ahead. Industrial demand remains brisk. Nuts are still in a strong position owing to limited supplies.

Current export prices, f.o.b. district ports: LANARKSHIRE.—Ell best, 17s.; splint best, 18s. 6d.; splint second, 16s. 6d.—17s.; navigation, screened, 15s. 6d.—16s.; navigation, unscreened, 14s.—14s. 6d.; steam, 15s.; trebles, 15s.—15s. 6d.; doubles, 15s.—15s. 6d.; singles, 16s.; pearls, 14s. 6d.—14s. 9d.; dross, 12s. 6d. FIRE.—Best unscreened navigation, 13s. 3d.—13s. 6d.; unscreened navigation, 13s.; first-class steam, 15s.; third-class steam, 14s.—14s. 6d.; trebles, 15s. 6d.—17s. 6d.; doubles, 16s.—17s.; singles, 15s. 6d.—16s.; pearls, 14s.—14s. 6d. LOTHIAN.—Best splint, 14s.; prime steam, 13s. 6d.—14s.; secondary steam, 13s.; unscreened navigation 13s. 3d.—13s. 6d.; trebles, 16s. 6d.; doubles, 15s. 6d.; singles, nominal; pearls, nominal. Ayrshire.—Best unscreened navigation, 16s.; steam, 13s.—13s. 6d.; trebles, 15s. 6d.; doubles, 15s.; singles, nominal; pearls, nominal; dross, nominal.

CARDIFF.—There has been no improvement during the past week in the position on the Cardiff coal market. Shipments in the foreign and coastwise trades have improved slightly. The returns of the Great Western Railway Company for the week ended March 17th give a total of 354,300 tons, compared with 416,715 tons in the corresponding week last year. There is a promise of this improvement in volume being maintained for the current week, for the tonnage position, particularly at Swansea, Port Talbot and Newport, is better. New inquiries are very scarce, and except for sized and small grades, supplies at the minimum scheduled prices are abundant. The Egyptian State Railways have placed an order for 27,000 metric tons of sized steam classes, but the bigger order for large coals has not yet been allocated. A small contract has been placed by the Algiers Electricity Works, and tenders have been invited by the Greek State Railways for 18,000 tons of through coals and from a Portuguese shipping company for 20,000 tons of bunker coals. At the meeting last week of the Central Council in London, the request of South Wales for a percentage of the total trade of the country was not adopted, and for the time being allocations by the Council are to continue as heretofore. A new schedule of prices for supplies to the Irish Free State has been formulated by the Executive Board and is at present receiving the consideration of importers.

Current approximate quotations:—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 6d.; Black Veins, 18s. 3d.; Western Valleys, 17s. 6d. to 17s. 9d.; Eastern Valleys, 17s. 3d. to 17s. 7d.; best small steams (washed), 13s. 6d. to 14s. 6d.; seconds, 13s. to 14s.; coking smalls, 14s. 3d. to 14s. 6d.; anthracite best large, 36s. to 40s.; Red Vein large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s. 9d.; rubbly culm, 11s. 6d. to 12s.; special foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship, French, 24s. 3d.; Portuguese, 21s. to 21s. 6d.

IRON AND STEEL

MIDDLESBROUGH.—Foundry pig iron is in slightly better supply owing to increased production in this area. Foundries have not experienced any actual shortage, as large quantities of Midland iron are being brought into this district. There is, however, no possibility of makers here accepting further business for early delivery, as they have arrears to overtake. East Coast hematite pig iron is not too plentiful, but so far makers appear to have been able to meet demand. Buyers are prepared to do further business, but makers are not willing to commit themselves very far ahead. The price of No. 1 East Coast hematite is based on 77s. per ton delivered locally. Shipments of pig iron are small.

In the semi-finished and finished steel departments manufacturers have orders on their books which will keep them busy for some months. Production of steel continues to increase, whilst the pressure for semi-manufactured material has been met to a large extent by the importation of foreign billets. The orders which have just been announced for four destroyers to be built on the Tyne are very welcome and will mean increased demand for steel.

Business in foreign ore is difficult owing to the strike of the Spanish seamen, and prices are purely nominal. Good Durham blast-furnace coke can be placed at 25s. to 25s. 7d. per ton delivered at the works, but it is expected that the output of coke in this area will be increased considerably during the next few weeks. Heavy steel scrap is in good demand at 57s. 6d. per ton delivered works.

SHEFFIELD.—Demand continues brisk in the iron and steel markets, mainly owing to the desire to add to stocks before prices are raised. Makers of pig-iron are booked well ahead, and new business is not being sought. Forge iron consumption at foundries is increasing, due to the heavier cost of scrap iron. With the output of Derbyshire iron going into use, both consumers and makers are finding it next to impossible to accumulate stocks. Lincolnshire iron makers are off the market. Demand for the best iron is giving rise to some anxiety. Although deliveries are being made, the shortage is increasing and requirements exceed supplies. Common and marked bars are in demand, and requests for crown bars are rather more numerous. Prices remain unchanged. The steel trade in this district is working at high pressure. Makers of basic billets are unable to accept all the orders offered. Acid billets are in good demand, but orders can be dealt with comfortably. Stainless steel sheets and strip and bars are in strong request, and business in wire rods remains at a high level.

GLASGOW.—Even with plant running to capacity, steelmakers in the West of Scotland are finding it impossible to meet the requirements of consumers. Makers of semis are in much the same position, and in neither branch is it possible to place large tonnages for early delivery. As regards semis, the consuming industries have been able to supplement home supplies with continental material. In the sheet trade the position is practically unchanged, rolling mills

being fairly busy, but the export trade still unsatisfactory. It is announced that the Admiralty are placing orders for five Tribal class destroyers of the 1936 programme with Clyde shipbuilders. These will afford a considerable amount of employment to shipyard works in the Clyde area as well as to other tradesmen.

CARDIFF.—Shipments of tinplates at Swansea last week dropped to the exceptionally small total of 38,068 boxes. This compares with 99,573 boxes the previous week, and 62,842 boxes in the corresponding week last year. Production was also apparently below normal for deliveries into vans and warehouse totalled only 45,780 boxes, as against 77,436 boxes in the corresponding period last year. As a result, stocks remained at the relatively low level of 64,284 boxes. No announcement has been made of the decisions at last week's meeting of the Committee of the International Tinplate Association held in Paris, but those decisions have had no favourable reactions on the market, and prices are unchanged. Galvanised steel sheets are quoted at £11 15s. per ton, and tinplate bars at £5 15s. and £6 per ton.

OTHER METALS

COPPER.—Copper prices tended easier after a slight gain on Thursday of last week. The basic position of the market, however, has not changed. The bull account is very small. Consumers on this side of the Atlantic are normally supplied. In the United States, however, advance bookings for June and July (effected before the rise in the United States domestic price in April) are rather heavy, so that the American market is likely to remain dull. In Europe much depends on the future of the gold currencies. There has been a certain amount of hedge buying against devaluation. Should the currency outlook become more settled, these positions are likely to be liquidated and may have a temporary depressing effect on prices. World stocks declined in April by 12,050 short tons to 471,100 short tons.

Sales on the London Metal Exchange: 1,025 tons on Monday, against 650 tons last week; 975 tons on Tuesday, against 550 tons last week; 1,300 tons on Wednesday, against 1,600 last week. Domestic spot was quoted at 8-87½ cents per lb. in New York on Wednesday, against 8-87½ cents a week ago and 8-95 cents a month ago. Wednesday's official closing price for standard, cash in London, was £36 5s. to £36 6s. 3d. compared with £36 11s. 3d. to £36 12s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 60,629 tons, show a decrease of 556 tons, while stocks of roughed copper, at 5,717 tons, show a decrease of 125 tons on the week.

LEAD AND SELLER.—Prices fluctuated slightly during the week while spelter closed unchanged against last week, lead gained 5s. per ton. The spelter position is still adversely affected by the lack of any news concerning the international cartel. Moreover, the market is of the opinion that the offers of the 98 per cent. Belgian zinc are depressing the price. The desire for a revision of the spelter duty, therefore, is gaining ground again. No complaints have been heard, however, concerning the working of the lead duty, although this duty is, in fact, only 7s. 6d. per ton, as compared with 12s. 6d. in the case of spelter. Lead output continues at a low level. According to the "Metallgesellschaft" the world lead smelter production totalled 117,068 tons in March, compared with 116,692 tons in February, and a monthly average of 117,081 tons last year. The daily output in March was below the daily average of 1935. In view of the increasing consumption of lead, the steadiness in production is remarkable.

Sales of lead on the London Metal Exchange: 950 tons on Monday, against 650 tons last week; 500 tons on Tuesday, against 500 tons last week; 700 tons on Wednesday, against 550 last week. The New York quotation on Wednesday was 4-60 cents per lb., against 4-60 cents a week ago and 4-60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 7s. 6d. per ton, compared with £15 2s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 300 tons on Monday, against 475 tons last week; 125 tons on Tuesday, against 450 tons last week; 500 tons on Wednesday, against 850 last week. Wednesday's quotation in East St. Louis was 4-90 cents per lb., against 4-90 cents the week before and 4-90 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipments during the current month was £14 7s. 6d. per ton, against £14 7s. 6d. last week.

TIN.—Tin prices slumped considerably, although there was only a negligible increase in home warehouse stocks. The fall in prices, which was £5 17s. 6d. per ton in the case of "cash" tin and £4 2s. 6d. in the case of "forward" tin, was not due to a decline of demand (demand has been small for some weeks), but to a surprising increase in offers. There was a remarkable coincidence between the sudden tin offers and the approaching meeting of the Tin Committee. The International Tin Committee may fix the quota for the third quarter of this year on Tuesday next. The present decline has brought both cash and forward prices to the lowest level since the spring of 1933. The future of the market depends largely on the quota decision.

Sales of tin on the London Metal Exchange: 150 tons on Monday, against 145 tons last week; 285 tons on Tuesday, against 125 tons last week; 300 tons on Wednesday, against 225 last week. The New York quotation on Wednesday was 45-87½ cents per lb., against 46-87½ cents a week ago and 46-75 cents a month ago. Wednesday's official closing quotation in London for standard cash was £198 5s. to £198 10s. per ton, compared with £203 15s. to £204 5s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 607 tons, an increase of 30 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again

quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was again quoted at £12 7s. 6d. per flask of 76 lbs. Chinese antimony was quoted at £57 per ton ex warehouse, duty paid, against £59 to £60 last week. Chinese wolfram for April/May shipment was quoted at 33s. to 33s. 6d. per unit, c.i.f., compared with 33s. 3d. to 33s. 9d. a week earlier. Platinum (refined) was maintained at £7 per ounce.

TEXTILES

COTTON.—Manchester.—The general tone of the market continues rather better. Spinners and manufacturers have met with a larger inquiry compared with a week or two ago. Many buyers seem to have made up their minds that lower prices are improbable.

There have been signs of greater firmness in raw cotton prices. More bullish advices are being received from the United States. Weather advices from the belt are somewhat mixed, but the Eastern States are still suffering from lack of rains. New crop cotton continues to be purchased on a freer scale by spinners. The general inquiry in piece goods has continued rather better. An interesting development has been the increased demand for India, that market having been distinctly quiet for many weeks. Light bleaching descriptions have moved off more freely for Madras and Karachi, and more orders have been booked in dhooties and light whites for Calcutta. Some useful contracts have been reported in dyed cloths for Bombay and the up-country districts. Rather more activity has been experienced in white shirtings for Ceylon. Fancies and specialties have been put through for Java and Singapore. Some makers of sheetings have done better for South America. Steady buying has occurred in heavy shirtings and printed and coloured goods for West Africa. The improvement in home demand has been maintained.

Business in the yarn market has been patchy. A slightly improved demand has been reported in certain counts and qualities in the American section, but prices remain poor. Irregular operations have occurred in Egyptian descriptions.

COTTON PRICES

	1936				Corresponding Date	
	Apr. 29	May 6	May 13	May 20	1934	1935
Raw Cotton—Mid. American per lb.	6-52	6-46	6-51	6-60	6-22	6-98
Sakellariotis Fully Good Fair Egyptian per lb.	9-00	8-99	8-97	8-99	8-43	8-45
Yarns—32's twist per lb.	10½	10½	10½	10½	10	10½
40's twist per lb.	10½	10½	10½	10½	10½	10½
60's twist (Egyptian) per lb.	15½	15½	15½	15½	15½	15½
32 in. Printers 116 yds., 16 by 16, 32's and 50's s. d.	17 0	17 0	17 0	17 0	17 0	17 0
36 in. Shirtings, 75 yds., 19 by 19, 32's and 40's s. d.	24 0	24 0	24 0	24 3	22 7½	24 3
38 in. ditto, 38 yds., 18 by 18, 10 lb. s. d.	10 0	10 0	10 0	10 1	10 9	10 5½
39 in. ditto, 37½ yds., 16 by 15, 8½ lb. s. d.	9 0	9 0	9 0	9 1	9 7	9 3½

JUTE.—Dundee.—A fall in price of raw jute has been the result of favourable weather conditions for the new crop. A larger outturn is expected next season in spite of the restriction scheme. But the yield may still be below world consumption, estimated to reach approximately eleven million bales. Consumption of jute goods throughout the world is steadily increasing. Although the members of the Indian Jute Mills Association have increased their production by unsealing looms and working longer hours by approximately 32 per cent. during the past eighteen months, stocks of goods in Calcutta are not increasing, and the mills are finding a ready outlet for their additional output. Moreover, exports of raw jute from Calcutta are being well maintained, showing that the improvement in the jute industry is general. Unfortunately, however, the controversy over the question of working hours in India and the failure of the Indian Mills' Association to come to terms with the non-member mills has resulted in very low and uneconomical prices.

The price of Daisee-2/3 for old crop material has been well maintained at £19 10s. per ton for the full group and at £19 12s. 6d. for PR, while Tossa-2/3 is quoted at £20 7s. 6d. and four's at £19, May-June. New crop prices, however, are lower at £18 10s. for Daisee-2/3 and at £19 10s. for Tossa-2/3, October-December. Good First Marks have declined to £22 12s. 6d. and good Lightnings to £20 17s. 6d., May-June. New crop prices are £23 10s. for good Firsts, £21 5s. for Lightnings and £20 for Hearts, August-September. Spinners have shown very little interest, and sales have been few.

Jute yarns are in quiet, steady demand, and sufficient business is being done to enable spinners to maintain their prices. Common 8 lb. cops are unchanged at 2s. and 8 lb. spools at 2s. 1d., while twist is steady at 3½d., the lowest price for 3-ply 8 lb., and sacking yarns remain at 2½d. for 24 lb. web and 3½d. for 8 lb. chains. Rove is quiet at £20 for 48 lb. and £16 for 200 lb., and the finer yarns continue at 2s. 8d. for second quality 8 lb. warp, 2s. 5d. for third and 2s. 3d. for fourth.

No large contracts are being placed for jute cloth, but a fair number of small quantities are being bought. Buyers are endeavouring to depress prices further, but manufacturers are adhering to 2½d., the lowest price of 10 oz. 40 in. and 2d. for 8 oz. Linoleum hessians are slow, but unchanged, and heavy goods are quiet.

Prices of Calcutta goods have declined a few pence, but the mills are selling steadily for shipment many months ahead at the low prices, hoping to force their competitors to restrict their working hours. For 10 oz. 40 in. 17s. is named for May-September and 16s. 10d. October-December, with 8 oz. at 14s. and 13s. 8d. respectively.

GRAIN MARKETS

WHEAT.—Wheat prices continued to sag under the influence of Canadian selling pressure and favourable crop reports from North America. The trend of prices during the next few months will largely depend on reports from the principal growing areas. In Australia seeding appears to be held up by drought, but is proceeding under favourable conditions in Argentina.

On Wednesday last, "May" futures were quoted in Chicago at 95½ cents per bushel, against 93 cents the week before and 101½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 31s. 9d. per 496 lbs., against 32s. to 32s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 31s. 3d., against 31s. 3d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,197,000 quarters, against 1,331,000 in the previous week and 1,416,000 quarters in the corresponding week a year ago.

FLOUR.—The market in both home-milled and imported flour remained quiet. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 29s. per 280 lbs., against 29s. a week ago; delivered inner London, 28s. 6d., as compared with 28s. 6d. a week ago. Manitoba patents, ex store, 25s. 3d. to 27s., against 25s. 6d. to 27s. 3d. a week ago. Australian, ex store, 22s. to 22s. 9d., against 22s. 6d. to 23s. a week ago.

BARLEY.—Demand for feeding barley has tended to decline with the improvement in weather conditions. Prices are substantially unchanged on the week, though the tendency was definitely easier. "May" futures were quoted at 38½ cents per bushel in Winnipeg on Wednesday, against 37½ cents a week ago and 38½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 22s. 6d., as against 22s. 6d. a week ago; "English Malting" at farm, 25s. to 40s., against 25s. to 40s. a week ago.

OATS.—The market in oats has undergone little change in the past week. On Wednesday, "May" futures were quoted at 24½ cents a bushel in Chicago, against 26 cents a week ago and 27½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 18s. to 19s. per 336 lbs., against 18s. to 19s. a week ago; "English White," at farm, 18s. to 19s., against 18s. to 19s. a week earlier.

MAIZE.—The market in maize has been quiet, demand both in this country and on the Continent showing a tendency to decline. On the other hand, shipments, mainly from Argentina, rose last week and prices showed a sagging tendency. "May" futures were quoted on Wednesday at 63½ cents per bushel in Chicago, against 62½ cents a week ago, and 64½ cents last month. Quotations in London, Wednesday: "Plate," landed, 19s. 9d. per 480 lbs., compared with 20s. a week ago; "Plate," ex ship, 18s. 9d., as against 19s. a week ago; "Plate," "May," 18s. 6d., as against 18s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £5 5s. to £5 7s. 6d. per ton, as against £5 7s. 6d. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following tables give the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to May 16	115,397	87,106	174,614	208,217
37 weeks to May 16	7,977,005	9,870,081	12,125,796	12,261,531
Average price of English wheat per cwt.	s. d. 5 7	s. d. 4 9	s. d. 5 6	s. d. 6 9

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT		
	Wheat	Barley	Oats	Wheat	Barley	Oats
May 14, 1932	Cwts. 68,660	Cwts. 8,215	Cwts. 18,373	s. d. 6 1	s. d. 7 2	s. d. 8 0
May 13, 1933	115,397	55,681	22,323	5 7	6 6	5 8
May 19, 1934	87,106	9,953	13,028	4 9	7 7	6 1
May 18, 1935	174,614	35,291	21,049	5 6	6 11	7 3
May 16, 1936	208,217	29,486	32,649	6 9	9 9	6 2
May 9, 1936	205,608	26,540	23,979	6 9	7 11	6 1

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

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	May 22, 1935	Dec. 31, 1935	May 13, 1936	May 20, 1936
Winnipeg (No. 1, Manitoba)	65½	82½	85½	84½	78	76½
Chicago (No. 2 Winter)	84½	89½	89½	75½	93	95½

The visible supply of wheat in Canada amounts to 99,016,000 bushels, against 100,928,000 bushels last week, and 108,612,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—The market showed a firmer tendency. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 86s. to 90s.; Canadian, 83s.; Danish, 92s., as against 86s. to 88s.; 83s. and 92s. last week. Arrivals in London last week included Danish, 13,422 bales; Canadian, 3,890; Dutch, 2,163; Lithuanian, 1,820; and Polish, 2,092, as against 12,838, 4,179, 2,315, 1,776 and 2,352, respectively, in the previous week.

BUTTER.—Butter prices turned sharply upwards, partly on an improvement in demand. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 98s.; Australian, choicest salted, 96s. to 97s.; Danish, 108s.; compared with 92s., 92s., and 100s. to 101s. respectively, a week ago.

CHEESE.—There was little change in the market for cheese. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, finest farmers', 80s. to 86s.; Canadian, finest coloured, 65s. to 66s.; and New Zealand, finest coloured, 55s. 6d. to 56s.; against 80s. to 86s., 65s. to 66s. and 55s. 6d., respectively, a week ago.

COCOA.—The market was dull, and prices declined slightly during the past week. The spot quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. In London on Wednesday last, good fermented new crop, "May-June," was quoted 24s. 10½d. per 250 kilos., c.i.f. Continent, against 25s. a week ago. Last week's movements of cocoa in London were as follows: Landed, 4,743 bags; delivered, for home consumption, 9,861 bags; exported, 33 bags; stocks, 158,663 bags, against 197,765 bags a year ago.

COFFEE.—Demand at the auctions was steady, but some East Indian and Kenya grades were a little cheaper than last week. The New York spot market has had a steady tone. On Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 2 cwt.; delivered, for home consumption, 168 cwt.; exported, nil; stocks, 11,267 cwt., against 17,636 bags a year ago. Central and other South American, landed, 2,209 cwt.; delivered, for home consumption, 2,017 cwt.; exported, 939 cwt.; stocks, 126,536 cwt., against 113,390 packages last year. Other kinds, landed, 4,633 cwt.; delivered, for home consumption, 3,680 cwt.; exported, 569 cwt.; stocks, 181,299 cwt., against 131,623 packages last year.

EGGS.—English eggs continued to decline in price owing to the warm weather. Danish eggs were steady. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 9s. 9d. to 10s. per 120, as against 9s. 9d. to 10s. 3d. last week, while Danish (15½ lb.) made 8s. 9d. to 9s. per 120, against 8s. 9d. to 9s. last week.

FRUIT.—Business both at Covent Garden and Spitalfields was brisk last week, according to the *Fruitgrower*, partly owing to the spell of fine weather and partly because of the beginning of the London social season. Oranges at Covent Garden were in good demand. Despite heavy arrivals of apples, prices generally showed little change, and New Zealand Cox's hardened. Cape and South American grapes also met a good inquiry for the large supply. Grape-fruits and pears maintained last week's prices. Supplies of gooseberries increased and made moderate prices. Strawberries also increased in quantity, and a few French cherries were available at considerably lower prices than in the previous week.

MEAT.—The meat trade was again slow, New Zealand mutton slightly cheaper and Argentine beef slightly dearer. On Wednesday last Argentine chilled hindquarters were quoted at 3s. 2d. to 3s. 6d. per 8 lbs., as compared with 3s. to 3s. 6d. a week ago. New Zealand frozen mutton was 3s. to 3s. 6d. per 8 lbs., against 3s. 2d. to 3s. 8d. a week ago. According to the Smithfield Market's official report, supplies during last week amounted to 9,061 tons, a decrease of 774 tons on the corresponding week last year. Beef and veal accounted for 4,852 tons, mutton and lamb 2,927 tons, and pork and bacon 806 tons, as compared with 5,116, 3,334 and 929 tons, respectively, in the same week of 1935.

PEPPER.—The market in pepper was quiet. Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 18 tons; delivered, 6 tons;

stocks, 1,729 tons, against 2,279 tons a year ago. White, landed, nil; delivered, 43 tons; stocks, 12,301 tons, against 19,401 tons a year ago.

RICE.—Quotations for rice eased under more liberal supplies. The spot price of Burma No. 2, cleaned, new crop, was 9s. per cwt. ex warehouse on Wednesday, as compared with 9s. per cwt. a week ago. "May-June," in singles to Continent and U.K., was quoted at 7s. 9d. per cwt., against 7s. 10½d. per cwt. last week. Movements in London during the past week were as follows: Landed, 291 tons; delivered, 277 tons; stocks, 1,230 tons, against 5,085 tons a year ago.

SUGAR.—The market in raw sugar has undergone little change in the past week, but London quotations for refined grades were reduced owing to the persistent ease in the price of raw descriptions. The spot price in New York on Wednesday was 3.72 cents per lb., as compared with 3.72 cents per lb. last week and 3.75 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 9½d. to 4s. 10½d., against 4s. 9½d. to 4s. 10½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 12,012 tons, against 6,591 tons last week and 1,363 tons in the same week of last year; deliveries, 17,686 tons, against 17,669 tons last week and 16,291 tons last year; stocks, 187,741 tons, against 193,415 tons last week and 134,347 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
May 16, 1935	11-88	13-42	15-25	10-17	9-44	10-51	12-74
Apr. 7, 1936	12-73	14-74	15-95	Nil	Nil	11-78	14-30
Apr. 23, "	12-67	14-00	15-99	11-00	10-47	11-95	13-41
Apr. 30, "	12-79	13-66	16-05	10-94	10-49	11-99	13-48
May 7, "	12-79	14-09	15-67	11-02	10-54	11-69	13-55
May 14, "	12-59	13-66	15-08	10-89	10-36	11-86	13-19

This week's offerings at the public auctions in Mincing Lane comprised 55,790 packages of Indian and 25,857 packages of Ceylon tea. At Monday's "Indian" and Tuesday's "Ceylon" auctions competition among buyers was not very keen and prices tended to decline. On Wednesday, however, demand was a little better at the lower level of quotations, though Travancore experienced a fall in price.

VEGETABLES.—Demand at Covent Garden was good, reports the *Fruitgrower*, but prices tended to decline owing to increasing supplies. Asparagus was plentiful, with better average prices in spite of a rather unstable market. Inquiry for salads was particularly brisk, but demand for greenstuffs was slow. Best cucumbers were dearer, while tomatoes and lettuces tended easier. Demand for old potatoes fell off owing to increasing deliveries of new potatoes, and at the Borough Market on Tuesday best siltland King Edward made 8s. 6d. to 9s. per cwt., against 8s. 6d. to 9s. 6d. last week. New Spanish Matros were quoted at 18s. to 19s., compared with 19s. to 20s. a week earlier.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Very quiet conditions prevail and there appears to be no disposition on the part of consumers to anticipate requirements beyond the usual six or eight weeks. Linseed is easier and a small business in Indian descriptions is reported at slightly lower figures. Plate is neglected so far as English crushers are concerned, but a little business has been done to the Continent, mostly in afloat and early shipment, France being rather a better buyer. Supplies of linseed afloat for Europe are smaller and have dropped to 118,400 tons (including 49,500 tons from India), a decline of 21,400 tons on the week. Linseed oil is again lower and has fallen by 22s. 6d. per ton since the opening of the month and is 65s. below the highest reached last January. Any improvement depends upon an expansion of demand on the Continent rather than upon restricted seed supplies, which at the present rate of consumption are judged to be ample to cover requirements until the new Argentine crop comes along. Trade deliveries of oil in Great Britain continue at a fair level, but the export section is slow and unsatisfactory, while imports of foreign oil are still substantial, despite the £5 per ton duty. Cottonseed and cotton oil alike are dull and prices difficult to maintain. Further quantities of soya oil are being imported from the Continent, including Sweden, the duty of 20 per cent. apparently being no serious obstacle. Meanwhile imports of soya beans continue to diminish.

RUBBER.—Towards the end of last week rubber prices tended to improve on increased buying. This week, however, the market turned dull again, though last week's price gains have not been entirely lost. Meanwhile, the statistical position of rubber continues to improve.

The spot price in New York on Wednesday was 15½ cents per lb., compared with 15½ cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., against 7½d. last week. In forward positions, business has been done at 7½d. for July-September shipment, against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 134,152 tons, against 136,696 tons a week earlier. A year ago stocks amounted to 167,770 tons.

FURS.—The last fortnight of the London Spring Fur sales, which closed at the end of last week, again showed a firm tendency. The offerings were not very large. But a considerable demand developed and the prices of most furs rose from 5 to 15 per cent., compared with January and February. The closing prices corresponded more or less with the prices given in a table last week. There was one interesting feature in the market, namely, the large German purchases. Contrary to the preceding sales German buyers bought more for cash. Several Leipzig firms had substantial amounts of foreign exchange available. This change in German buying, which is, of course, due to a change in the policy of the German Foreign Exchange Authorities, seems to be due to the concern about the future of the Leipzig fur finishing industries. Raw furs bought in

London on a clearing basis have to be finished in this country before shipment in order to transform them into British merchandise. The large Leipzig purchases on clearing account in recent months thus helped the young British fur finishing industry to the disadvantage of Leipzig. By buying raw furs for cash (sterling) it is intended to reverse this tendency in favour of the Leipzig fur finishers. A similar step was taken by Germany some weeks ago, when her new agreement with Soviet Russia was signed. Whether the international position of the old-established Leipzig fur finishing industry will be improved by this new German policy remains to be seen. The next London silver fox sale will take place on June 8th. The opening of the next London general fur sale is fixed for July 20th.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, May 20th				The prices in the following are revised with the assistance of an eminent firm in each department.			
CEREALS AND MEAT				POTATOES—			
GRAIN, Etc.—				King Edward per cwt.			
Wheat—				SPICES—			
No. 2, N. Man. 496 lb.				Pepper, per lb.—			
Eng. Gaz. av., per cwt.				Black Lampung			
Barley, Eng. Gaz. av. ...				White Muntok			
Oats, ...				Cinnamon—1st sort, per lb.			
Maize, La Plata, landed,				Cloves—Zanzibar per lb.			
490 lb.				Ginger—per cwt.—			
Flour, Lon. stan. ex mill,				African			
280 lb.				Jamaica, ord. to good			
Rice, No. 2 Burma, per cwt.				Mace			
Tapioca, per cwt.				Nutmegs, 65's			
Fair Flake, Singapore				SUGAR—			
MEAT—				(Duty, 11/8 per cwt.)			
Beef, per 8 lbs.				Centrifugals, 96's, prpt.			
English long sides				shipm., c.i.f. U.K./Cont.			
Argentine chilled hinds				B.W.I., crystallised			
Mutton, per 8 lbs.				Java, white, c. & f. India			
N.Z. wethers				Oct.-Dec.			
Lamb, per 8 lbs.				Refined—London—			
N.Z. frozen				Yellow Crystals			
Pork, English, per 8 lbs.				Cubes			
OTHER FOODS				Crushed			
English				Granulated			
Irish				Home Grown			
Danish				TEA—			
Dutch				Indian—per lb.—			
HAMS—				Pekoe			
Canadian				Broken Pekoe			
American				Orange Pekoe			
BUTTER—				Broken Orange Pekoe			
Australian				Ceylon—per lb.—			
New Zealand				Pekoe			
Danish				Broken Pekoe			
CHEESE—				Orange Pekoe			
Canadian				Broken Orange			
New Zealand				TOBACCO—			
English Cheddars				(Duty, 9/6-10/6) per lb.			
Dutch				Bimpe growth, 7/5½			
COCOA—				8/3½ per lb.)			
(Duty, British grown,				Virginia leaf			
11/8; foreign, 14/- cwt.)				Common to fine			
Accra, f.f. (per cwt.)				Rhodesian leaf			
Trinidad				Nyassaland leaf			
Grenada				strips			
COFFEE—				East Indian leaf			
(Duty, British grown,				strips			
4/8; foreign, 14/- cwt.)				TEXTILES			
Santos sup. c. & f. cwt.				COTTON—			
Colombian, good				d.			
Costa Rica, med. to good				Mid-American ... per lb.			
East Indian				Sakellaridis, f.g.f.			
Kenya, medium				Yarns, 32's twist			
EGGS—				60's twist			
English				FLAX—			
Danish				Lionian 2K ... per ton			
FRUIT—				Pernau HD.			
Oranges				Slanetz Medium 1st sort			
Denia				HEMP—			
Brazilian				Italian P.C. ... per ton			
Lemons, Malaga				Manilla, Apr.-June "J 2"			
" Sicilian				Sisal, African			
Apples: Amer. (var.) bris.				JUTE—			
(var.) boxes				Native 1st mks. ... per ton			
" Australian				May-June			
Onions—				c.i.f. H.A.R.B.			
Valencia, case				Daisce 2/3 c.i.f. Dundee			
Egyptian, bags				May June			
Grapes, Almeria barrels				SILK—			
Grapefruit, Jamaica				Canton			
Amer.				Tussah			
LARD—				Japan			

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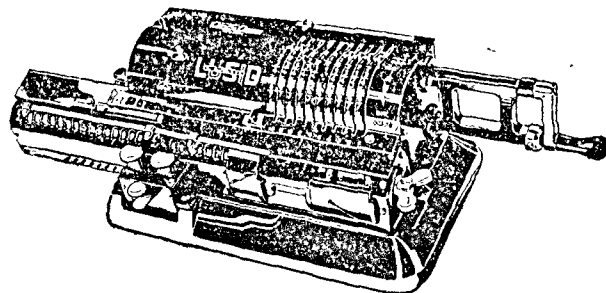
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THE FINANCIAL NEWS

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

MONDAY, MAY 25—OIL SHARES AFTER THE DIVI-
DEND SEASON. The Shell dividend was well up to the
best reasonable expectations; the Royal Dutch dividend even
went slightly beyond them. The "Eagles," for reasons
special to themselves, have been a strong and active market.
Meanwhile, the developments on the U.S. "Rodessa" field
have been casting less favourable shadows. In this article
our Oil Market Editor reviews the further outlook for these
shares.

TUESDAY, MAY 26—RANDFONTEIN. Our special Mining
Correspondent, "MINOTAUR," deals with a share which is
an old favourite of his in the past and which has recently
been a bright feature in an otherwise sagging Kaffir market.

WEDNESDAY, MAY 27—THE STORY OF FAMOUS COM-
PANIES—No. 29. As this date is a red-letter day in the
annals of British shipping, with the sailing of the "Queen
Mary" on her maiden voyage, the Company chosen for
inclusion in our series of famous companies' histories is
CUNARD-WHITE STAR

THURSDAY AND FRIDAY, MAY 28 AND 29—TEA AND
TEA SHARES. Tea shares became a centre of interest—
though not very optimistic interest—as a result of the 50 per
cent increase in the tea duty in the last Budget. Opinions
divided, however, on the probable effects of this, just as
are divided on the general prospects for the commodity
share market.

In these articles, the general outlook is examined and the
prospects for selective investment in the tea share market is
figured in detail.

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(With this issue appears our Monthly Trade Supplement.)

THE ARMS RACE

THE public now has its first glimmerings of what competi-
tive re-armament may mean to the economic life of all
the nations who engage in it. In this year of grace, Great
Britain is committed to spend at least £180 millions on arma-
ments (apart altogether from what we are still paying for
the last war), and this expenditure out of revenue will be
greatly increased in the next two years—with, in all prob-
ability, the further addition of one or two hundred millions
to be spent out of capital. Before the Great War, arma-
ment expenditure was rightly considered to be a serious
economic burden upon the world. In the nineteenth cen-
tury, 1½ to 2 per cent. of the whole national income was
the measure of the amount paid by civilised countries as
an insurance against aggression. By 1913 this figure had
risen under the pressure of conscription on the Continent
and naval competition on the sea to a little short of 4 per
cent. In spite of our increasing wealth, this year's arma-
ments budget has reached 4½ per cent. of the nation's total
income—the highest proportion (apart from actual war
time) in history—and there is little doubt that in two years'
time it will be nearer 6 per cent. In specific terms it
amounts in each year to £4 per man, woman and child; or
to £20 per family of five.

The reason for this tremendous increase is, of course,
that we are preparing to fight in three elements instead of
two, and that the scale on which we are contemplating war
in the air is not, as we thought some years ago, a mere
trifle compared to the activities of the army and navy, but
threatens to equal, and ultimately to exceed them. It is
commonly supposed, for example, that a nation can build
thousands of aeroplanes for the price of a battleship. This
is a complete illusion. When account is taken of the rapid
rate of obsolescence, high cost of upkeep, reserve machines,
and the very large personnel of all kinds required per
machine in the air, the number of "front line" machines
that are the financial equivalent of one battleship is sur-
prisingly small. Indeed, it was recently stated on good
authority that the equivalent figure is less than a hundred;
and it will probably be found that the actual figure

is nearer half that number. This means that, in
contemplating air parity with Germany and France
on the basis of 1,600 front-line machines, which is
the aim of the present programme, we are organising
a force equal in cost to at least 30 battleships of the
largest and most modern type. Little wonder that the Air
Estimates already equal those of the Army, and will soon
be challenging those of the Navy. Little wonder also that
the country is waiting to know, with increasing anxiety,
what view the responsible authorities hold of the great
"battleship versus bomber" controversy. If all these
things are to be prepared in time of peace, what is to happen
to the normal life of the country? Is our hope of prosperity
finally to be abandoned and to give place to iron discipline,
war-time control, and a progressive tightening of the belt?

In a world faced with such problems, representative
government is clearly being put to a vital test. When,
therefore, Sir Thomas Inskip rose to give an account of
the Government's intentions in last week's Defence debate
the House of Commons could justifiably have expected the
Government, at long last, to clarify both their intentions
for the co-ordination of defence measures, and the details
of the vast re-armament programme itself.

In actual fact, the House was told almost nothing. It
was scarcely surprising, therefore, that speakers from all
parties united in an impressive attack upon the Govern-
ment's "hush-hush" tactics. The leaders of the onslaught
were Sir Archibald Sinclair, Mr Attlee, and Mr Winston
Churchill; and, together, they endeavoured to elicit some
kind of answer to the fateful questions outlined above.

Sir Thomas Inskip, who both opened and closed the
debate—he has no Under-secretary—refused them satisfac-
tion. Mr Churchill urged with great authority the case
for a properly organised supply department for the War
Services—a Ministry of Munitions; for not only was it clear
that there was certain to be delay in securing the final
product, but also no assurance was forthcoming that the
actual work of organising the industry of the country to
implement the Government's programme had been really

taken in hand. Indeed, Sir Thomas Inskip admitted that there was already a deficiency in supplies of the necessary jigs, gauges and machine tools; and that, even if orders were placed at once, "production of a very substantial quantity" would take at least another four to five months; and this after a year's talk of re-armament, and four years after the abandonment of the official hypothesis that no major war would break out for ten years. Again, Sir Thomas informed the House that 400 firms had already been given detailed inspection for production of shells, and another 500 had been given a preliminary inspection. But, as Mr Churchill quickly pointed out, if the problem of the country's defences were already of such scope and dimensions; if a large number of *ad hoc* committees had finally to be set up; why not go the whole hog and set up a Ministry of Supply, responsible for the production of all the necessary equipment for the Army, Air Force, and the Navy? Surely, said Mr Churchill, that is where we are already tending—save that, at present, we are getting only delays, lack of effective co-ordination, and no real limitation of profits on armaments.

But that blessed word "co-ordination" has another aspect than that of supply—namely the harmonising of the various forms of a nation's military effort. Perhaps the most disturbing feature of the debate was the obvious unwillingness of the Government's spokesman to indicate the Government's conception of the rôles which the big battleship, the Regular Army, and the Air Force are to fulfil in any general scheme of national defence. Sir Archibald Sinclair and Mr Attlee both pertinently reminded the Government that such was not the way in which the House had been treated on the eve of the last war by the Minister for War, Lord Haldane, and the First Lord of the Admiralty, Mr Churchill. Sir Thomas could only ask, in rather lame fashion, if he were expected "to walk round the map of the world and consider all the probable conflicts that might take place." Perhaps not: though it goes without saying that any general staff worth the name will have done so day after day, and that the demands which it puts forward must be the outcome of this daily pilgrimage and its study of the requirements in every theatre of possible operations. Sir Thomas's retort, almost in a vein of levity, is no reply whatever to the perfectly reasonable request for enlightenment on the rôles, and the scale of tasks, which the Government must assign to the respective branches of the services. If the people are not to be told these things, if a democratically elected Government will not disclose even the general conceptions underlying its defence programme—for which the country is asked to pay, to enlist, and possibly to disturb its whole economic life in time of so-called peace—the Government is indeed trying to sell a pig in a poke. The people should be told the worst—and the best, if there be one.

This brings us to the most noteworthy gap in the debate; indeed, a lacuna which robbed it of real significance—namely the complete divorce between defence policy and foreign policy. Against whom are battleships being built? Against Powers with big air forces? And against whom do we need a one-Power-standard Air Force? If against Germany, what rôle is the collective system—and the air forces of France, Belgium, Czechoslovakia, Russia—to play? If the Army is being mechanised for rapid transhipment to many vulnerable points on our vital Imperial routes, or for concentration at some decisive strategic point in an eventual Continental land war, how effective could it be without consideration of possible coadjutors, in the League system of collective security or in of alliances?

are the questions the answers to which alone can the real framework for any discussion of our national defences. *Pace* Sir Thomas Inskip, even the man in the street can quickly name a few points on the map where they arise and need an answer. One of these is the Mediterranean. In this region, as Mr Churchill has pointed out, we must assuredly not count in future on Italian amity, nor even on the negligibility of the Italian air force. In that case, the "bomber *v.* battleship" problem becomes of peculiar significance for British Imperial security. No "Mediterranean Pact" which would range Britain alongside Italy, such as is being suggested in certain quarters, could offer the slightest reinforce-

ment in the circumstances of to-day, of our imperial security; nor could we ever be free, under such an agreement from the dangers of unilateral treaty-rupture, or of political blackmail at the hands of the Italian dictator. Again, the threat to British security from a Germany successful in all her pretensions to the hegemony of the Continent increases with every weakening of the idea of collective security, and with the growing range and destructive power of aircraft. Here, too, the choice between bombers and battleships is fraught with profound significance for the co-ordinator of Britain's defences.

The moral, both for Britain's safety and for the achievement of the greatest efficiency in our national defences, is evident. "Co-ordination," like patriotism, is not enough. Defence policy cannot even be safely considered apart from foreign policy; and the Government's defence policy therefore stands or falls by their foreign policy. But what is their foreign policy? We wish we knew.

M. BLUM AT THE CROSSROADS

AFTER seventeen years in opposition, M. Léon Blum will take office next Thursday as the first Prime Minister of the first Socialist Government of France. Foreign observers who have seen how often Left-wing Cabinets have been stultified by the economic and financial circumstances of their own accession to power, will await this new experience with anxious interest. In democratic countries, recently, failure to promote economic recovery has invariably been fatal to the party in power.

The verdict of the French electorate, emphatic as it may seem, was basically negative. It was certainly a defeat for deflation, preached year in and year out, for wage and salary reductions, and for the hated decree-laws of M. Laval. For the rest, it registered an impatience with the goose-stepping Croix de Feu, and a surging hatred of the great trusts and their monopoly profits. The positive platform on which the Radicals and Communists united is clear only in its political aims—the defence of liberty against Fascism, and the maintenance of peace through collective security. On the economic and financial side, however, there are significant divergences of view. The programme of the Front Populaire envisages such far-reaching reforms as the nationalisation of the Central Bank, the railroads and certain industries, and strict control of banking in general. It demands an increase of direct taxation, and the introduction of the 40-hour week without any further "cuts" of wages. Prosperity is to be restored by vast public works. Salary "cuts" are to be rescinded; but the gold value of the franc is to be maintained.

Here, indeed, is a heterogeneous and contradictory mixture of policies. It is to be introduced, moreover, at a moment when the economic and financial position is already strained. France, in fact, has never achieved the internal deflation of which the sacrifices imposed by M. Laval's decrees were intended to be only the first instalment. In spite of the nation's sacrifices, the pressing need for rearmament, and the falling tendency in the revenue produced a heavy Budget deficit. The loans necessary to finance this deficit could not be placed on the internal market, and were, perforce, obtained from abroad and by recourse to the Banque de France. A certain revival in business activity followed in their wake, despite the depression in the export trades and the tourist industry. The objective of the decrees was, however, tacitly abandoned.

Increasingly strict regulation of imports has failed to prevent the deficit in the national trade balance from increasing; and export of capital, superimposed on a passive balance of payments, has produced a formidable pressure on the gold reserve. Any further economic expansion which is financed by the Government and does not result from international revival, will merely intensify this problem. If radical measures threaten not only the immediate profitability, but the ultimate security of capital investments, the effect of Government works may be offset by the reluctance of the private capitalist to undertake any new commitments. America's example suggests that forcible stimuli must be given to capitalists merely to offset the depression caused by the threat of reforms. The for-

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midable dilemma of previous French Governments has been greatly increased by the result of the election; and failure to revive business within a reasonable period would probably prove fatal to the new Government.

If M. Blum decides to maintain the present value of the franc, he must shape all his policies to this aim. At all costs he must maintain confidence. His recent utterance has given the impression that he would regard the fall of the franc as a patent failure to carry out his election pledges, which would be politically more dangerous than the postponement of the reforms and of the attainment of prosperity. Is this view really well-advised? Even if M. Blum tightens the existing restrictions on imports and on the free movement of capital, he cannot count on any return of the capital which has fled the country, and he may hope in vain for a far-reaching internal revival. A clear cut decision, on the other hand, to follow the British, Belgian and Scandinavian examples, though dangerous at the outset, might be a chance worth taking. The new Government might thereby restore profitability to many industries, lower the rate of interest, and achieve a measure of recovery in spite of political uncertainties. And there is much to lose. The extreme parties both of the Right and Left will certainly seek to profit from yet another possible failure of a moderate Government. It is probable, indeed, that further disillusionment would produce a violent movement of popular opinion towards the Right. It would certainly weaken France's influence in external affairs.

Nevertheless, there are powerful factors influencing M. Blum in the direction of a policy of "defending the franc." He can count for active participation in his Cabinet only on the groups on his Right, including the Radical Socialists, and to hold them he must give the impression of a "moderate statesman." Even M. Daladier, who is certainly not a Conservative, has been constrained to declare that the legitimate interests of nobody could possibly be hurt by the programme of the Front Populaire. So long as M. Blum follows a middle course, moreover, he can count on the co-operation of those groups to the Centre, like the followers of M. Flandin and M. Piétri, who are about to withdraw from the Government. The bitterness evoked by the victory of the Left Cartel, in 1924, is absent to-day. The "defence of the franc," accepted by the groups on both M. Blum's flanks, could be used as a weapon against the excesses of the economic demands that will be pressed on him by his friends on the Left, who are his more embarrassing allies. The Communists have already refused to enter M. Blum's Cabinet, declaring that by remaining outside they are better able, by pressure in Parliament and the country, to ensure that the promised social reforms are carried out. This is a powerful threat, since the Front Populaire have permanent organisations—the so-called Popular Assemblies—in each constituency. Many Trade Unions, moreover, are at one with the Communists in demanding the immediate enactment of the more radical measures promised in the election.

M. Blum may wish to retain the present parity of the franc as the only means of quietening the fears of the Radicals and holding the extreme Left in check.

His dilemma, in any case, need not arise immediately in an extreme form. The new Government may, by formal rather than effective measures, satisfy the most urgent demands of their followers and, at the same time, avoid giving offence to those still in command of the country's economic life. Even President Roosevelt did not encounter real opposition until he had been in office a year. Certain changes in the banking system, and some relatively ineffective modifications in the Statutes of the Banque de France could be enforced before the shock of the election has subsided. Such measures would not necessarily evoke violent and immediate opposition. The banks, for example, would certainly help, in the hope of averting more extreme measures. But even if M. Blum throws overboard all the more extreme measures in his programme, a policy of temporising about currency is hardly likely to yield better results than previous Governments have obtained—and these were not good enough.

The longer M. Blum postpones the fateful decision to devalue, the greater the risk of his being annihilated by the storm which that decision will arouse. And in any case, time is the most precious political asset in Europe to-day. M. Blum is at the crossroads. Political forces urge him to choose in his monetary policy the path of least resistance, and to support the franc to the last possible moment. But this path may well lead to catastrophe. M. Blum has not chosen it yet, in spite of all reports to the contrary. Will he—can he—resist?

RUBBER UNDER CONTROL

ON June 1st the International Rubber Regulation Committee will celebrate the second anniversary of the second attempt to control the world's supply of crude rubber. The time is opportune, therefore, for a critical examination of the results of the Committee's endeavour "to regulate the production and export of rubber in and from producing countries, with the object of reducing existing world stocks to a normal figure and adjusting in an orderly manner supply to demand, and maintaining a fair and equitable price level which will be reasonably remunerative to efficient producers."

Let us turn first to the supply side. The framers of the second scheme had in mind the disastrous consequences of the first (the so-called "Stevenson scheme"), which applied to Malaya and Ceylon but not to the Dutch East Indies, and inevitably penalised the restricting countries at the expense of those remaining outside. The second plan was only put into operation when the adherence of the majority of the producing countries had been secured. Thus it comprised nearly 100 per cent. of the world's output

of crude rubber. The next step taken was to ascertain the capacity of the chief producing countries for a period of five years. These estimates were then used to form the basis of regulating exports. Exports of British Malaya, including Brunei and Labuan, the Dutch East Indies, Ceylon, India, Burma, North Borneo and Sarawak, were thus regulated by reference to their estimated capacity. Siam and French Indo-China held out for, and were given, somewhat more favourable terms.

The International Rubber Regulation Committee, which is administering the scheme, started with a moderate turn of the restriction screw. The proportion of the agreed capacity which the various countries might export was fixed at 100 per cent. for June and July, at 90 per cent. for August and September, at 80 per cent. for October and November, and at 70 per cent. for December, 1934. In 1935 restriction was gradually intensified, the export quotas being reduced from 75 per cent. in the first quarter to 70 per cent. in the second quarter and 65 per cent. and 60 per cent. in the third and fourth quarters respectively. During the first half of the current year the export quota is being maintained at 60 per cent. of estimated capacity, but quotas will be raised to 65 per cent. in the second half of the current year. But since the output capacity of the restricting countries, including Siam, was estimated to increase from 996,500 tons in 1934 to 1,118,500 tons in 1935 and 1,254,000 tons in 1936, the actual curtailment of supplies was not as marked as the reduction in quotas might suggest. Actually, total net exports of the countries which concluded the agreement, after rising from 699,400 tons in 1932 to 1,017,900 tons in 1934, declined to 810,205 tons in the past year. Again, although the export quota in the first quarter of 1936 was only 60 per cent. of estimated capacity, compared with 75 per cent. in the corresponding quarter of 1935, the net exports declined only slightly from 131,939 tons in the first two months of 1935 to 130,634 tons in the corresponding period of 1936.

Although the regulation of exports, especially of rubber produced by natives in the Dutch East Indies, did not proceed smoothly, most of the difficulties appear now to have been overcome. In 1934 the actual exports of the restricting countries fell below the permissible quota by 11,830 tons, but in the past year exports exceeded the quota by 25,214 tons. Last year's excess was due largely to the difficulties of controlling the exports of native growers from the Dutch East Indies. These native shipments during 1935 exceeded the quota by 29,774 tons, but part of this excess was made good by a reduction in shipments of estate rubber by 12,574 tons. The authorities in the Dutch East Indies have made strenuous efforts to make regulation effective, and their efforts appear at last to have been successful, but not without an upward revision of the estimated capacity of that country. As was to be expected, exports from countries outside the restriction scheme have shown a tendency to increase. Nevertheless, the proportion of world exports shipped by non-restricting countries amounted to only 2.4 per cent. in the past year.

As a result of the restriction of supplies the price of crude rubber rose from an average of 2½d. per lb. in 1932 to 6½d. per lb. in 1934. In the past year, however, the average price declined again to 6d. per lb. The price has since risen to about 7½d. per lb. As the first two years of rubber restriction coincided with a period of increasing industrial activity in the majority of countries, it is difficult to ascertain precisely the influence of the rise in the price on demand for crude rubber and on the production of rubber in the United States. The output of rubber in the United States rose from 74,700 tons in 1932 to 108,200 tons in 1934 and 123,100 tons in the past year. The output in the past year was still far below production in 1929, when it reached 218,800 tons, with the price of crude rubber at 10½d. per lb. There can be no doubt, however, that the low price of rubber during the depression provided a stimulus to consumption, for world absorption in 1933, at 811,188 tons, showed an increase of 5,767 tons over the pre-depression record. Between 1933 and 1934, when the average price of crude rubber rose from 3½d. to 6½d. per lb., world absorption continued to expand from 811,188 tons to 939,241 tons. But a substantial proportion of the rubber consumed in 1934 was pur-

chased at a price considerably below the average for that year. Between 1934 and 1935 world absorption of crude rubber rose by only 8,362 tons to 947,603 tons, despite the continued expansion of the motor industry and other rubber-consuming trades.

Changes in world supplies and absorption of crude rubber, together with the annual deficiency or excess of supply over demand in recent years, are shown below:—

SUPPLIES AND CONSUMPTION OF CRUDE RUBBER
(In thousands of tons)

	World Net Exports			World Absorption	Excess (+) or Deficiency (-) of Exports compared with Absorption
	Restricting Countries (incl. Siam and French Indo-China)	Other Countries	Total		
1927	570.7	45.6	616.3	597.1	+19.2
1929	838.1	29.8	867.9	805.4	+62.5
1930	804.7	21.4	826.1	714.3	+111.8
1931	783.1	16.6	799.7	679.6	+120.1
1932	699.4	9.4	708.8	686.0	+22.8
1933	839.9	13.2	853.1	811.2	+41.9
1934	1,017.9	13.6	1,031.5	939.2	+92.3
1935	810.2	19.8	830.0	947.6	-117.6
1935 Jan.-Feb. ..	131.9	3.7	135.6	163.9	-28.3
1936 " " ..	130.6	4.4	135.0	157.0	-22.0

Since the rise in prices in 1934 appears to have checked the rapid expansion of world demand, the International Rubber Regulation Committee had to resort to drastic curtailment of supplies to bring about a reduction in stocks during the past year. Changes in the relationship between stocks and world absorption, as well as the trend of the price of crude rubber, are shown in the next table:—

STOCKS AND PRICES OF CRUDE RUBBER

	Stocks outside Regulation Areas (incl. "Afloat") (End of year or month) In thousands of tons			Price in London (b) (Standard ribbed smoked sheet) (pence per lb.)
	Stocks	Increase (+) or Decrease (-)	Stocks expressed in terms of number of months Absorption (a)	
1927	263.5	+ 32.6	5.3	18.7
1929	328.7	+ 81.3	4.9	10.1
1930	453.3	+124.6	7.6	5.1
1931	589.3	+136.0	10.4	3.4
1932	589.2	- 0.1	10.3	2.4
1933	616.4	+ 27.2	9.1	3.1
1934	679.0	+ 62.6	8.7	6.4
1935	575.7	-103.3	7.4	6.1
1935 March	652.7	- 5.0	8.4	5.1
1936 " " ..	539.4	-20.5	6.9	7.4 (c)

(a) Based on average monthly absorption, during previous twelve months.

(b) Monthly average.

(c) Current price, 7½ pence per lb.

Actually, stocks of crude rubber at the principal points outside the regulation areas (including rubber afloat) declined by 103,274 tons during the past year. Those stocks, which were equivalent to 8.7 months' world absorption at the end of 1934 (calculated on the average absorption of the previous twelve months), were reduced to 7.3 months' absorption at the end of last year and to 6.9 months' absorption at the end of last March. As stocks were equivalent to 10.4 months' world absorption at the end of 1931, it is evident that the international rubber position has undergone a considerable improvement. It is probably in the light of these considerations that the Committee recently decided to raise export quotas to 65 per cent. during the second half of 1936.

The International Rubber Regulation Committee* has certainly achieved its aim of bringing about a substantial increase in the price of crude rubber. And there can be no doubt that the current price is "reasonably remunerative to efficient producers." Although the exaggerated hopes of investors in the rubber-producing industry may not have been realised, the majority of concerns are once more operating at a profit. At the same time, the recent trend of consumption indicates that demand is not as independent of changes in the price of crude rubber as has been suggested. It would seem to be in the interests of both producers and consumers that the policy of the International Rubber Regulation Committee should be designed to secure a rise in consumption rather than in prices.

THE TRADE OF THE DANUBIAN COUNTRIES

It is now more than two years since Signor Mussolini produced his plan for the economic rehabilitation of Austria and Hungary. The Rome Protocols, signed in March, 1934, were renewed only a few weeks ago, when both Chancellor von Schuschnigg and General Gömbös visited Rome. Both Austria and Hungary "contracted-out" of the League's sanctions against Italy, mainly on the plea that, as a result of these protocols, their economic existence depended on Italian demand for their products. Two years ago (March 31, 1934, page 687), we examined the commercial relations of Italy, Austria and Hungary. This year, the Austrian and Czech Governments have initiated closer economic relations; the unfreezing of blocked Yugoslav export proceeds in Germany has only been purchased by intensified German commercial penetration in Yugoslavia; and the prospects of increasing the volume of trade between the three States-members of the Little Entente have been more actively canvassed. The time is therefore ripe for an examination of the trading relations between all five Danubian States—Austria, Czechoslovakia, Hungary, Roumania and Yugoslavia.

All five Danube States seem to have thought that they could only secure better economic conditions for their populations by plunging deeply into autarkic experiments. Indeed, work-creation through the elimination of foreign competition affords immediate benefits to protected industries, which, unfortunately, are only later outweighed by a fall in the country's own exports. The final result has been that, on the average, no noteworthy improvement in the standard of living has been reached in any of the five Danubian States. Whereas industry in the three agrarian States has enjoyed a boom period, and agriculture in the two mainly industrial States has given a better yield than ever, the foreign trade of each of the Danubian countries has steadily dwindled during the whole period of autarkic experiments:

Year	Foreign Trade of the Five Danubian States in million Gold Dollars		Common Trade of the Five Danubian States as Percentage of their Total Foreign Trade	Year	Foreign Trade of the Five Danubian States in million Gold Dollars		Common Trade of the Five Danubian States as Percentage of their Total Foreign Trade
	Total	With the Danube Area			Total	With the Danube Area	
1928	2,726.3	976.0	36.2	1932	1,154.1	333.6	28.9
1929	2,958.3	957.6	32.3	1933*	943.1	259.4	27.6
1930	2,479.3	829.0	33.5	1934†	880.7	261.6	29.7
1931	1,815.2	529.0	29.1	1935	1,029.2	283.6	27.6

* Austrian schilling at new parity.

† From February 15th, Czechoslovak crown at new parity.

Apparently, political considerations are responsible for this unfavourable development, for it is a striking feature of the table in the next column that the common trade of all five States among themselves has been dwindling more rapidly than the common trade of Austria and Hungary—later on linked up with Italy in the Rome agree-

INDEX NUMBERS OF CERTAIN IMPORTS INTO DANUBIAN STATES
Annual Average (metric tons) 1926-28=100

(1) Austria				(2) Czechoslovakia				(3) Hungary				(4) Roumania				(5) Yugoslavia			
Commodities	1933	1934	1935	Commodities	1933	1934	1935	Commodities	1933	1934	1935	Commodities	1933	1934	1935	Commodities	1933	1934	1935
Cattle	21	21	19	Maize	3	68	39	Coal	15	20	16	Leather	77	67	19	Cotton yarn	118	143	126
Hogs	89	78	85	Wheat	94	1	32	Coke	31	39	26	Boots and shoes ..	14	9	2	Cotton goods	26	30	28
Poultry	32	23	23	Rye	1	1	1	Paper	84	81	83	Wool yarns	129	139	39	Iron goods	30	30	45
Leguminous plants	185	183	262	Flour	8	1	1	Cotton yarn	33	33	27	Cotton yarns	139	131	49	Wool goods	95	107	117
Flour	20	27	29	Leguminous plants	25	97	203	Cotton goods	6	8	7	Textiles: Wool ..	17	15	5	Wool goods	34	40	44
Misc. Milled Prod.	24	21	18	Cattle (hds.)	1	2	4	Wool yarn	54	48	37	Textiles: Cotton ..	31	26	7	Silk yarns	313	482	565
Fruits	108	81	84	Hogs (hds.)	13	12	23	Wool goods	13	14	14	Hosiery	16	9	2	Silk goods	47	66	72
Eggs	54	40	28	Eggs	49	32	51	Silk yarn	29	5	3	Linen, made	10	6	4	Leather	43	59	67
Fats and lard	40	23	26	Fats	49	44	30	Pig iron	59	100	211	Iron, rolled & wrt.	12	15	6	Boots and shoes ..	2	1	1
Meat	19	14	19	Lard	46	32	39	Hardware	11	11	16	Locos.	3	14	7	Plate glass	6	6	13
Wheat	123	102	82	Beef	4	2	3	Apparel	15	10	6	Hollow glass	10	6	6	Hollow glass	16	16	23
Rye	19	40	59	Pork	0	0	0	Leather & l. goods	15	21	19	Glass, cement, pott.	16	19	19	China ware	58	75	85
Barley	136	182	92	Poultry	140	92	225	Iron & metal gds.	43	69	125	Printing paper ..	74	92	104	Apparel: Cotton ..	48	136	59
Oats	19	25	29					Elec. machinery	26	29	26	Apparel: Wool ..	25	18	15	Apparel: Silk ..	14	48	97
	283	286	223																

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ments—and, except in 1929, the common trade of the three States of the Little Entente:—

Year	Index (Basis 1928) Value of the Common Trade between			Year	Index (Basis 1928) Value of the Common Trade between		
	All Five Danubian Countries	Three States of the Little Entente	Austria and Hungary		All Five Danubian Countries	Three States of the Little Entente	Austria and Hungary
1929	98.1	95.0	105.5	1932	34.2	46.8	41.1
1930	84.9	100.4	91.5	1933*	26.6	31.3	37.1
1931	54.2	64.7	62.4	1934†	26.8	32.8	40.9
				1935	29.1	40.7	41.7

* Adjusted for depreciation of the Austrian schilling.

† Adjusted for depreciation of the Czechoslovak crown beginning from February 15, 1934.

The most urgent task was to increase trade between the members of the two opposed groups of States, if the process of shrinking foreign trade, synonymous with shrinking welfare, was to be halted and reversed. The beginning was made by Czechoslovakia and Hungary, when they put an end in 1935 to a tariff war which had lasted for five years; and early this year the Czechoslovak Prime Minister, Dr. Milan Hodza, took the initiative of trying to bring the Little Entente and the Austro-Hungarian group closer together on the economic plane. Unfortunately his attempt was balked in Belgrade at the outset; and the only outcome was a new commercial treaty between Austria and Czechoslovakia.

The large table below shows how profoundly the economic policies of the post-war period have altered the fundamental economic aspects and relations of the Danubian States. Each of its sections includes only those groups of commodities, the import of which into one country is of outstanding importance for one or more of the other Danubian countries. In order to eliminate the influence of exchange fluctuations and the fall in prices, the import figures are based on quantities (metric tons) and the indices are so calculated. The absolute figures will be found on page 533.

Austria imports only mere fractions of her former needs of cattle, poultry, flour, milling by-products, eggs, fats

and lard, and meat; while she has considerably increased her maize imports. This shows clearly that she has taken over from the agricultural countries of the Danube area the task of breeding hogs (for grease, lard and meat) and poultry; and the enormous increase in her domestic production of cereals and in cattle breeding is responsible for the heavy fall in her imports of flour, cattle and meat. The average value of each metric ton of total imports, compared with the average value of imports of the agricultural products in the Austrian section of the table at the foot of the previous page, shows that there has been a much greater fall in the prices of agricultural imports than in the prices of all imports together. Thus, Austria has supplanted to a large extent her former imports of finished farm products by imports of primary products, fodder, etc.

There is a remarkable resemblance between the development of Austria's imports of farm products and those of Czechoslovakia. In both cases imports of all kinds of farm products became smaller and smaller, except leguminous plants and, in Czechoslovakia, poultry. Moreover, Czechoslovakia increased her home production of maize, reduced imports of hogs to a fraction of the basic 1926-28 average, and cut down imports of beef and pork to practically negligible quantities.

Year	Quantities of Farm Products imported into:			
	Austria		Czechoslovakia	
	Metric tons	Index	Metric tons	Index
1928*	1,146.157	100.0	927.234	100.0
1933	1,139.325	99.40	322.197	34.74
1934	1,120.340	97.75	226.826	24.46
1935	941.605	82.15	238.328	25.70

* Basis for Austria: average 1926-28

In the case of Czechoslovakia, as compared with Austria, the fall in the average value of each metric ton of imported farm products is even greater than the fall in the average value per metric ton of all imports.

In Hungary, the trend to supplant imports of finished industrial products by imports of raw materials is even more pronounced than the trend in Austria and Czechoslovakia to supplant imports of finished agricultural products by imports of fodder stuffs. All imports into Hungary have dwindled to fractions of the former figures. There is one exception: iron and metal finished goods, for which important purchases of machinery are responsible. On the other hand, pig iron imports show a substantial increase, as do those of raw cotton—which is not included in the large table on page 477, as it cannot be supplied by any other Danubian country. It is also significant that the index figures of imports of both cotton and wool have fallen much more for the textiles than for the yarns. Again, in the case of Hungary there has been a more rapid fall in the average value per metric ton of imports in which the other four Danubian States are interested, than in that of the average value per metric ton of all imports.

With very few exceptions, imports into Roumania have dwindled to insignificant fractions of the figures in the basic year. Heavy imports of iron ore began in 1934, and the index (basis 1928) rose to 155.6 in 1934. In the first six months of 1935 it fell back to 40.5. The drop may be explained by the recent substantial increase of iron-ore mining in Roumania. The index of raw cotton imports (basis 1928) moved from 183.2 in 1933 to 219.2 in 1934, and fell to 70.8 in the first six months of 1935. It is interesting to examine how the average value of each ton of imports has evolved, compared with the average value of each ton of imports in section IV of the large table on page 477. In the case of Roumania's imports, the trend is contrary to that observed in the case of Austria, Czechoslovakia and Hungary. The index of the average value per metric ton of imports has steadily fallen, whereas the index of the average value of imports of the commodities included in section IV increased until recently. Roumania has had to proceed step by step in building up her industry, and, at the beginning, could produce only simple and low-quality goods. The imported industrial products mostly represent high-quality goods, the prices of which are naturally higher than the average prices of Roumania's former imports of high- and low-quality goods. Subsequent developments, however, have begun to bring the indices of value per metric ton of all imports and of special imports

nearer to each other; and this fact must be construed as proof of the improving quality of industrial goods produced in Roumania.

Imports of all kinds of yarn into Yugoslavia have increased, whereas the imports of the respective textiles have decreased. This shows that Yugoslavia, in turn, has developed her domestic industry. Leather imports, too, have been steadily increasing since 1933, though they still represent only two-thirds of the quantities imported during the basic year. On the other hand, imports of shoes have dwindled to negligible quantities. The index of imports of printing paper has been rising uninterruptedly ever since 1933; and in 1935 it exceeded the figure of the basic year. A comparison of the development of the average value per metric ton of all imports with that per metric ton of the special imports included in section V of the large table on page 477 leads to similar conclusions as were prompted in the case of Roumania.

Our tables show how profoundly autarkic tendencies have changed the economic structure of the Danube basin from what it was—not only before the war, but even as recently as in 1928. All five Danubian States have pounced on the *débris* left by the war and the Peace Treaties, and have set about constructing their own petty economic buildings. They have done it with an energy worthy of a better and more profitable cause. Originally they adopted autarky, hoping that it would relieve them from economic pressure. Now it has become obvious, even inside each of the five countries, that autarky is an economic stimulus the effect of which is about as short and noisome as that of alcohol on the human organism. It is consequently difficult to stop it. For it breeds political mistrust, which in turn leads to demands for its perpetuation as part of an effective national defence. Only if the political relations between each of the Danubian States and the other four could be so greatly improved that each could rely, in case of armed conflict, on the help of all the others—at least in the form of supplies of foodstuffs and/or industrial products—could they remove autarky from among the constituents of their respective policies of national defence. Unfortunately, in the Danube problem there appears to be no honest broker, though no lack of interested parties outside. Any effective mediation to eliminate political tension in the Danube area would render invaluable service, both to the cause of world peace and of world prosperity.

TRUSTS AND TAX EVASION

(BY A. CORRESPONDENT)

Many parents are affected by Clause 19 of the Finance Bill, which deals with so-called educational trusts. The clause is a masterpiece of obscurity. The following article is an attempt, in non-technical language, to state part at least of its meaning.

After the war, and under the pressure of high taxation, many middle-class taxpayers developed a fashion which had hitherto been confined to families of greater wealth, and began to make settlements on their children. But the salaried bread-winner is not in the same position as the man of land or securities, and he could not afford to make the same disposition of his income that they had been in the habit of making. He had no assets to settle and so provide an income, and he had not the certainty of his income continuing until his death, which would enable him to charge his income unconditionally. Consequently, he made his trust revocable, settling only the income and reserving the right to cancel his liability.

The Finance Act of 1922 changed the position, and denied relief to any trust that was revocable without the consent of some person other than the settlor. For a time, that enactment killed the new form of trust. Of recent years, however, ingenious minds have found a way round it by nominating a third party to do the revoking, and arranging for the settlement to last until it was revoked by X or Y or Z. In this way it became possible again to make a settlement that would not commit the seller for all time. The device was adopted very freely by men of fixed and moderate incomes with families to educate, their pur-

pose being always the same: to remove income from the field of income tax without losing control of the expenditure or making any change in the application of the money.

The new Finance Bill is intended to kill these trusts in so far as they evade taxation, but there still remain some kinds of tax-evading trust that the Chancellor has not touched. Perhaps the clearest way of dealing with the question will be to set out, item by item, a few of the trusts that the Bill does affect, and to follow them with a few that the Bill does not affect. Trying to make sense of the clause is like cutting a daylight path through an impenetrable jungle, but we may briefly describe some of the devices that the clause certainly checks.

First, all revocable trusts under which money is paid to the settlor's child, while the settlor is still alive, are excluded if the child who benefits is still a minor and unmarried. The effect is that the ordinary trust entered into by a parent for a child's school education, and made revocable by a third party, does not evade taxation.

Secondly, an irrevocable trust of the same kind is also useless unless it was entered into before April 22, 1936. Consequently, a parent who has hitherto been working on a revocable trust cannot now substitute for it an irrevocable trust and obtain the same results.

Thirdly, a trust is not irrevocable, even though it purports to be irrevocable, if it arranges for a penalty in place of the payment of income, or contains any plan to indemnify the settlor if he defaults.

Fourthly, a mutual trust is useless for tax evasion. I cannot avoid tax by saying to you: "You settle £100 a year on my son Cuthbert and I will do the same by your son Claud." The subsection dealing with this point is difficult to interpret, but that appears to be its intention.

The trusts which do not seem to be affected by the Bill include, first, any settlement in favour of a person who is not the child of the settlor. This view is qualified by the section of the Bill which deals with reciprocal or mutual settlements. Subject to that point, however, it would appear that any settlement on a non-child remains valid for income-tax relief.

Secondly, any settlement in favour of a child who is married, or has come of age, is good. The effect is that a revocable settlement which has hitherto operated in favour of a boy or girl at school will (if continued) become good for tax relief when the boy or girl reaches the age of

twenty-one. The father who sends his son into the army, or to the university, or to a hospital will secure, in the later stages, a relief which he cannot obtain in the boy's school days. And he can make new revocable or irrevocable trusts as his children come of age.

Thirdly, if the father can afford to settle an income on his child without spending it, then the dividends and interest accruing from it in after years will be regarded, not as part of the father's income, but as the child's legitimate income. That seems to be the effect of S. 3 (a) in the Bill, though the obscurity of the language makes dogmatism dangerous.

If this brief description of what does and what does not secure relief under the Bill is clear, the principles on which the Chancellor has proceeded in drafting his Bill will be apparent. He obviously said to himself: "What I want to tax is the income escaping under the most numerous type of settlement—the middle-class settlement." With that in mind, he has concentrated on the income of the middle-class taxpayer concerned with the education of his children, and has not directed his attack on the rarer kind of settlement which is available only to the richer class of taxpayer. The man who has no capital, but who enjoys an income of £1,000 a year and has two children at school, will no longer find relief in a settlement. The Bill is kinder to the wealthier parent, who can afford to settle securities on his children, to give his son an allowance after he has come of age, to make of him a man of leisure, to send him to the bar and keep him during his briefless years, to put him into a good regiment and supplement his pay, or to turn him into a surgeon or specialist and maintain him for ten years in Harley Street. Such a parent will continue to receive full relief for whatever he settles in the future, or has settled in the past, whether the trust is irrevocable or revocable by a third party. Similarly, the very rich man who makes settlements on his domestic staff will still evade taxation by paying his servants under deed instead of in wages. The wealthy man who keeps a mistress and settles on her part of his income will be allowed to get the same benefit in tax exemption that he has enjoyed in the past. The person who will really be affected by the Bill is the taxpayer with a moderate earned income and educational responsibilities, who succeeds with difficulty in sending his children to a good school, but is not in a position to keep them after they have left it.

NOTES OF THE WEEK

Mr Baldwin and the Rebels.—Rumours and denials, semi-secret gatherings and week-end house parties have provided the political news of the week. On Thursday evening of last week Mr Baldwin addressed a dinner party of 140 back-bench Conservatives at the House; and the stage was supposed to have been set for a "fighting" speech in which the Prime Minister would say what he thought of his Conservative critics. But Mr Baldwin did nothing of the kind. Instead he discoursed reminiscently on the last fifteen years of politics, spoke vaguely of the virtue of "loyalty," and criticised the Socialist "intellectuals." The rebels and critics were not attacked, and the *débâcle* over the Coal Mines Bill was not even mentioned. Yet the speech was understood to have been a personal success; and we were told that Mr Baldwin had once again charmed away all opposition. Has he, or has he not? Was it consummate guile that led him to ignore his critics? Or was it that he could think of no answer to them? Or merely that he had not made up his mind what line to take? Almost before the public had had time to reflect on these questions news of a week-end gathering at Lord Winterton's country house was blazoned before them. Sir Austen Chamberlain, Mr Churchill, Sir Robert Horne and Sir Henry Page-Croft were among the guests. Shades of the Carlton Club meeting of 1922 naturally began to haunt the political air once more. Was Lord Winterton's party evidence that the conspirators intended openly to challenge Mr Baldwin's leadership, or merely that they would like to? Meanwhile Mr J. H. Thomas's resignation (referred to in the succeeding

Note), and the resulting speculation about his successor, had intensified the general sense of uncertainty; and it was even rumoured, apparently without any foundation, that Mr Ramsay MacDonald was on the verge of resigning. This naturally called in question the whole design of the "National" façade—now wearing, as even *The Times* has observed, "a little thin." For with Lord Snowden and Lord Sankey long departed, Mr Thomas resigning, and Lord Allen—the group's foremost intellectual—indignantly seceding, the "National Labour" Party has come more closely than ever to resemble the clan MacDonald. Even Mr Baldwin's supposed concern to retain the National Labour proportion in his Cabinet was belied when, on Thursday, Mr Ormsby-Gore's appointment to Mr Thomas's place was announced. It is indubitably the best appointment that could be made. But it does nothing to dispel popular dissatisfaction over the Government's attitude on foreign policy and on the various domestic measures with an uncertain future, such as the Coal Mines Bill, the Education Bill and the Unemployment Regulations.

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Mr J. H. Thomas.—The announcement of Mr Thomas's resignation caused little surprise. In the words of his letter to Mr Baldwin, the "way in which my name and private affairs have been bandied about renders my continuation as a member of the Government impossible." Quite independently of the contents of the Tribunal's report, which will not be published until Tuesday of next week,

Mr Thomas clearly took the right course in resigning as soon as he had become a political liability to the Government. Once an engine cleaner on the G.W.R., Mr Thomas became member of Parliament for Derby in 1910 and General Secretary of the National Union of Railwaymen in 1918. As a trade unionist, his interests were "industrial" rather than "political," and in negotiation he applied the principle *suaviter in modo, fortiter in re*, with powerful effect. He won considerable reputation as Dominions Secretary in the first Labour Government of 1923-24, and was one of the most successful Ministers in that Government. In the Labour Government of 1929-31 he was originally "Minister for Employment," but his failure to cure unemployment by public works in face of world deflation and an over-valued pound cannot be counted against him. The task, in these circumstances, was impossible. Opinions on Mr Thomas's decision to join the National Government in 1931 naturally varied with the political standpoint of the critic. His old trade union friends bitterly resented it, while his new political associates applauded it as a statesmanlike act. Mr Thomas's resignation last week is not, of course, due to political differences of any kind. The appointment of Mr Ormsby-Gore in his place, however, impairs the all-party character of Mr Baldwin's administration.

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The School-leaving Age.—The Education Bill is yet another example of the Government's missed opportunities. To have raised the school-leaving age to 15 outright would almost certainly have been in accord with the broad inclination of public opinion: the cost would have been trifling in comparison with the increase in defence expenditure. Merely to have raised the age to 14½ without exemptions would have been at least a reasonable compromise. But the Government has obstinately rejected even this, and Mr Stanley pressed the original Bill on to its third reading in the House of Commons on Wednesday. On the previous day Mr Stanley had rejected a Liberal National amendment designed to ensure that exemptions should be the exception rather than the rule. The amendment would have allowed individual local authorities to rule out exemptions altogether. There was Conservative as well as Liberal and Labour support for this plan, and the Government would almost certainly have secured a majority for it, had it so desired. Mr Stanley's final speech on Wednesday clearly left members unsatisfied in all parts of the House; indeed, the only really welcome parts of a sadly unimaginative Bill were the settlement embodied in it of the long-standing religious controversy, and the undertaking given by Mr Stanley that the Civil Service, the Post Office and the fighting services would not recruit juveniles under 15.

* * *

Hackney Marsh.—The settlement of the Hackney Marsh controversy, announced by the Minister of Health last week, may be warmly welcomed. The dispute began when the London County Council proposed to use 30 acres of Hackney Marsh as a building site and to schedule as a substitute open space a corresponding amount of land some miles away. It was of the very greatest importance to use the Hackney Marsh site for building, since the greater part of the Council's slum-clearance and re-housing programme was being held up for lack of a sufficiently large space on which to "decant" the first batch of re-housed slum-dwellers. Far-distant sites were of no avail; for the great mass of East London workers must inevitably live near their work. On the other hand, to build on land which was as a public open space was clearly a bad precedent, particularly in the comparatively parkless East End. The controversy was settled in the first instance by the decision of the Courts that it would be contrary to the London Open Spaces Act of 1893 to exchange part of Hackney Marsh for any but adjoining land. Undeterred by this setback, however, the L.C.C. promoted a Parliamentary Bill designed to remove the legal obstacle. At this point there were ominous signs that the whole issue would be degraded to the level of an inter-party quarrel. Now, however, at the eleventh hour a satisfactory solution

has been found. Mr Arthur Villiers, manager of the Eton Manor Club, offered last week on behalf of the club to sell to the L.C.C. 20 acres of open land adjoining Hackney Marsh; and the L.C.C. accepted the offer on Tuesday. Some 20 acres of the original Hackney Marsh will consequently be available for building. This agreement, reached at a time when reasonable and agreed settlements are none too common in the political world, reflects credit on all concerned. It is understood that large blocks of working-class flats are to be erected on the Hackney site; and the progress of the scheme, which should accelerate the rebuilding of all London's slums will be watched with the keenest interest.

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Palestine in Ferment.—Up to the last few days, the situation in Palestine had taken a serious turn for the worse. The rural Arab population had taken up arms against the present regime—Jewish national home and British mandate alike—and had started to wage guerilla warfare not only against the police, but also against the British troops who have been rushed to Palestine from Egypt. These troops can ill be spared at a moment when General Graziani has announced that the huge Italian army in East Africa is to be maintained there intact. Happily, the tension has eased; but the problem remains. No doubt this Sinn Fein movement of the Palestinian Arabs can be put down by sheer force if that is the policy which His Majesty's Government mean to follow. Palestine is a tiny country, no larger than Wales; and the Arab majority of the population is only 760,000 strong all told. But the Palestinian Arabs have an immensely strong incentive to rebel against our British yoke. We have packed Palestine with Jews in much the same way in which we have "grouted" with cement the rubble filling of the columns of St. Paul's. The simile is apt, for such "grouting" is unquestionably good for rickety structures—whether of cathedrals or of countries. Yet, if the rubble has a voice, it may protest; and if it has life it may bite and kick. When we pledged ourselves to enable the Jews, under our ægis, to establish a Jewish national home in Palestine, we took the line that the Arabs, (whose national feelings we were fanning into flame all round, in Arabia and Syria and Iraq) were in Palestine no more than a kind of human rubble, with little national coherence or tradition that deserved, or needed, to be respected. So we guaranteed these Palestinian Arabs their civil and religious rights, but nothing more. We have now reached the point at which, under our ægis, the Jewish national home, which is being established in Palestine by the wonderful energy and idealism of the Zionists, is overshadowing the Palestinian Arabs in their own house. But now that this point has been reached, the Palestinian Arabs have made it clear that they do not mean to accept the position of underdog without a fierce struggle. What are we going to do about it? Are we going to crush the Palestinian Arabs in the ruthless fashion in which Mussolini has crushed the Amharas? Or are we going to betray our Zionist protégés (that is, in concrete terms, to leave them to suffer the fate of the Assyrians of Iraq)? Either course will be so unpleasant and so invidious that no doubt we shall take whichever turns out to be the line of lesser resistance.

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Storm Signals in Austria.—It is difficult to know what to make of the abortive Nazi raid, during the night of Friday to Saturday last week, on Prince Starhemberg's Castle of Wachsenberg in Upper Austria. Though the raiders were beaten off, they appear to have been well organised and equipped, and their purpose is said to have been to seize a store of arms belonging to the Heimwehr, which, in their belief, were deposited in the Castle. More serious, from Dr. Schuschnigg's point of view, are the reports that the Austrian Nazis now aim—not so much at seizing the Heimwehr's arms before these come into Herr Schuschnigg's hands, as at inducing the Heimwehr to march over, bag and baggage, with colours flying, from the Freiheitsfront into the Nazi camp. It is reported that Prince Starhemberg himself has decided to play for his own hand in Austria, despite the warnings from Signor Mussolini during the Prince's visit to Italy last week. In

any case, it will not be easy to persuade the local Heimwehr leaders and their bands to submit quietly to being disarmed, disbanded and incorporated into Dr. Schuschnigg's militia. If Dr. Schuschnigg means to do all that he threatens to do to the Heimwehr, the Austrian Nazis might really have a good chance of persuading the Heimwehr to join forces with them. In any case, it is probable that, in all districts where the Heimwehr have the upper hand to-day, they will be found on the map to-morrow under the pseudonym of a militia. But even the Austrian Nazis are not of one mind. There is evidence that a section of the more moderate among them have abandoned the idea of the *Anschluss* and would genuinely wish to see a cultural association with, rather than a political absorption by, Germany. It is by no means impossible that before long Dr. Schuschnigg may find himself in a position to make his peace with such sections as these on his right and with the Socialists on his left. Politically, Dr. Schuschnigg's position would appear to be definitely strengthening. Instead of making a frontal attack on the Heimwehr, Dr. Schuschnigg may try to circumvent them by building up his new conscript army and thereby gaining the whole of the rising generation to his own cause. Dr. Schuschnigg has a perilous path to tread, for the situation is still full of dangerous possibilities, but he has shown that he knows how to walk warily.

* * *

The Belgian Elections.—Belgian parliamentary politics are always particularly interesting to British observers because, of all Continental European countries that have adopted, or adapted, British political institutions during the last century, Belgium has hitherto worked the parliamentary system most nearly on British lines. In Belgium, as in England, the post-war three-party system has been neither satisfactory nor conclusive. Now the recent elections in Belgium have posted up the writing on the wall; and the emergence above the horizon of the rexists is of distinctly greater personal interest to us, over here, than the most sweeping Fascist and National-Socialist triumphs in Central European countries, where parliamentary democracy has never been acclimatised. The significant thing about the Rexist movement is that, like the Flemish Nationalist movement, it represents a breakaway from the Belgian Catholic Party, which survived the shock of the war when the Liberal Party was broken up by the se of the Socialists. While the Flemish Nationalists stand for a *reductio ad absurdum* of Nationalist particularism that is perhaps already out of date, Rexism stands for aashing attack on capitalism and *laissez faire*, which is authoritarian without being Socialist, and which is therefore likely to make a strong appeal to the rising generation. The Belgian Rexist Party, which is named after Christus Rex and is captained by a domineering and confident young man called Degrelle, stands nearer, perhaps, to the oldfuss-Schuschnigg movement in Austria than to any other contemporary European political party. Rexism is atholic—though it seems to be regarded with some distaste and trepidation by the hierarchy, as well as by the political atholic Party—and in this sense it is not Fascist. (There is, in fact, a Fascist movement in Belgium of the usual hate-worshipping kind; but these "Realists," as they call themselves, have not won a single seat. The three orthodox post-war parties (Catholics, Socialists, Liberals) still hold, between them, 156 seats out of 202; and though the Socialists are now the strongest single party, owing to the atholics' losses to the Rexists, the present proportional lengths (70 Socialists, 63 Catholics, 23 Liberals) are not startlingly different from the old. What is significant is that the three younger parties have won 20 seats from the older parties, as well as 15 seats that have been newly created. The Flamings have risen from 8 to 16, the Communists from 3 to 9, the Rexists from 0 to 21. This is a portent.

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Tug-of-War in Japan.—We may perhaps venture the opinion that the momentary swing of the Japanese pendulum is in a direction leading away from a violent *nouveau*. Lieutenant-Colonel Aizawa, who murdered General Nagata in the War Office at Tokyo on August 12th last, has been condemned to death by a divisional court-

martial. A notorious book by a wild-cat Japanese naval officer, whose theme was the inevitability of an Anglo-Japanese war, has been officially disowned by the Japanese Government. In this connection it has been stated officially that Japan has no territorial ambitions in regard to either Australia or New Zealand. The Emperor has publicly condemned the action of the mutineers in the recent military *émeute* in Tokyo, with its accompanying crop of political murders. These straws point the same way as the speech which was delivered on May 6th in the Diet at Tokyo, by the Foreign Minister, Mr Arita. He declared his country's desire especially to maintain, upon the basis of her "special and inseparable relationship" with Manchukuo, her "position as a stabilising force in East Asia." Then he went on to avow a desire for the maintenance of normal and peaceful relations between Japan and Manchukuo on the one hand and Russia on the other. Mr Arita's enlargements on this theme were perhaps rather quaint. "It is not necessary to say that neither Japan nor Manchukuo harbours any aggressive designs"—and the repulse of Japanese military incursions into Outer Mongolian territory was censored as "a wanton resort to arms, on the dogmatic assumption" that trespass had been committed. The fundamental cause of the incompleteness of the felicity of present Russo-Japanese relations was declared by the Japanese Foreign Minister to lie in "lack of comprehension on the part of the Soviet statesmen of Japan's position in East Asia, coupled with their baseless fears and suspicions"; and the "excessive armaments" maintained by the Soviet Union at "remote outposts" were stigmatised as "a real menace to peace." A foreign observer may be at a loss to understand how there can be so much vice in Russia's retorts in kind to Japanese moves that have been so virtuous. But he will also infer that Russia is not the Power whom Mr Arita wants to fight. Moreover, Mr Arita's references to the British Empire were friendly and his references to the United States almost fulsome. It is still, apparently, China whom Japan is regretfully compelled to chastise for her good. And, in fact, Japan has just announced that she is making a large increase in her military forces in North China. If it is true that the advance guard, which has already arrived in Tientsin, is 8,000 strong, then the reinforcements bear no relation to the figures laid down in the Boxer Protocol, and we are witnessing, in North China, a Japanese military occupation in force. Where will it end?

* * *

Higher Australian Tariffs.—Higher tariffs and increased preference for Great Britain were the main features of the fiscal changes announced by Sir Henry Gullett, the Australian Minister of Trade, at Canberra last Friday. By means of these higher duties, and the introduction of an import licence system for certain goods, it was hoped, Sir Henry said, to "divert" £2,299,000 of Australian import trade. Of this, Australian manufacturers were to get £854,000, United Kingdom exporters £1,310,000, and "good customer" nations £135,000. The goods principally affected are cotton, artificial silk, imported tobacco, Oregon timber, electric refrigeration, typewriters and roller ball-bearings. There is also to be an increased duty on imported motor chassis, designed to assist the development of a new Australian industry. The general purpose of the import licence system is to enable Australia to refuse to buy from countries which do not buy to a corresponding

The British and Polish Trade Bank A.G., Danzig

Paid-up Capital and Reserves: D. Gulden 5,378,542

Chairman: Dr. Roman Górecki.

Vice-Chairman: Sir William Grenfell Max-Muller, G.B.E., K.C.M.G.

Joint Managers: Stanislaw Pawlowicz and Philip Frederick Rann.

Assistant Manager: Aleksander Kowalski.

The Bank was formed to facilitate Exports and Imports from and to Poland, including Danzig.
INQUIRIES SOLICITED.

extent from her—to take another step, that is to say, on the road towards bilateral trade. No attempt is made to disguise the fact that Japan and the United States will be severely affected by these measures, and there are already signs of retaliation from Japan. British manufacturers may expect some immediate benefit: and the President of the Manchester Chamber of Commerce has stated that "Australia's action will be very warmly appreciated in Lancashire." From a wider point of view, however, Australia's new fiscal venture can only be regretted. It is calculated to reduce the volume of international trade and to hasten the lamentable tendency towards bilateralism. It is, indeed, precisely the kind of exclusive protectionism that gives some substance to the economic grievances of the so-called "dissatisfied Powers."

* * *

Britain and Argentina.—In advance of negotiations for a new definition of the trading relations between Great Britain and Argentina, an effort is now being made, in some political quarters, to prove that the Roca Agreement has been beneficial to Argentina alone. Whatever we may think of the Roca Agreement as a means of fostering international trade, this is certainly not true. The exchange clauses of the Agreement, which were specifically designed to benefit Great Britain, have been loyally carried out by the Argentine Government. This is fully demonstrated not merely by the figures given in our Argentine letter, published a fortnight ago, but also by the admirably objective and informative address delivered by Mr E. R. Lingeman, the British Commercial Secretary in Buenos Aires, at the British Chamber of Commerce dinner on May 20th.

I wish to express openly and in all sincerity (Mr Lingeman said) the unqualified satisfaction of H.M. Embassy with the loyal manner in which the Argentine authorities have implemented their treaty undertakings in regard to the redistribution of the United Kingdom [exchange] quota. With the figure in its possession the Embassy experiences no difficulty whatever in accounting for all the exchange created by United Kingdom purchases of Argentine exports since May 1, 1933, when allowance is made for the undertakings of certain exporters.

Mr Lingeman went on to discuss frankly the various controversies connected with the British-owned railways, the meat trade, and Argentina's foreign debt. He expressed the hope that outstanding disputes would be settled in the same spirit of mutual compromise which had marked Anglo-Argentine relations in the last three years. Mr Lingeman's speech should be read in conjunction with the full and interesting survey of Argentina's fortunes contained in the President's Message to Congress of May 7th. The President might perhaps have conceded a little more importance to the devaluation of the peso as a contributory cause of Argentina's recovery. But he was fully justified in painting an optimistic picture of the future of a country which is bound to grow ever more important as a purchaser of British goods.

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India's New Constitution.—A White Paper (Cmd. 5181) published on Thursday explains a new draft Order-in-Council which fixes April 1, 1937—only ten months distant—as the "appointed day" for the beginning of Provincial Autonomy in India under the new constitution. The draft Orders are explained in the same White Paper. They make arrangements for the separation of the revenues for the redistribution of revenues between the central and provincial Governments, in accordance with the recommendations of Sir Otto Niemeyer (discussed in the *Economist*, May 2nd, page 240). These draft Orders bring the goal of nearly nine years' endeavour within sight. Sir Otto's report was favourable to the early inauguration of Provincial Autonomy; and both the Secretary for India, Lord Zetland, and the new Viceroy, Lord Linlithgow, have expressed their agreement on an early date for bringing the new Constitution into effect. The White Paper explains the need for the transitional provisions in the draft Orders. These permit Governors, *inter alia*, to authorise appropriations from provincial revenues during the six months after April 1, 1937; and to continue taxation after March 31st next for a period not

exceeding twelve months. Other provisions allow for the holding of elections to the provincial legislatures well before April 1, 1937, "probably . . . in February next." Most of the other provisions are of a transitional administrative nature, owing to the assumption of powers by new entities responsible for the continuation of services. The views of the Government of India and of the Provincial Governments on Sir Otto Niemeyer's report are published in the White Paper. The Government of India state categorically that the various claims preferred by the Provinces for greater shares of central revenue could not be met by the central finances. Sir Otto's recommendations are to cost the Budget at the outset 2 crores a year, and the separation of Burma another 2½ crores per annum. The Government of India say:—

The general level of the tariff is now so high that the maintenance of the aggregate (Customs) yield, which is by far the most important single factor in the whole revenue position, has become a somewhat precarious task. There is plainly no further reserve which could now be drawn upon to meet an emergency, as was done twice in 1931; and any serious relapse in the value of India's import trade would inflict damage which would be beyond the remedy of a mere increase of the tariff. . . . The Government of India therefore consider that any material increase in the tariff will endanger the practicability of the (Niemeyer) plan; they conceive, in fact, that in order to conserve the revenue yield it will be necessary from time to time to propose reductions of particular duties.

This only serves to emphasise the objective nature of Sir Otto's allocations for the Provinces. The House is to debate the new draft Orders after Whitsun. Meanwhile, it is good to know that the Governments of India and of this country are pressing on with the application of India's new Constitution without delay.

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The Northern Ireland Budget.—The effects of economic recovery are apparent in the Northern Ireland Budget for 1936-37, which was introduced in the Northern Ireland House of Commons on Thursday, May 14th. The estimates for expenditure on supply services—our Belfast correspondent writes—amount to £9,229,000, and show a decrease of approximately £380,000 over the actual expenditure in 1935-36. Since no provision is made in the Estimates for 1936-37 for compensation to local authorities consequent on the postponement of the second appointed day under the Unemployment Assistance Act of 1934, the decrease in supply services is more properly placed at about £250,000. The transferred taxes (i.e. taxes under the control of the Northern Ireland Parliament and including estate duty, entertainments tax and motor vehicles duty) are estimated at £1,701,000, compared with actual receipts of £1,848,000 in 1935-36, when the yield of estate duty was swollen by a sum of £296,000 from one large estate. Reserved taxes are estimated at £8,620,000, as compared with £7,630,000 last year. The main items of reserved taxation are Customs and Excise, estimated at £5,410,000 for 1936-37 and showing an increase of £546,000; and income tax and surtax, estimated at £3,205,000, or £445,000 over the corresponding 1935-36 figures. With total expenditure estimated at £12,824,000 and total revenue at £13,280,000, Mr Milne Barbour had a provisional balance of £456,000 at his disposal, and he has increased this figure to £550,000 by retaining in the Exchequer interest on the capital fund which was being accumulated to wipe out the old debt on the Unemployment Fund. This modification has been rendered possible by the unemployment "reinsurance" agreement recently negotiated with the British Treasury. Certain concessions are given in a further partial restoration of the economy cuts in teachers' salaries and also the cuts in the salaries of Members of Parliament imposed in 1931. These concessions will amount to £50,000, leaving a balance of half a million, of which it is proposed that £400,000 should be utilised as a contribution to Imperial expenditure.

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British Industrial Production.—In contrast to our index of business activity which, after correction for seasonal variations, showed a slight decline between the last quarter of 1935 and the first quarter of 1936, the uncorrected Board of Trade index of industrial production showed a rise of 1.9 per cent. during this period. As com-

pared with the first quarter of 1935, the Board of Trade index registered a rise of 8.9 per cent., against an increase of 5.4 per cent. shown by the more comprehensive *Economist* index of business activity:—

Group	Year 1934	Year 1935	1935		1936	
			March Quarter	Sept. Quarter	Dec. Quarter	March Quarter
1. Mines and quarries	90.8	91.7	95.4	85.8	98.2	100.5
2. Iron and steel	115.7	125.6	121.9	124.1	133.3	146.2
3. Non-ferrous metals	122.7	137.3	142.2	136.6	132.1	134.8
4. Engineering and shipbuilding ..	94.0	104.9	105.7	102.3	108.1	116.0
5. Building materials and building ..	133.4	147.0	135.9	133.5	150.2	149.9
6. Textiles	113.3	118.9	118.9	113.3	126.5	126.7
7. Chemicals, oils, etc.	104.6	111.8	109.8	120.3	116.2	116.2
8. Leather and boots and shoes ..	104.5	116.0	116.8	109.7	122.1	125.4
9. Food, drink and tobacco	101.8	107.6	98.7	109.2	113.9	108.9
10. Gas and electricity	121.8	132.3	(a)	(a)	(a)	(a)
Total of manufacturing industries (2-10)*	108.4	117.0	115.9	114.9	124.5	126.8
Total of all groups (1-10)*	106.0	113.5	113.0	110.8	120.8	123.1

* Includes also various industries not specified above. (a) Complete information about gas production in 1935 is not yet available; a provisional estimate of the quantity made has been used for the calculation of the group index for the year 1935, but no information is available about the quantities made in each quarter. The available data for electricity have been included in the general index number for the quarter.

Of the various group indices published by the Board of Trade, that of non-ferrous metals alone was slightly lower than a year ago. With the exception of the indices relating to building, building materials, chemicals and food, drink and tobacco, all the group indices registered an increase between the December and March quarters. A slight fall in the index relating to building and building materials confirms the impression gained from our own index of building activity, which turned downwards after December, 1935. In general, however, activity remains most marked in the metal and building industries.

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Sterling and International Prices.—The past fortnight has witnessed a further decline in wholesale prices. The *Economist's* complete British index number has fallen by 0.9 per cent., while primary products have fallen by 0.7 per cent. The complete index number reached its peak for the year in the middle of January, when it stood at 118.5. Since then the trend has been mainly downwards, and the total decline is 2.5 per cent. Primary products reached their peak in March, at 134.5, and have since fallen by 3.3 per cent. French and German wholesale prices remain very stable, but are fractionally below their highest for the year. It is beginning to look as if the present trend of world prices is a very slow decline.

SEPTEMBER 25, 1931=100

Date	Economist Indices			U.S.A., Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Commerce	Germany, Statistisches Reichsamt
	British Complete Index (sterling)	Primary Products (sterling)	Price of Gold (sterling)				
1932							
Jan. 27th	108.3	115.7	83.8	140.9	83.5	95.8	91.6
Apr. 20th	103.8	106.4	87.5	129.5	89.6	97.0	90.3
July 27th	99.5	103.3	84.1	136.9	88.3	91.3	88.5
Oct. 19th	103.1	112.8	84.0	143.8	88.6	92.7	88.8
1933							
Jan. 25th	101.3	107.7	78.0	142.6	80.5	90.2	83.8
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	83.4
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.6
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	88.1
1934							
Jan. 31st	108.8	119.0	124.8	156.7	105.6	87.2	88.5
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	87.7
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	91.1
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	93.0
1935							
Jan. 30th	110.8	124.8	152.4	167.2	118.8	79.1	92.8
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	92.6
July 31st	112.7	128.7	146.2	165.6	120.2	75.9	93.9
Oct. 23rd	118.4	136.6	144.9	166.4	123.7	79.1	94.6
1936							
Jan. 1st	118.1	131.2	143.3	166.2	121.8	80.7	94.9
Jan. 15th	118.5	130.3	142.4	165.8	121.5	81.4	95.2
Jan. 29th	118.1	131.7	145.7	165.6	121.8	82.3	95.1
Feb. 12th	118.0	131.9	145.9	165.8	120.9	83.8	95.1
Feb. 26th	117.4	132.8	145.0	166.0	120.7	85.2	95.2
Mar. 11th	117.3	134.5	145.4	166.0	119.5	85.6	95.2
Mar. 25th	117.4	133.9	144.3	165.8	119.6	85.2	95.3
Apr. 15th	117.7	133.3	145.1	165.8	119.8	85.0	95.4
Apr. 29th	117.3	132.8	143.2	165.8	119.2	85.0	95.3
May 13th	116.7	131.0	141.8	164.8	117.4	85.2	95.3
May 27th	115.5	130.1	140.5	164.3	116.7	85.0*	95.3*

* These figures relate to May 20th.

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

"ECONOMIST" INDEX
(1927 = 100)

	Sept. 18, 1931	Apr. 29, 1936	May 13, 1936	May 27, 1936
Cereals and meat	64.5	73.3	73.4	72.0
Other foods	62.2	59.0	58.9	58.7
Textiles	43.7	59.6	59.2	58.4
Minerals	67.4	83.1	81.7	81.7
Miscellaneous	65.8	78.1	77.8	76.9
Complete index ..	60.4	70.9	70.5	69.8
1913 = 100	83.1	97.5	97.0	96.0
1924 = 100	52.2	61.2	60.9	60.3

In the cereals and meat group there was a general decline in grain prices and also in those of bacon and potatoes. Meat prices were mostly higher. Among other foods, tea, sugar and cheese and coco-oil were all cheaper, but there was a sharp rise in butter. In the textiles group, cotton and hemp prices were firmer, but wool was weak, and there were also decreases in flax and jute. Non-ferrous metals were irregular. In the miscellaneous group there were declines in Swedish timber, leather, linseed oil and tallow.

* * *

Retail Trade in April.—The value of retail trade, as recorded in the *Board of Trade Journal*, continued its seasonal increase during the past month. But the increase over the corresponding period a year ago was less marked than in previous months, partly owing to unfavourable weather and partly because sales in April, 1935, were probably stimulated by preparations for the Jubilee:—

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

Period	Food	Other Merchandise	Total
1932	102	99	101
1933	100	100	100
1934	103	103	103
1935	111	108	109
1935—March	107	92	100
April	110	112	111
May	110	112	110
June	110	108	109
July	105	113	109
August	107	81	94
September	110	99	104
October	112	114	113
November	116	115	115
December	133	160	146
1936—January	115	118	116
February	116	88	102
March	117	97	108
April	121	113	117

A comparison of turnover last month with April, 1935, shows that the improvement in sales of food and perishable articles was well maintained. Actually sales in this category showed an increase of 9.7 per cent. over April, 1935. On the other hand, sales of other merchandise rose by only 0.5 per cent. The value of sales of piece goods, women's wear, men's and boys' wear, boots and shoes, sports and travel requisites and furnishing materials was actually lower than a year ago. With the exception of Central and West End London, turnover in other districts showed increases of 5 per cent. and over. In view of the continued expansion of general business activity, accompanied by an increase in the purchasing power of consumers, the trend of retail sales will probably continue to rise in the near future.

* * *

Surrender to the Coalowners.—Mr Baldwin's announcement of the postponement of the Coal Mines Bill to the autumn is reported as we go to press. The congestion of parliamentary time is pleaded by Mr Baldwin in explanation; but the decision will be regarded by the public, rightly, as a complete capitulation to the coalowners. The enforcement of the necessary amalgamation is once more deferred to an ever-receding future. If there is to be anything whatever to offset this deplorable decision, the nationalisation of the royalties promised to the miners during the General Election, and the institution of selling schemes promised them during the strike negotiations, should be undertaken without further delay.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

"BOOM" AND UNEMPLOYMENT

THE jesting slogan of the New Era was "two cars in every garage." In 1929 there were four months in which motor-car output exceeded 500,000 cars; in 1936, that figure was passed in April, and if the last half of May equals the first half, the month will better April. Yet the full impact of the Bonus payments will not come until June at the earliest. The characteristic of the New Era boom was the synchronization of a consumer goods boom based upon consumer credit, and a building boom, largely based upon Stock Market credit. The characteristic of the present is the consumer goods boom, based upon consumer credit and upon public credit (via the Budget deficit) and the absence of that type of building which is financed through the capital markets. Although the issue market has been active, this activity has been almost exclusively confined to the refunding of corporate issues, and to meeting the demands of Government, including local Government, for new capital. As there has been no increase of Stock Market credit, the capacity of the market is less than it was in the New Era. Partly as a result of the controls introduced, partly for more complex reasons, both credit and capital are more closely canalized than they were formerly; but, wherever the channel has been left clear, there are the expected phenomena, which, in instances, justify the descriptive term of "boom." All things considered, there is, therefore, no particular anomaly in the coincidence of such a boom with an unknown, but substantial amount of unemployment.

There is, of course, no boom in agriculture; indeed, the relief rolls in agricultural regions are high. This is particularly true in areas where curtailment schemes have reduced the demand for farm labour; e.g. in the cotton belt. But agriculture, if not booming, is at least doing so well that it does not at the moment constitute an acute political problem. Farm income, in the current year, is expected to equal that of last year, with a possibility of a small improvement. Earlier in the year, there was a prospect of a wheat surplus for export; the recurrent drought has diminished this probability, and if the small carry-over and the estimated crops are remembered, it does not seem likely that there will be wheat for export in any volume. On the other hand, the shortages in hogs and other livestock are being made up; the prices are below their last year's peaks, and consumption is expected to recover sufficiently to absorb the increased supplies at a satisfactory price.

While it is customary to speak of the American farm problem as if it were a unit, it is not a unit. There is an intermittent wheat problem—in the years when the Dust Bowl receives good rains, the United States produces a crop in excess of domestic consumption; when it does not, the crop does not greatly exceed domestic needs. It is these arid regions which were the centre of distress in wheat; and which became a source of distress for all grain farmers. This region was brought into production during the war, and it is questionable if it can be kept in production without some form of subsidy, of which several have been employed since the war.

The cotton problem is entirely different. Cotton is produced in two areas of different character, and at widely differing costs. Cotton can be produced West of the Mississippi in volume sufficient for domestic needs at a cost which the Eastern States cannot meet. The problem in cotton is not merely the problem of export markets; it is, like many others, a problem of economic sectionalism.

There are in the United States about 6,800,000 farms. Of these, about half represent single ownership by the operator, and about 700,000 represent divided ownership. Beyond this, there are almost 3,000,000 tenant farms, and

700,000 share-croppers. Total farm acreage is almost exactly 1,000 million acres; but the acres under cultivation are just over one-third of the total acreage. The total valuation put upon all farms in the census of 1930 was \$57,000 millions; and the total farm population, 33 millions. It is a truism to say that the problem of American agriculture is the conventional problem of the pressure of a fraction of marginal producer upon an entire industry; the practical difficulty arises from the diverse conditions which surround the marginal production in a diversified industry like farming.

Congress is still hopeful of adjourning on June 6th—three days before the Republican Convention. Of the two major items—taxation and relief—the attention of Congress is devoted to taxation; for its control over, or interest in, the relief appropriations has never been more than formal. The Senate has taken strong exception to the House form of the Tax Bill, largely on the ground that it favours the powerful corporation and penalizes the new or weakened enterprise; and on the two secondary grounds that its revenues are problematical and the form unnecessarily complicated. The Frazier-Lemke Bill for re-financing \$3,000 millions of farm mortgages with paper money was decisively defeated by the House. On several occasions, this measure has been regarded with grave apprehension; and earlier this year, even, it was watched with some concern, and passage by the House generally expected. Its defeat was due, as much as to anything else, to the outspoken opposition of the American Federation of Labour.

THE PRESIDENTIAL PRIMARIES

Outside of Washington, the primaries preliminary to the National Conventions are a centre of perfunctory interest. No serious opposition to the President's renomination has appeared in the Democratic Party, and it is not unlikely that the opportunity will be taken in Philadelphia to substitute a majority vote for the two-thirds vote hitherto required by the Democratic Party. In the Republican primaries, the delegations generally stand either for Governor Landon (Kansas) or are uninstructed. From the returns to date, it would appear that Governor Landon would be chosen quickly; but under the circumstances, the field is still open to a dark horse. Governor Landon's primary campaign has been anything but active; he has not travelled or made speeches, and his views on major questions have not yet been revealed.

In current business two facts stand out with equal clarity. Although the second quarter is half over, there is as yet little sign of the "seasonal recession," and hopes are accordingly expressed that, for a variety of reasons of which the Bonus is chief, the present plane of activity may be continued through the third quarter. The second fact is that although business in general is up to or beyond expectations, building, whether residential or non-residential, is not materially more active than in the last half of 1935. Contrasted with the optimism expressed at the end of last year, this is disappointing, and is not readily explicable.

NEW YORK, May 19.

FRANCE

GROWING SUPPORT FOR DEVALUATION

M. LEON BLUM will be charged by President Lebrun with the task of forming a Cabinet on June 5th. The Cabinet will be constituted rapidly and will appear before the Chamber on June 9th or June 11th. What, however, will be M. Blum's monetary and financial programme? When the new Government enters office it will first have to procure money. It will find the Treasury empty, and it will simultaneously have to face huge expenditure uncovered by revenue: 6,000 million francs for the extraordinary arms Budget, 4,000 million francs for the railway

deficit, and many more thousands of millions for public works. Moreover, the partial or total suppression of the decree-laws would increase expenditure still further.

There are only two methods of finding the money: "confidence" or coercion. For the time being there is no confidence and no possibility of launching loans. The Bank of France is therefore printing notes, and its commercial portfolio is already stuffed with 10,000 millions or 12,000 millions of Treasury bills. The first goal of the Blum Government must therefore be to reawaken confidence by some big change of policy. This might consist in a devaluation of the franc; for "the fear of devaluation seems to be more dangerous than devaluation itself." After devaluation capital would return, money would be abundant on the market, and there would be a chance for the State to issue loans at lower interest rates.

The Conservatives are ready for devaluation—the Bank of France probably because it considers it the only way of saving the remainder of its gold reserves; the industrialists because the alternative—reflation within exchange controls—would signify numerous incursions by the State into private business; and the economic experts because they consider that, as in the Belgian case, an "alignment" of French prices with international prices would assist foreign trade and internal business and so enable the State to find in increased fiscal receipts the means for its public works and military expenditure. Within the ranks of the "Popular Front," the Radicals are in favour of devaluation; the Socialists are mostly favourable; and *Le Peuple*, the organ of the "Confédération Générale du Travail," has just admitted that a surgical operation, if disagreeable, is better than an exhausting deflation. The Communists remain almost alone in favour of "defending the franc" and also of "soaking the rich," probably with the intention of launching the Government into an experiment in autarky after the example of Germany or Italy—a policy which has been condemned by both the Radical M. Daladier and the Socialist M. Blum.

The question now is whether the Communists will force the Government to maintain provisionally the internal value of the franc while allowing its external value to fall. It appears, indeed, that the Communists' political game has already begun seriously to complicate the task of M. Blum, and that their wild electoral promises, combined with the discontent likely to be provoked among the Left parties by personal difficulties, may well endanger the new Government's chances. It is possible that the Communists will show themselves more realistic in Parliament and will leave M. Blum the opportunity to "reorganise" the various national institutions, such as the Bank of France. But it may be that M. Blum's economic experiment will depend more and more upon considerations of foreign policy. In the matter of peace, just as in that of the franc and of economic liberty, the new Government will have to take account above all of France's national traditions, which are likely to prove stronger than even the present economic discontents.

PARIS, May 28.

GERMANY

THE DEMAND FOR COLONIES

WHILE the reply to Mr Eden's questionnaire has been delayed, the Colonial question has come into the foreground in official and industrial utterances and in the Press; and the curious claim that Germany should be given back her former overseas possessions as a condition for being allowed to violate the Locarno Treaty has been enthusiastically endorsed. The foundations of the demand are ostensibly legal and economic, the former being the invalidity of the whole Versailles Treaty, the latter the arguments, originally derived from Dr. Schacht, that the import of Colonial products would solve the raw materials and foreign exchange difficulties.

On this point optimistic calculations are published; the Reichsbank director, Dr. Eicke, affirms that 15 per cent. of the present imports of raw materials, worth Rm. 500-

600 millions, could be delivered by "Colonies," presumably the now mandated territories. The raw material argument is calculated to take in political innocents, who are mostly pacifists inclined to reject honest imperialistic considerations; naturally, therefore, the demand has gathered impetus from the British official intimation that changes in the distribution of natural resources might be practicable. But British official ambiguity on the Colonial question in the narrower sense has given still more impetus.

The Nazi Party's record in the matter of Colonies is instructive. Until he came to power, Herr Hitler condemned and derided Colonialism and *Weltpolitik*, holding with many authorities that it was the cause of pre-war Anglo-German antagonism. He recommended instead a narrow territorial militarism at the expense of Germany's Western and Eastern neighbours; and the only Colonies he promised were to be in West Russia and the Baltic Provinces. Germany's blunder before 1914, he held, was her attempt to combine European territorial policy with world policy, a combination beyond her power. Owing to the military restoration of Soviet Russia, the continued association of Great Britain and France, and the quarrel with Italy, the plan of European conquest has fallen into the background; and the Colonies possibly present a practicable substitute.

This implies that Germany's motives are not economic, but are motives of prestige and power. And that is a fact. The Abyssinian affair has helped. Now that it has been happily solved in Italy's favour, it is time for Germany to put in her claims. Restoration of Colonies is practically a German condition for re-entering the respectable League of Nations and of assisting Signor Mussolini therein in pushing the collective interest of peace.

RAW MATERIALS AND PHILANTHROPY

But, apart from political ambitions, and a friendly desire to relieve Great Britain of possessions which she is apparently afraid to defend, Germany has no motives. The raw materials argument is statistically unsound. Were it, however, sound, it would appeal to no Government except the philanthropic Government of England. In economic matters all countries pursue the narrowest policies of self-interest, administering their special resources solely for their own profit. In this way before the war the German potash monopoly was exploited; and the same policy is pursued to-day in so far as it is practicable in view of the loss of Alsace-Lorraine and the competition of Spain and Russia. In supplying the world with industrial goods of the kinds officially classed as "monopoly-like" (*monopolartig*) Germany fully exploits her advantages by imposing unfavourable sale and price conditions. Her whole system of foreign trade and exchange regulation is inspired by a resolution to exploit the world's needs. If there is an unfairness needing remedy in the present distribution of the world's goods, equity could certainly not be attained by considering Colonial resources independently of home resources; indeed, Germany's argument is based on the paucity of her own resources. This raises the question whether if Great Britain were to grant Germany favours in the matter of tin or rubber, she could demand compensating favours from Russia or the United States in the matter of oil, or whether Germany herself would grant favours to Italy and Sweden in the matter of her superfluous coal. Nobody expects any such thing. It seems therefore, that raw materials is a catchword to be used at the cost of the British Empire alone.

But this raises the consideration that as Great Britain, as is believed, wants peace at any price, the weakness of German arguments counts for nothing if only Germany can be satisfied. Greater equality of resources, it is affirmed, would remove dissatisfaction, justified or unjustified, and conduce to peace. This argument assumes that a natural, absolute, and ideal redistribution of territory and resources might be attained, and that once attained it would be permanently upheld by beneficent Nature. Historical grounds for this assumption are hard to find. Were Germany satisfied by Colonial or raw material concessions—which she would probably not be—Poland or Yugoslavia, or some other developing country might prefer an equally plausible demand. Indeed, a

more plausible demand. For although Germany to-day has no Colonies and has meagre home resources, her Government claims that she has already attained almost perfect prosperity. The same Dr. Schacht who thinks that Colonies would solve German exchange difficulties, simultaneously rebukes England, the United States and other countries for their distressful currency anarchy; and the Nazi Party, holding that Germany cannot even exist without Colonies, promises that within one year she will have no unemployed at all.

PROSPERITY IN STEEL AND MACHINE TRADES

Industrial reports are on the whole satisfactory. The annual company reports, most of which have now appeared, are being criticised on the ground of alleged excessive writing-down and accumulation of reserves; and it seems that many directors feel doubt about the duration of the present activity. Steel export orders are coming in well. Coal production in the first quarter year was 51,055,500 tons—without Saar production 49,188,100 tons—against 44,778,200 tons, also without Saar production, in the first quarter of 1935. The machine manufacturing trades are active, and were employed in April to 74 per cent. of potential capacity. Some machine manufacturing firms already report a shortage of skilled labour. The export of machinery in the first quarter of 1936 reached 74,000 tons, which is at the rate of nearly 300,000 tons a year, as against 255,000 tons in 1935, nearly the same quantity in 1934 and 700,000 tons in 1930. The value in each of the last two years was Rm. 418 millions, against 1,400 millions in 1930. Exports of machinery to industrial Europe have not recovered, but there have been marked increases in sales to South-East Europe and to South America. The same is true of the export of electrical machines and electro-technical accessories.

National income from wages and salaries (including official) in the first quarter of this year is returned at Rm. 7,997 millions, as against Rm. 7,412 millions and Rm. 6,070 millions (recent lowest) in the same quarters of 1935 and 1933 respectively. (Figures after February, 1935, include the Saar.) A report on the settlement of peasants on new farms, three of which are in the Eastern provinces, shows that the number of new settlers is not increasing, but that the average size of new farms is some 75 per cent. greater than in pre-Nazi years. Settlers are now being chosen on "race-biological" principles, which means in fact that they must be physically healthy and have large families.

The Reich-owned Railways Corporation returns its operating profit in 1935 at Rm. 152 millions, as against a profit of Rm. 24 millions in 1934 and a loss of Rm. 136 millions in 1933. Goods traffic increased in volume as compared with 1934, by 14.2 per cent., and passenger traffic (numbers carried) by 9.5 per cent. Goods revenue increased 8.6 per cent. and passenger revenue 7.8 per cent. Total receipts were Rm. 3,586 millions, which was Rm. 260 millions more than in 1934. The deficit on the whole account, due to fixed charges, compensation reserve, contribution to the Reich, and dividend on preference shares, in all Rm. 228 millions, was not made good.

Money last week remained fluid, but the month-end demand set in earlier than usual. The reduction of the market discount rate of 2½ per cent. caused a slackening in the demand for Gold Discount Bank promissory notes. The day loan rate early this week was 2½-¾ per cent. June usually brings an increased demand for money, and an increase in the market rate is discussed. The commercial returns for April 30th indicate increased liquidity.

May 26.

POLAND

THE GENERALS TAKE CHARGE

The reconstruction of the Cabinet, expected for several weeks, took place on May 15th, when President Moscicki, to the surprise of public opinion, entrusted the task to General of Division Felician Slawoj-Skladkowski, who is now Prime Minister and Minister of the Interior. M.

Zyndram-Koscialkowski, who became Prime Minister last October, has been given the Ministry of Labour and Social Welfare in the new Cabinet.

General Slawoj-Skladkowski was Minister of the Interior in 1930 during the "pacification" of the Ukraine, and the "clean up" of the Opposition when many Deputies of the Left on the eve of a General Election were sent to the fortress of Brest-Litovsk. Some of the leaders subsequently fled from Poland, and have never returned—the most prominent, M. Witos, the peasant leader, being in Czechoslovakia. M. Witold Grabowski, appointed Minister of Justice on May 15th, was the prosecuting attorney at the trial of the Opposition deputies. The new Ministry has been called "A Cabinet of Contradictions."

General Slawoj-Skladkowski on numerous occasions was the man selected by the late Marshal Pilsudski when there was a "heavy job" to do in the pacification line, and he worked very effectively. The decision had to be reached on May 15th, whether to continue the move to the Left which began last October with the appointment of M. Zyndram-Koscialkowski, and hope to bring about a working arrangement with the peasants similar to that made with the Ukrainians, so that the Government could obtain a substantial measure of public confidence, or to double back to the Right and call in the Army. The latter course was adopted, and General Rydz-Smigly, the Marshal's successor as Inspector-General, nominated General Slawoj-Skladkowski for the Premiership, and by so doing virtually guaranteed that the Army would "see him through." There is accordingly now no hope of reaching an understanding with any important Opposition group.

Roughly, one-third of the population might be termed Nationalists (the Right Opposition) and one-third peasants (the Left Opposition). The remaining third are Ukrainians, Jews and the business and professional interests which support the Government for various reasons—the Ukrainians because they find it possible to work with M. Zyndram-Koscialkowski; the Jews because the Nationalists and peasants are strong anti-Semites, the business and professional classes because they want internal security and do not much mind how it is obtained.

The situation is very difficult. Parliamentary Democracy up to May, 1926, when Pilsudski "took over," was unable to give Poland stable and responsible government. Pilsudski in the next nine years gave the country that, but without destroying Parliament or losing touch with public sentiment. He knew there was nothing permanent about a dictatorship. If his followers think they can make it permanent by bringing the Army into the Government, they need to be told before the experiment goes too far that it is doomed to failure.

"MILITARY" PUBLIC WORKS

The new Cabinet will doubtless go ahead with an extensive public works programme to relieve unemployment—but from the military rather than the purely economic angle. Dr. Byrka, who was appointed President of the Bank of Poland on May 14th, one week after the resignation of Colonel Adam Koc, has stated that there will be neither inflation nor devaluation of the zloty; and the continued presence of M. Kwiatkowski at the Ministry of Finance is regarded as an assurance that his balanced Budget, which has been so difficult to attain, will be maintained, if at all possible. But the Army will have the last word.

With Colonel Beck remaining at the Foreign Office as the acknowledged custodian of "the Marshal's testament," no change need be expected in foreign policy. Economic influences are bringing Poland and Germany closer together, and seem likely to further the process; but there is a wide gulf between them politically, just as there is between Poland and Soviet Russia. The tendency at present is to seek a close understanding with the Baltic and Scandinavian countries.

A Decree was published on May 8th establishing official control over foreign trade, with the technical prohibition of all imports, so as to "harmonise" with the *devisen* "control" introduced on April 27th. Also on May 8th, Poland denounced the commercial treaty with France, concluded in 1924, which for several reasons does not "har-

monise" with the foreign trade and *devisen* controls. Other commercial treaties of the "old type" (this does not include the one with Great Britain concluded last year) will be denounced and the decks cleared for "compensation trade" treaties of the type arranged with Germany last year, and with a number of other countries.

While the "compensation trade" problem can be solved without much difficulty—that is, from the official side—in the case of Germany, Austria, Czechoslovakia, Soviet Russia, Roumania, etc., the Decree of May 8th may lead to serious difficulties with countries like the United States, Brazil, Australia and Egypt, which supply Poland with necessary raw materials for which they require payment for the most part in sterling or dollars. About 60 per cent. of Poland's foreign trade is now covered by "compensation" agreements.

Difficulties will also be experienced over Jewish emigration to Palestine. Jewish emigrants are known to have taken about £11 millions from Poland to Palestine in the last three years, and, while the authorities have no desire to place any obstacle in the way of Jews leaving Poland—they wish, in fact, as do the Jews themselves, that it was on a much larger scale—the exodus of capital cannot continue unchecked.

WARSAW, May 20.

JUGOSLAVIA

GERMAN ATTEMPTS AT PENETRATION

THE struggle between France and Germany for the allegiance of Yugoslavia has been much intensified of late. It is common knowledge that the cessation of French financial help since 1931 and the murder of King Alexander on French soil have considerably cooled relations between France and Yugoslavia. More recently, the failure of France to give more than minimal assistance to Yugoslav export trade in recompense for Yugoslavia's heavy losses on sanctions, the closer Franco-Italian co-operation, and the French sabotage of the League, have put a definite strain on these relations. Germany, fully aware of this, is making a great effort to capture Yugoslavia for herself, and indeed, her political propaganda, greatly increased of late, is meeting with some measure of popular success.

In spite of this, however, Germany is far from having won over the Government. The latest declaration of the Little Entente countries, specifically emphasising the identity of policy of the three countries towards Germany, Austria, Russia and the League, is an unmistakable sign, in view of the Czech attitude, that Yugoslavia has not yet been drawn into the German orbit. Further, since the accession of Prince Paul to the Regency, Yugoslav policy has become much more sensitive to British influence, and the final attitude of Great Britain towards the Franco-German problem is bound to be of extreme importance. Lastly, also, the victory of the Front Populaire and the return of France to a League policy, cannot fail to have a profound effect on Yugoslavia's final attitude.

Germany's strongest weapon is her economic pull on Yugoslavia. She has made use of Yugoslavia's export difficulties as a result of sanctions to buy up much of her accumulated export surplus, and has run up a debit account which at one moment reached nearly 500 millions dinars. Payments on the clearing account now lag by nearly ten months. In order to thaw at least a part of these frozen credits, the Yugoslav Government has accepted the German suggestion that more goods should be bought from Germany. Already German firms are profiting by this policy. Krupps have obtained the contract for the reconstruction of the Zenica iron foundries; and other firms have secured large orders for railway material and metal goods under the Government rail and road schemes; and there is talk of a German contract for a Sava bridge at Zagreb.

To hasten further the unfreezing of the credits in Germany, the Government has now introduced a system

of import control, which is to come into force on June 1st. It has declared, of course, that this control is not intended to injure other countries, although it is hard to see how damage to other industrial countries can be avoided in view of the vital articles included in the list of controlled imports, such as coal, machinery, yarns, mechanical and electrical goods. In fact, statistics show that imports from Germany rose during the past quarter from 59.8 millions to 88.6 million dinars; and this, together with a fall of exports, combined to reduce Germany's debit on the clearing account to 420 million dinars by the middle of May.

The first result of the Government's announcement of import control has been a rush to secure stocks of foreign goods; and hence imports during March, amounting to 420 million dinars, show an increase of no less than 37.21 per cent. over March last year (284.2 million dinars). Trade figures for the quarter read:—

	1935		1936	
	Exports Mill. Tons	Imports Mill. Tons	Exports Mill. Tons	Imports Mill. Tons
March	288,600	362.1	64,600	284.2
Total for 1st quarter	688,200	867.3	171,600	769.8
			198,700	345.5
			468,200	849.3
			250,600	1,056.2

The Budget returns for the financial year 1935-36 show a revenue of 9,757 millions and an expenditure of 9,202 millions. The apparent surplus of 555 millions, however, must be reduced first by 253 millions, which is the sum of outstanding accounts, and further by extraordinary expenditure not provided for in the Budget.

The Ministry of Finance's figures give the total of internal debt on April 1st as 5,400 million dinars as against the original issued figure of 6,288 millions. The reduction during the past year was 102 millions. To hasten the liquidation of the floating debt, the Government has issued 4 per cent. Treasury Bonds to the value of 500 million dinars.

Many Yugoslavians have been hit severely by the collapse of the Phoenix at Vienna, which had extensive business in this country. This has produced an agitation for better legislation, more adequate protection, and stricter control of insurance companies.

BELGRADE, May 26.

CHINA

THE GROWTH OF SMUGGLING

THE attention of the world has recently been directed to the large-scale smuggling in North China which is paralysing the trade of Tientsin and other ports in "autonomous areas." Smuggling in the South may not be so spectacular, but has been steadily developed since 1929, when the uniform Customs tariff of 7½ per cent. was replaced by a high range of duties. The Hongkong authorities go to considerable trouble in their efforts to suppress illicit trading, but it is a hopeless task and a steady stream of merchandise filters into the country without appearing on a ship's manifest. In addition, regular shipments from Hongkong to foreign colonies, such as Macao and Kwong-chow-wan, are obviously destined to be smuggled into China. The latest activity in irregular trade is the sudden rise of exports of Japanese piece-goods from Hongkong to the Philippine Islands. A gentleman's agreement between the United States and Japan restricts the importation of Japanese cottons into the Philippines, but it appears that the quota is being circumvented by trans-shipping such goods in Hongkong. According to the Manila Bureau of Customs the normal monthly importation of textiles from Hongkong does not exceed 50,000 square metres. During March, however, the actual imports amounted to over 3¼ million square yards.

The time is fast approaching when there will be through connection by railway between Canton and Hankow. The last remaining section is expected to be completed by the end of June, and a full service of trains should be possible by the autumn. The next development awaited is the linking up of the Canton-Hankow Railway with the

Canton-Kowloon Railway, so providing a through connection between Hongkong and the Yangtse. Unfortunately there is considerable opposition to the construction of a loop line, a matter of a mile or two, as many Canton merchants fear that the benefits to be derived from through traffic with the Yangtse will be diverted from Canton to Hongkong.

Hongkong has now enjoyed for one month the boon of a weekly air mail service inward and outward. Letters posted in London on Saturdays reached here only ten days later on every Tuesday morning in April. The mails are brought by the Imperial Airways' liner Dorado, which flies between Penang and Hongkong, staying overnight in Tourane. There are now possibilities that the trans-Pacific Clipper service may make its terminus in Hongkong instead of at Macao as at present arranged.

CHIANG KAI-SHEK AND THE COMMUNISTS

An important conference was held in Yunnanfu recently, at which Marshal Chiang Kai-shek met various military leaders of the Western Provinces to discuss further action against Communist forces. The Communist threat is a vast problem in a country with scanty means of communication, but it is to the credit of Marshal Chiang that he has never shirked it.

Sir Frederick Leith-Ross is probably justified in his restrained optimism about China's ability to manage her currency, but it is difficult to see from what source money can be borrowed to tide over the not inconsiderable period before a balanced Budget is possible. The semi-independence of Kwangtung and Kwangsi and the precarious position of the provinces north of the Yellow River have greatly diminished the value of Customs revenue as security for a loan. Apart from the Customs, it is doubtful whether China has anything to pledge, and presumably neither Governments nor investors will advance funds on note of hand alone.

The trade returns of Hongkong for the first quarter of this year show very little variation in local currency values from those of the first quarter of last year. There is, however, a big decrease in both imports and exports when converted into sterling, due to the fall of the Hongkong dollar from an average of about 1s. 10½d., over the first three months of last year, to 1s. 3½d. for the corresponding period of 1936. The following are some comparative figures in millions:—

	1st Quarter of				
	1932	1933	1934	1935	1936
Imports	\$170.7	132.8	95.8	97.3	98.2
	£ 11.9	8.5	7.1	9.0	6.3
Exports	\$127.0	105.3	77.5	74.8	76.0
	£ 8.8	6.8	5.8	6.9	4.9
Percentage of Total trade.					
China	25.4	28.8	33.5	33.8	33.4
Japan	2.7	4.2	8.1	10.3	12.3
U.S.A.	8.9	9.0	5.9	8.4	9.5
U.K.	14.8	12.0	8.8	7.5	6.6
Germany	3.8	3.7	2.9	4.1	5.3

The combined imports and exports in sterling for the first quarter of this year show a falling off of nearly 30 per cent. from last year's figures. This suggests a very serious contraction in the volume of trade, about two-thirds of which is carried on with countries whose currencies are sterling or pegged to it, directly or indirectly. The further decline in the proportion of trade with the United Kingdom is regrettable, but it must be remembered that the percentage of exports to the United Kingdom for the first quarter of 1932 included abnormal amounts of piece-goods, partly on account of the anti-Japanese boycott and partly due to over-trading.

It is certainly disappointing to find that the brighter outlook for Hongkong at the end of 1935 has not so far been justified by trade statistics. It may be that the first quarter's trade returns do not reflect the true state of current business. There has certainly been some improvement and undoubtedly there is more money in circulation. Orders for retail stores have been booked during the past few months on a much bigger scale than at any time during the past three or four years.

HONGKONG, May 10.

BRAZIL

BRITISH TRADE LOST TO GERMANY

THE outstanding feature of the 1935 trade returns is the very large increase in trade with Germany and the decrease of trade with the United Kingdom. Total trade figures for 1935, in pounds sterling and in contos, are as follows:—

	('000)		
	1934	1935	Per cent.
Exports	58,146	54,961	- 6.0
Imports	41,937	45,912	+ 9.0
Export surplus	16,209	9,049	-43.0
	(Contos '000)		
Exports	3,459	4,104	+18.5
Imports	2,503	3,856	+54.0
Export surplus	956	248	-74.0

The volume of imports and exports may be expressed as follows:—

	('000 tons)		
	1934	1935	Per cent.
Exports	2,185	2,761	+25.5
Imports	3,971	4,295	+ 8.4

As more than 50 per cent. of Brazil's foreign trade is with the U.S.A., the United Kingdom and Germany, the figures for these countries are of some interest:—

	('000)			
	1932	1933	1934	1935
U.S.A. :—				
Brazilian exports to ...	23,488	24,657	22,702	21,674
Brazilian imports from ...	9,193	8,788	9,925	10,722
Brazilian export surplus	14,295	15,869	12,777	10,952
United Kingdom :—				
Brazilian exports to ...	3,598	3,949	7,013	5,086
Brazilian imports from ...	5,845	8,067	7,188	5,705
Brazilian import surplus	2,247	4,118	175	619
Germany :—				
Brazilian exports to ...	4,557	4,285	7,610	9,075
Brazilian imports to ...	2,744	4,959	5,878	9,386
Brazilian export surplus	1,813	-674	1,732	-311

The above figures show that, compared with 1934, the value of German imports into Brazil increased by £3,508,000, or 88 per cent. of the total increase of imports into Brazil. The United States gained £800,000 and the United Kingdom lost £1,480,000. But if 1932 and 1935 are compared, Germany increased its sales to Brazil four times and doubled its purchases.

This abnormal increase in trade with Germany is to a large extent due to the "Compensation Mark" arrangement, which gives the importer from Germany a 30 to 35 per cent. price advantage over its competitors dealing in free currencies. The loss in British exports, however, is also largely due to British exporters' lack of knowledge and understanding of local conditions, their unwillingness to meet local market demands, their usual insistence on "cash against documents United Kingdom" terms of payment, and the lack of long-term credit facilities in the local British banks, which are of less help to an importer of goods from England than the League of Nations has been to Abyssinia. In order to regain lost business the British exporter and manufacturer should get away from his usual "take what we offer standpoint," and instead try to supply what the market wants and facilitate long-term payments either through existing banks or through a special discount house. It will be seen that these obligations have been very fully discharged.

The Banco do Brazil recently published its 1935 report, which showed that the yearly average cash balance was 284,000 contos, or about 10.6 per cent. of total deposits. At the closing of accounts for the 1935 fiscal year (January 31, 1936) the Federal Government's obligations to the bank amounted to 652,226 contos, against 842,629 contos a year ago. The debits of States and Municipalities to the bank decreased from 530,700 to 529,300 contos. In the same period the National Coffee Department reduced its indebtedness from 737,000 to 600,000 contos.

The Government continued to purchase gold through the Banco do Brazil in 1935. Moreover, Brazil regularly met her foreign obligations during the year, and commercial collections have been obtainable without any difficulty. The following remittances were made at the official rate of exchange through the Banco do Brazil:—

	£	Contos	%
External debt service	9,233,674	61.1	
Federal	4,691,186		
States and municipalities	3,048,301		
Expenses of 1931 Funding Loan	27,702		
Part not applied during year by National Coffee Dept.	1,446,485		
Liquidation of commercial arrears	5,805,428	38.4	
European (1933) Agreement ...	853,114		
U.S.A. (1933) Agreement	488,025		
French (1934) Agreement	57,225		
January (1936) payment	185,847		
Other liquidations commercial arrears	4,221,217		
Imports of newsprint paper	76,198	0.5	
Total	15,115,300		

RIO DE JANEIRO, May 24.

CANADA

HUGE BUDGET DEFICIT

THE country has been staggered by the size of the Federal Budget deficit for the year 1935-36, \$162,191,000. It was at least \$20 millions more than the financial experts had been predicting. Some of the special expenditures, such as the cost of the Bennett Ministry's adventures in the Winnipeg wheat market, were abnormal and will not be repeated. But, although the main and supplementary estimates for 1936-37 show a reduction of total expenditures to \$509 millions, as compared with \$534½ millions last year, there was left to be bridged a huge gap between them and the revenues promised for the current year on the existing basis of taxation, which the Treasury officials estimate at \$377½ millions. The achievement of a balanced Budget would have entailed an increase in taxation by about one-third. So Ministers have contented themselves with attempting to keep the deficit for the current year below \$100 millions by raising an extra \$30 millions, of which \$23 millions will come from an increase of the rate of the sales tax from 6 per cent. to 8 per cent., and \$6 millions from an increase in the corporation income tax from 13½ to 15 per cent. The increase in the sales tax will certainly raise the cost of living and will press with particular severity upon the poorer classes.

The tariff changes are being accepted by the general public as a reasonable second instalment, following the Canadian-American Treaty, of the Liberal Party's promise to reverse the high protectionist policy of the Bennett Government. But the elimination of the specific duties on a long list of cotton and rayon goods, which virtually cuts the protection available to the domestic manufacturers in half, has enraged the latter, who contend that they will be exposed to ruinous competition from Britain. However, the two most important rayon corporations have close connections with parent companies in Britain and will probably be able to make some arrangement to divide the market. For the appeasement of the farmers the duties on farm implements, which were reduced from an average of 25 to 12½ per cent. by the Canadian-American Treaty, have been cut further to 7½ per cent.

Mr Bennett's general criticism of the tariff changes has been pitched in an unexpectedly moderate key; and one reason for this is the fact that the King Government has taken the shrewd course of basing most of the important tariff changes upon recommendations made by the Canadian Tariff Board which the Bennett Ministry had appointed. Mr Bennett's lead has prevented Conservative criticism of the Budget from being serious, and the Opposition has moved no amendment. But the spokesmen of the C.C.F. (farmer-labour) Party have assailed it as a thoroughly Tory Budget.

The Government's Bill for unemployment relief and agricultural rehabilitation has encountered considerable criticism even from some of its own supporters. Ministers,

under pressure, found it necessary to enlarge their programme of special public works; and supplementary estimates of \$124½ millions which were tabled on April 22 provide for the expenditure of about \$60 millions on projects of various kinds throughout the Dominion; they also included \$26 millions for relief grants in aid to the provinces; and so, after allowance for normal new public works is made, the relief expenditure for the current year will be rather larger than for 1935-36. The severest critic of the Government's unemployment programme is Mr McGeer, Mayor of Vancouver, a Liberal, who contends that the Government is labouring under the same delusion as its predecessor, namely that a cure for unemployment can be found without drastic reforms of the monetary system. He has exhorted the Cabinet to follow the example of the British Government, which, he said, has demonstrated that a managed currency is within the power of modern Governments.

DISAPPOINTING BUSINESS RESULTS

Business conditions have shown the usual spring improvement; but it has not been as marked as usual, and there has been some curtailment of manufacturing operations as the result of uncertainty about tariff policy. The Bureau of Statistics' Employment Index for April 1st had fallen to 97.4, compared with 98.9 on March 1st; but it was higher than the figures of 93.4 and 93.1 recorded for April 1, 1935 and 1934, respectively. The figures for new construction during April were also disappointing, though the mining industry continues to expand.

There was some disappointment with the results of the first quarter of 1936, but the economic index of the Bureau of Statistics for that quarter averaged 106.0, as compared with 100.3 for the parallel quarter of 1935. The following table shows that each of six components of the index made gains in this comparison.

	First Quarter 1935	First Quarter 1936	Increase (+) Decrease (-) Per Cent.
Carloadings (13 weeks) ...	555,149	544,758	- 2.0
Wholesale Prices	71.8	72.6	+ 1.1
Inverted index of Bond Yields	139.3	140.5	+ 0.9
Bank Clearings*	3,577,760,592	4,399,150,602	+ 23.0
Common Stocks	88.7	121.1	+ 36.5
Shares Traded	3,202,884	7,393,737	+130.8
Economic Index	100.3	106.0	+ 5.7

* Includes totals for Ottawa.

Visible stocks of Canadian wheat on April 17th were placed at 197,786,436 bushels, as compared with 200,588,005 for the previous week, and 222,134,147 bushels on the parallel date in 1935. Total exports of wheat and wheat flour in the first eight months of the crop year, August to March inclusive, were 161,637,346 bushels, compared with 126,399,210 in the previous parallel period. Although this represents a substantial gain, the pace of the export movement is not good enough to reduce the carry-over to reasonable dimensions by July 31st. It is held, however, that Canada is in a very good statistical position in the international wheat market.

The foreign trade returns for March were again very

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encouraging. Exports (foreign and domestic) were valued at \$73,113,800, compared with \$59,026,422 in March, 1935; and imports were valued at \$52,904,793, compared with \$48,176,831. For the full fiscal year 1935-36 the total value of exports was \$779,104,691, compared with \$667,558,958 in the year 1934-35; and the total value of imports was

\$562,942,763, compared with \$522,416,844. In the year 1935-36 exports to the countries of the British Commonwealth had a total value of \$377,645,000, a gain of 12.6 per cent.; and imports from them had a value of \$173,889,000, a gain of 10.7 per cent.

OTTAWA, May 10.

BOOKS AND PUBLICATIONS

MAKING POSTERITY PAY*

THE Chancellor of the Exchequer has introduced the largest peace-time military Budget in Britain's history. Hurriedly we are trying to remember the lessons of the last war; we talk of the necessity of a Government costing system to prevent profiteering, of Government organisation of industry for munitions production, of building up food stock, and so on. But the one great economic error of the war, we are apparently going to repeat. Mr Chamberlain has informed us that it is a proper thing to raise money for defence expenditure by loan, and so pass on some of the burden of war to the coming generation who doubtless will be as patriotically grateful to us as we are for our own legacy. Mr Fairer Smith's devastating analysis of the origin of that legacy of War Finance and its consequences, could have appeared at no more appropriate moment.

The case against loans for war is simple and unanswerable. The economic effort of waging war can be made only at the time the materials of war are made, the munitions used, the soldiers killed, the civilians gassed; it cannot be passed on to the next generation. If you cannot increase your production or diminish your civilian consumption sufficiently to meet your war needs, posterity cannot see you through. It is merely a question *whose* consumption is reduced during the war, and what consequences it has on the distribution of income afterwards. If the only alternatives are inflationary loans or heavy direct taxation, the choice is between, on the one hand, imposing part of the burden on the poor through rising prices and bribing the rich by the prospect of interest payments to bear their share of the burden, or, on the other hand, imposing most of the burden on the rich through taxation without any subsequent redistribution in their favour. The former method was adopted on a large scale during the war. As a result, nearly 20 years afterwards we are raising nearly one-third of our total Budget revenue in order to pay it to a small part of our population which has claims against the nation.

The vast majority of those claims were bought originally out of war profits, or with money borrowed from the banks. And the banks were able to lend for such purposes only because the Government by creating securities (on which it paid interest), and by public expenditure, expanded the basis of bank credit. The Government might have used its powers directly to finance war production without incurring any interest burden; it might have raised more of its revenue by taxes, as it should have done; in fact, it chose the primrose path of loans for war, with the corollaries of inflation, profiteering and inadequate taxation. As the wealth of the country was dissipated in war, claims to wealth increased by leaps and bounds; and the consequent piling up of the national debt wiped out some part of the success previously made toward greater equality of wealth. It is that the choice between different methods of war cannot postpone the absolute fall in consumption. It does do is to alter the distribution of incomes both before and after the war.

Mr Smith's case, and he certainly makes it look strong. Ruthlessly he quotes from the speeches of our war-time bankers and financiers, our politicians and our Chancellors. His extracts from "Hansard" are a terrible commentary on the financial ineptitude of our war-time governments, under advice from the City. His indignation sometimes gets the better of his sense of order and clarity; but some indignation is desirable if the same mistakes are not to be repeated in the future.

* "War Finance, and Its Consequences." By F. Fairer Smith. Faber and Faber. 320 pages. 12s. 6d.

SHORTER NOTICES

"France To-day." By Maurice Thorez. Gollancz. 255 pages. 5s.

The accession of the Front Populaire Government to power this week-end has drawn general attention to the economic and political crisis in France which is discussed by M. Thorez in this book. M. Thorez is General Secretary of the French Communist party and one of the architects of the Front Populaire. The first part of his book examines the effects of the financial crisis in France. M. Thorez wishes "not to make a detailed study of the crisis, but only to note its social and political repercussions." He gives figures in support of the Marxist theory that the development of capitalism is accompanied by the concentration of industrial and financial concerns and the gradual decline of the small producer into the ranks of the proletariat. M. Thorez accuses certain members of the French financial and industrial oligarchy (which he shows to be one and not two oligarchies) of urging a deflationary policy in order to prolong the crisis and so ruin their weaker business competitors. In the first part of the book he thus describes the economic background, as he sees it, of that concentration into two extremes which is shown in the political field by the creation of the Fascist Leagues and the Front Populaire.

Though he maintains his analytical method in describing the former, his account of the latter is disappointing. The later chapters are repetitive and savour more of election addresses than historical analysis. Nevertheless, these chapters have some interest. In one, M. Thorez gives the programme of the Front Populaire, in another, "The Programme which the Single Party of the Working Class Proposes to Carry Out when in Power," which is much more like the Communist programme. "France To-day" is a lively and interesting book, which, incidentally, illustrates not only the need, but the very great difficulty, of forming a united "Popular Front" in France.

"Money Matters." By F. J. Scanlan. P. S. King and Son, Ltd. 156 pages. 6s.

In this book the author of "The Pound's Progress" once more takes up the cudgels in defence of recent British monetary policy. The first few chapters, dealing mainly with the problem of gold and the position of France, are lucid and interesting. This is particularly true of the chapter on judicial interpretations of the "gold clause" in various countries, by which governments have nearly always been successful in altering contracts on the principle—"Salus populi, suprema lex."

The author then goes on to discuss the internal recovery of Great Britain. He makes the familiar point that this has been far more important than the recovery in foreign trade, but fails to give a clear picture of why this has been so. His most important omission is an analysis of the effect of cheap money, particularly in promoting a recovery in building, and he has made no attempt to link up budgetary and tariff policy with the fall in interest rates. Nor is his treatment of foreign trade very helpful.

The chapter on banking policy is mainly devoted to attacks on banking nationalisation. There are few signs, however, that the author has made himself familiar with the chief arguments in favour of nationalisation, so that the greater part of his defence of our existing institutions is not as effective as it might be. He appears to be suspicious of the claim that banks can create credit, and to adhere rigidly to the view that banks "cannot lend unless trade and industry require to borrow from them," once again overlooking the vital factor of the rate of interest.

There are several factual inaccuracies which should be noted, for instance (page 64), the statements that the number of unemployed in 1935 was "double the number in 1930," and again (page 120), that in America unemployment was a "negligible" amount in 1929.

Public Control of Road Passenger Transport. By D. N. Chester. Manchester University Press. 221 pages. 8s. 6d. net.

Much of the difficulty in forming a balanced view of road and rail competition arises from the rapidity with which changes in the structure of the road transport industry have taken place in recent years. In Mr Chester's orderly work we are presented with a cross-section of the industry at the present moment.

The first part of the book is a commentary on the available statistics, and probably the most interesting section is that on the size of road passenger transport concerns. It is curious that numerically the very small operator still predominates; 43.6 per cent. of operators own one vehicle, and 82.6 per cent. have less than five vehicles each. On the other hand, the tiny minority of very large operators owns the majority of the vehicles; London Transport, for instance, owns more vehicles than all the one- and two-vehicle operators put together. Mr Chester does not attempt to generalise widely about the optimum size of operation, but he indicates that "there seems no reason to believe that large-scale is cheaper than small-scale operation." But "differences in size of operation are bound up with differences in the type of service provided," and the virtual exclusion of the very small operator from urban stage-carriage work is an example.

The second part of the book is a careful study of the methods and effects of statutory control. The somewhat empiric manner in which certain problems facing Traffic Commissioners have been solved is noted, and also the effect of the Minister's General Directions to Commissioners.

A chapter on "The General Transport Problem" concludes the book. Mr Chester writes lucidly on the current compromise between competition and monopoly. How far there is still "real" competition between road and rail is a matter of opinion. The battle for freight traffic is still being waged between the railways and the holders of "A" licences; but in passenger traffic the position has greatly changed since the Royal Commission on Transport heard the railways' grievances stated. As Mr Chester observes, "the same argument for competitive equality in the matter of control may now be used on behalf of the road transport interests." Railways can reduce their fares and increase their facilities without reference to the Traffic Commissioners; and there can be little doubt that their fare policy and better services have in the past few years attracted a considerable amount of traffic away from the roads. Still, in the background of the picture there is a silent witness—private transport.

"Trade Unionism and Labour Disputes in India." By Ahmad Mukhtar. Longmans, Green. 251 pages. 10s. 6d.

The Indian Trade Union Movement is still in its infancy, not so much in years—as early as 1884 strenuous efforts were made to establish the movement along more or less Western lines—but in organisation and leadership. Leaders are still drawn largely from the middle classes; central co-ordination is sadly lacking; many Unions have only a transitory existence; and the objects and policy of Unionism are ill-defined. The general public, and many Trade Union members, also, are ignorant of the legal position of Trade Unions in India, and have little appreciation of Trade Union principles and methods.

If Unionism is to develop along sound lines in India, if the best use is to be made of existing Trade Union legislation, and if disastrous industrial disputes are to be avoided, or at least lessened, it is essential to spread a better knowledge of the whole subject. For this reason Professor Mukhtar's little volume on "Trade Unionism and Labour Disputes in India" is to be warmly welcomed. The author gives a historical review of the development of Trade Unionism and of the course of labour disputes in India, and summarises the present position of the movement and of Trade Union law. If he throws little new light on the more fundamental problems involved, or even on the broader aspects of the movement in India, he does at least provide a handy summary of the main facts and statistics; and it was a happy idea to print the main Indian Acts on the subject in Appendices.

"Planning under Socialism and Other Addresses." By Sir William Beveridge. (London) Longmans, Green and Company. 142 pages. 3s. 6d. net.

Sir William Beveridge has reprinted his ten-minute broadcast addresses in the News-Service of the B.B.C. during 1935, together with his Herbert Spencer Lecture before the University of Oxford on "The Economic Implications of Planning under Socialism." The title essay is as good a short and popular exposition of the problems of economic planning as can be obtained anywhere. Many of the addresses discuss unemployment and will be found particularly interesting, coming from the chairman of the new Statutory Committee on Unemployment Insurance.

BOOKS RECEIVED

The Mathematical Theory of Finance. By K. P. Williams. (London) Macmillan. 280 pages. 12s. net.

Germany and the Rhineland. A Record of Addresses delivered at meetings held at Chatham House on March 18, March 25 and April 2, 1936, by the Hon. Harold Nicolson, Sir Norman Angell, and the Marquess of Lothian. (London) Royal Institute of International Affairs, St. James's Square, S.W.1. 72 pages. 1s. net.

A record of addresses, together with comments by various experts on international affairs, at meetings recently held at Chatham House.

Agricultural Organisation in New Zealand. By H. Belshaw and others. (London) H. Milford. 818 pages. 21s. net.

The Agricultural Register, 1935-6. (Oxford) Agricultural Economic Research Institute. 407 pages. 5s. net.

Soviet National Economy. A Record of Progress in 1935 and Estimates for 1936. By W. P. and Z. K. Coates. (London) Anglo-Russian Parliamentary Committee, 6 Buckingham Street, W.C.2. 69 pages. 6d. net.

Dictionary of Economic Terms. Tenth edition. Revised by Frank Bower. (London) George Routledge & Sons, Ltd. 159 pages. No price stated.

New Zealand Official Year-Book, 1936. (London) New Zealand Government Offices, 415, Strand. 794 pages. 7s. 6d. net.

Bedales Since the War. By G. Crump. (London) Chapman and Hall. 144 pages. 5s. net.

Use of Sinking Funds, etc., for Capital Purposes. By E. Long and E. Maxwell. (London) Institute of Public Administration, Bridge Street, S.W.1. 66 pages. 1s. 6d. net.

League of Nations Union Year Book, 1936. (London) League of Nations Union, 15 Grosvenor Crescent, S.W.1. 135 pages. 6d. net.

Family Medical Insurance. A new Scheme with Evidence. Collated by Dr J. Lachlan-Cope. (London) John Bale, Sons and Danielsson, Ltd., 83-91 Titchfield Street, W.1. 64 pages. 2s. net.

The Norwegian Chamber of Commerce in London Year Book, 1936. (London) Norway House, 21-24 Cockspur Street, S.W.1. 118 pages. No price stated.

Civilisation and Empire. By the Hull Youth Group, League of Nations Union. (Hull) E. M. Frost, Bookshop, Cottingham Road. 11 pages. 2d. net.

The Book of Wolverhampton. (Wolverhampton) Town Hall. 118 pages. No price stated.

The System of Chinese Public Finance. By Lee Chou-Ying. (London) P. S. King and Son, Ltd., 256 pages. 12s. net.

County of Middlesex. Calendar to the Sessions Records. New Series: Vol. II., 1614-1615. Edited by William le Hardy. (London) C. W. Radcliffe, Clerk of the Peace, The Guildhall, Westminster. 448 pages. 10s. 6d. net.

Etudes Economiques. Thèses présentées à la "Licence en Sciences commerciales" en mai 1935. Vol. V. (Montreal) Editions Beauchemin, 430 rue Saint-Gabriel. 430 pages. No price stated.

Le Drame Monétaire. By H. Hornbostel. (Montreal) Edition Albert Lévesque. 270 pages. \$1.

OFFICIAL PUBLICATIONS

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

Coal Mining Industry: Statistical Summary of Output, and of Costs of Production, etc., of the Coal Mining Industry for the Quarter ended December 31, 1935. Cmd. 5138. 1d. net. *Annual Statistical Summary of Output, and of the Costs of Production, Proceeds and Profits of the Coal-Mining Industry for the year ended December 31, 1935.* Cmd. 5142. 1d. net.

Report of the Unemployment Insurance Statutory Committee on Remuneration Limit for Insurance of Non-Manual Workers. 6d. net.

Seventh Annual Report of the Department of Health for Scotland, 1935. Cmd. 5123. 3s. 6d. net.

Income Tax Codification, Committee Report. Vol. I. *Report and Appendices.* Cmd. 5131. 8s. net. Vol. II. *Draft of an Income Tax Bill.* Cmd. 5132. 4s. 6d. net.

Civil Estimates and Estimates for Revenue Departments for the year ending March 31, 1937. Memorandum by the Financial Secretary to the Treasury, and Tables. 1s. 3d. net.

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MONEY AND BANKING

THE EXCHANGE TRIANGLE.

THOUGH the pressure upon the franc continues, for the moment it appears that the franc has escaped with the loss of only one more of its nine lives. Yet few would be courageous enough to risk much either way on the future of the franc, for, as we point out on page 474, M. Blum will be faced with a formidable dilemma when he takes office next week. For the moment, however, we have a breathing space, which may be appropriately and usefully employed in an examination of the present relations between the pound, the franc and the dollar, against the background of the trend of prices in the United Kingdom, France and the United States.

As in previous years, the latest report of the Bank for International Settlements contains useful information bearing on these questions. The report is, perhaps, not quite so complete as it might have been, partly because it has had to respect the secrecy of various National Exchange Funds, and partly because the authorities of the B.I.S. still think exclusively in terms of gold. To say that, taking 1913 as 100, the gold index number of wholesale prices for Great Britain is 66, conveys little to British readers, who find it a wrench to realise that they must multiply the current British index number by a corrector equivalent to the extent of the depreciation of the pound against the franc. Still more meaningless is an American "gold" index number of 69, derived from the difference between the former and the present gold content of the dollar. We suggest that future reports of the B.I.S. might give, in the first place, the ordinary index numbers of each country, expressed in the national currency of the day, and might subsequently calculate purchasing power parities in the ordinary way. Nor can we entirely accept the conclusions of the B.I.S. to the effect that the relative levels of costs and prices in France, Great Britain, and the United States have on the whole become better adjusted to each other. These conclusions are derived solely from an examination of the relevant index figures at the end of each calendar year. To obtain an accurate picture of the trends it would seem advisable to take at least quarterly figures.

We mention these points less by way of criticism than as an introduction to a detailed survey of the relations between the three main currencies. We have prepared two tables covering the period since the revaluation of the dollar at the beginning of 1934. The first table gives quarterly wholesale price and cost-of-living index numbers for Great Britain, the United States, and France. September, 1931, equals 100 in every case:

Date	Wholesale Prices*			Cost of Living		
	U.K.	U.S.A.	France	U.K.	U.S.A.	France
1933, Dec.	105.3	104.0	85.9	98.0	90.2	99.0
1934, Mar.	108.7	107.7	85.9	95.9	91.6	99.0
June	108.2	112.1	83.2	97.4	92.1	99.0
Sept.	109.3	116.1	81.4	98.5	94.7	96.1
Dec.	108.4	114.1	77.7	98.5	94.5	95.0
1935, Mar.	109.0	116.9	77.7	96.0	95.0	93.0
June	112.7	118.3	77.7	98.5	95.4	92.3
Sept.	114.5	124.0	78.0	100.0	96.2	88.4
Dec.	117.9	121.8	80.7	101.4	103.2	90.0
1936, Mar.	117.3	119.7	85.6	99.3	102.8	91.7
Apr.	117.5	119.6	85.0	99.3	...	...

* U.K., Economist; U.S.A., Irving Fisher; France, Statistique Générale.

From these index numbers it is possible to calculate approximate purchasing power parities, and by applying to the actual rates of exchange, to calculate the over-valuation or under-valuation of each currency in terms of the others. In making these calculations the commonly-accepted basic assumption is made that sterling was over-valued in September, 1931, by 10 per cent. against both the franc and the dollar.

The next table shows the over- or under-valuation of each currency at different dates. Those columns headed (a) are derived from wholesale prices, while those headed (b) are derived from cost-of-living index numbers. In the columns relating to the pound against the dollar and the

franc a plus sign indicates that the pound was over-valued, and vice-versa. The sign $\pm$ o indicates equality. In the last two columns, which compare the dollar and the franc, a minus sign indicates that the dollar is under-valued.

Date	£ against \$		£ against Fr.		\$ against Fr.	
	a	b	a	b	a	b
1933, Dec.	+16.3	+24.8	-9.0	-26.7	-21.8	-41.1
1934, Mar.	+15.8	+20.2	-13.3	-33.6	-25.2	-44.8
June	+10.0	+20.5	-11.8	-32.8	-23.8	-44.4
Sept.	+6.5	+17.8	-11.1	-32.2	-16.5	-42.3
Dec.	+6.3	+16.8	-6.7	-30.8	-12.4	-40.7
1935, Mar.	$\pm$ 0	+8.2	-10.8	-34.4	-10.8	-39.4
June	+5.9	+15.2	-4.2	-29.5	-9.8	-38.6
Sept.	+2.8	+15.8	-2.7	-25.2	-5.7	-35.4
Dec.	+8.8	+10.8	-3.7	-25.5	-11.7	-32.8
1936, Mar.	+10.2	+8.2	-9.2	-28.2	-17.6	-33.6
Apr.	+9.7	...	-8.0	...	-16.7	...

The revaluation of the dollar in January, 1934, at a new parity of Frs. 15.08 to the dollar created a new discontinuity, involving the pronounced under-valuation of the dollar in terms of the franc. Sterling, occupying an uncomfortable position between the two was over-valued against the dollar and under-valued against the franc. The discontinuity was much greater when measured by comparative cost-of-living index numbers. Wholesale prices, which were more elastic and more subject to international influences, showed the discontinuity in less pronounced terms, but all the same left it considerable.

During 1934 and early 1935 British and American prices were free to rise, while French prices were pressed downwards. The consequence was that during the first half of 1935 equilibrium was within sight; for the discrepancies derived from wholesale prices had become so small as to be explainable possibly, by technical differences in the method of calculation of the various index numbers. In fact, the use of an alternative British index number suggests that during most of 1935 the pound was actually under-valued against the dollar. Based on the more rigid cost-of-living index numbers, and also on wages which were equally inelastic, the discrepancy persisted. How far it was due to tariff and import restrictions which affected the internal prices of the three countries in different degree is a question requiring lengthy argument. The theory of purchasing power parity loses a little of its relevance in a world of economic nationalism.

Towards the end of 1935 definite changes occurred which the B.I.S. report does not bring out. First of all the advance in American wholesale prices was arrested, while at the beginning of 1936 the rise in British wholesale prices also received a check. But at this moment French prices began to rise, partly because deflation in France had been carried to intolerable lengths, so that the needs and borrowings of the Treasury initiated a reflationary movement. This has given some relief to France, but at the cost of a renewed over-valuation of her currency and a growth in her import surplus. The extent of this new over-valuation is clearly illustrated in the second table.

Once more sterling has become faced with the impossible task of adjusting itself to both the dollar and the franc, and once more it has had to occupy a half-way house. By the early part of this year, the over-valuation of sterling against the dollar, which a year before had practically disappeared, had grown to about 10 per cent., and there is as yet little sign of any diminution. Simultaneously, the pound has become more under-valued against the franc. All that can be said is that the April index figures suggest a slight reversal of both trends, but it is premature to say that the present tendency is towards the restoration of equilibrium.

Roughly, sterling to-day might be in equilibrium at \$4.60 and somewhere between Frs. 82 and Frs. 104. This would imply that the dollar should be quoted in Paris at somewhere between Frs. 17.80 and Frs. 22.60. If we made

more precise estimates of \$4.60 to the pound, Frs. 92 to the pound, and Frs. 20 to the dollar, they would suggest that in terms of gold and on the assumption that the dollar is fixed at its present gold content, the franc should be devalued by almost exactly 25 per cent. All these estimates are subject to the usual wide margins of error inherent in calculations of purchasing power parity, but they help to put the problem of the franc and other exchanges in their proper perspective. Whether a solution will be attempted along these lines may become apparent in the course of the next few months—or even weeks.

In the meantime we have ample justification for supporting the franc. So long as France is on an unimpaired gold standard, the dollar cannot rise above Frs. 15.20. If we ceased our support of the franc, so that sterling rose in Paris to, say, Frs. 85, the pound would automatically rise in New York to \$5.60! It is true that there would also be a rapid outflow of gold from Paris to New York, in substitution for the outflow to the British Exchange Account, but so long as the franc remained on gold this would not suffice to keep sterling down in terms of dollars. At \$5.60, the pound would be over-valued against the dollar by over 20 per cent., which would be a very serious matter for British trade.

FINANCIAL NOTES

The Foreign Exchanges.—The London market has been fairly quiet this week, possibly because all the large holdings of liquid funds have already fled from Paris. A drain of funds in small quantities continues, and so the franc has remained weak. There has been little intervention by the British control, but spot sterling has been quoted as high as Frs. 75½, and spot dollars are at Frs. 15.19, or just over the export gold point. Three months' francs are now Frs. 6½ discount (equal to 32 per cent. per annum), while one month's francs are at Frs. 3½ discount (or 41 per cent. per annum). The heavier discount on one month's francs indicates a belief that something may happen within the next month, possibly about the middle of June. If the new French Government can hold on to July—which means the postponement for the present of public works—a seasonal expansion in revenue is due, and will help the Treasury. In the meantime, however, the needs of the Treasury may necessitate devaluation, and French opinion is now becoming more reconciled to this possibility. For one thing, all holders of funds in foreign centres stand to profit out of devaluation. At the moment there are no legal exchange restrictions in force in France, and opinion is becoming more opposed to such a course. On the other hand, the banks are placing obstacles and delays in the way of purchases of gold and also of the transfer of funds abroad. Forward business is still being transacted, in spite of official hints to the contrary. These unofficial restrictions are reflected both in this week's diminution in gold shipments to London and also in the contraction in the London gold premium. As a result of this contraction and the rise in sterling against the franc and dollar, the London price of gold has now fallen to 139s. 6d., or to the lowest price since November, 1934. Three months' guilders have fallen since a week ago from 8½ to 13 cents discount, and three months' Swiss francs from 22 to 32 centimes discount. Swiss francs are now the weaker of the two currencies, and, contrary to previous belief, it is now suggested in London that Switzerland, instead of Holland, may be the first to follow France off gold. The spot New York rate has now risen to \$4.99½, in sympathy with the depreciation of spot francs against sterling.

The Money Market.—The further reduction in bankers' balances at the Bank of England has made the clearing banks reluctant to buy bills. The result is that the discount market is having to carry more bills than usual, and so there has been a good demand for loans. This was accentuated by the fact that one or more of the clearing banks have called small amounts from the market every day of this week. Next week, when the War Loan dividend is paid, money will be more plentiful, and the market

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expects the banks to buy more readily. Notwithstanding suggestions to the contrary, the recent drop in bankers' deposits is due to special causes, including the French hoarding of British currency and the usual preparations for the War Loan dividend. It does not indicate any change in British monetary policy.

	May 7, 1936	May 14, 1936	May 21, 1936	May 28, 1936
Bank rate.....	% 2	% 2	% 2	% 2
Clearing banks' deposit rate ...	1	1	1	1
Short loan rate :—				
Clearing banks	1-1*	1-1*	1-1*	1-1*
Others	1	1	1	1
Discount rates :—				
Treasury bills	1	1	1	1
Three months' bank bills	1½-1½	1½-1½	1½-1½	1½
* Loans against Treasury bills and other approved bills and British Government securities within six months of maturity; 1 per cent. Treasury Bonds and other gilt-edged stocks within six months of maturity; and other collateral, respectively.				

Nevertheless discount rates are appreciably harder. The Treasury bill tender rate, has risen from 10s. 5.98d. to 11s. 0.47d. per cent., and three months' bank bills are now a firm 1½ per cent., and at times a shade higher. The temporary contraction in bank cash has been accompanied by a further increase in tender issues of Treasury bills, which now total £558 millions against £493 millions in early April. Offerings of bills to be paid for next week are £50 millions against maturities of £45 millions, but the release of the War Loan dividend should enable these additional bills to be easily absorbed. Hence there is little ground as yet for expecting money to become dearer.

The Bank Return.—Whitsun currency requirements superimposed upon French hoarding have once more raised the note circulation to a new record. The week's increase is £3.0 millions, but as the Bank has acquired a further million of gold the reserve is only reduced by £1.9 million.

	BANK OF ENGLAND				
	May 29, 1935	May 6, 1936	May 13, 1936	May 20, 1936	May 27, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	192.6	203.7	204.3	205.4	206.4
Note circulation	390.4	422.6	424.8	423.1	426.1
Banking Department :—					
Reserve	63.0	41.8	40.3	43.1	41.2
Public deposits.....	23.1	9.2	13.3	21.0	19.8
Bankers' deposits	55.0	88.3	83.2	80.1	78.3
Other deposits.....	36.0	36.7	37.0	36.8	36.7
Government securities ...	85.4	88.8	89.9	91.2	91.8
Discounts and advances	5.3	9.4	8.8	7.1	6.7
Other securities	11.2	11.9	12.3	14.3	12.9
Proportion	42.8%	31.1%	30.1%	31.2%	30.5%

In the banking department public deposits remain high in preparation for next week's War Loan dividend. The small decrease since last week is probably fortuitous, reflecting inequalities between Treasury bill payments and maturities. Currency withdrawals have reduced bankers' deposits to £78.3 millions, or again to the lowest point for this year.

INSURANCE NOTES

Royal Insurance.—In spite of a large increase in new business from £3,794,000 to £4,650,000 in 1934, the closing year of the valuation quinquennium, last year witnessed a further considerable expansion to £4,908,000. Annuity consideration moneys, however, fell from £241,000 in 1934 to £181,000. The net rate of interest on the life and annuity funds increased by 1s. 6d. per cent. to £3 19s. 6d. per cent. Fire premium income at £5,558,000 was slightly smaller, but underwriting profits were even better than in 1934. In the accident department premium income was £23,000 greater at £5,160,000, and profits were more satisfactory. These gratifying results were no doubt directly attributable to improved experience in the United States. Marine premium income increased from £792,000 to £808,000; the marine fund now amounts to £1,502,000. Strong departmental reserves are held, amounting in the fire branch to 103 per cent. and in the accident branch, after transferring £248,000 from profit and loss to the additional reserves, to 103 per cent. also. The results of the last two years are shown below.

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	594,920	10.6	720,631	13.0
Personal accident, employers liability and general	181,595	3.5	297,108	5.8
Marine	17,095		60,914	
Life	50,000		50,000	
Less items debited to profit and loss	843,610		1,128,653	
To general reserve	372,518		382,224	
	471,092		496,429	

Total assets in the consolidated balance sheet increased from £54,645,000 to £56,110,000. The general reserve fund has been raised from £1,000,000 to £1,250,000. The profit and loss balance, after providing for the year's dividend, increased from £1,890,000 to £1,959,000. Mortgages on property rose substantially from £1,966,000 to £2,919,000, but policy loans decreased by £100,000. British and Colonial securities showed some reduction, but foreign Government securities, which formed nearly 15 per cent. of the total assets, increased from £6,533,000 to £8,193,000. Debenture stocks fell by £639,000 to £8,489,000, but preference shares increased by £425,000 to £3,958,000. For the sixth successive year the dividend is 65 per cent. and costs £1,414,000, compared with available interest earnings of £1,234,000.

* * *

Sun Insurance Office.—The report now issued relates to the two hundred and twenty-sixth year since the foundation of this office, which is the oldest fire insurance company in the world. Total fire premium income fell from £2,338,000 to £2,293,000, but accident premium income increased from £1,775,000 to £1,854,000. Certain of the premiums on automobile insurance in the United States, however, were credited in previous years to the fire fund. In 1935 such premiums amounted to £94,676. These have been included in the accident account as being appropriate. If allowance is made for this, the position is reversed, since a true increase has occurred in the fire premiums, with a reduction in the accident premiums. At the beginning of the year a reserve was held in the fire account for unexpired risk in connection with this special type of policy, so presumably all claims relating to that reserve are included in the fire account. A small part of the premium income in the accident account refers to risks already expired at the close of the year, the figure being £40,098 in 1934 and £84,837 last year. For the purpose of our notes, the reserve for unexpired risk has been taken as 40 per cent. of the remain-

ing premium income in each year. The results of the last two years are given below:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	208,295	8.9	310,556	13.6
Personal Accident, etc.	35,671	2.0	24,785	1.3
Marine	80,000		50,000	
Less items debited to Profit and Loss	323,966		385,341	
Net Trading Surplus	206,131		196,806	
	117,835		188,535	
To Reserve (Accident Dept.)			135,000	

The departmental reserves are very ample, amounting in the fire branch to 110 per cent. of the premium income, and in the accident branch to 71 per cent., after transferring during the year £135,000 from profit and loss. In the marine branch the fund of £933,000 is equal to 169 per cent. of last year's premiums. The total assets of the Sun and its subsidiaries amount to £10,609,000, and general and investment reserves amount to £1,200,000. In addition, the profit and loss balance, after paying the 1935 dividend, is £1,084,000. The dividend is again at the rate of 53½ per cent., and costs £251,208, against available interest earnings of £251,784.

* * *

Car and General.—The fire premium income of this company, which is controlled by the Royal Exchange, showed a reduction from £101,000 in 1934 to £95,000 last year, but in the accident branch, which includes the company's main activity of motor insurance, premiums at £1,117,000 were greater by £56,000. In both branches the underwriting profits were distinctly favourable:—

	1934		1935	
	Amount of Profit	Percentage of Premiums	Amount of Profit	Percentage of Premiums
Fire	9,353	9.3	14,025	14.7
General accident	58,703	5.5	73,391	6.6
Marine	7,279	14.0	4,655	8.5
Less items debited to profit and loss account	75,335		92,071	
	33,197		65,271	
	42,138		26,800	
To general reserve	12,000		45,000	

Assets increased from £1,780,000 to £1,870,000. Investments appear in the balance sheet at £1,245,000, against market values on December 31st last of £1,382,000. General and investment reserve funds amount to £477,000 and £21,000 respectively. The dividend is again at the rate of 50 per cent., and costs £41,000 compared with available interest earnings of £45,000.

* * *

Gresham Life.—This Society is one of the few life assurance offices which transact business abroad. Although it is now controlled by the Legal and General, it fully retains its individual character. Last year new sums assured amounted to £3,307,000, of which £2,141,000 were of foreign origin, compared with £2,603,000 and £1,641,000 in the previous year. Annuity consideration moneys increased by £33,000 to £146,000, the bulk of the business being obtained in this country. The net rate of interest was only 2d. per cent. smaller at £4 9s. 10d. per cent. Home premium income increased from £296,000 to £315,000 and foreign premium income from £639,000 to £682,000. Claims in this country were £79,000, compared with £70,000 in 1934, and abroad were £171,000, against £149,000. Total assets increased from £9,913,000 to £10,187,000 without any noteworthy change in the distribution of investments. Legislation in most foreign countries requires the deposit by foreign life offices of approved assets not less in value than the actuarial reserves of the business in force there. The total book value of the investments so deposited by the Gresham is almost £2,000,000.

THE STOCK EXCHANGE

CANADIAN PACIFIC RAILWAY

"It will be the policy of the directors to re-establish a dividend on such (preference) stock in whole or in part at the earliest possible date consistent with prudent administration . . . We have grounds for hoping that that desired consummation may be realised in the near future. . ."—Sir Edward Beatty, President of the C.P.R., at the annual meeting, May 6, 1936.

HOLDERS of Canadian Pacific 4 per cent. preference stock have realised, since October, 1932, that a non-cumulative security which receives a dividend when the current year's earnings permit, and carries no prior right for capital repayment, qualifies for the appellation "preference" by courtesy only. For the 28,000 holders of this stock (some 98 per cent. of whom are domiciled in Great Britain) bygone are, perforce, bygones. Their present problem is to assess the potential value of the equity which the president's words have suggested. In market circles the prospect is evidently regarded as favourable. At a current quotation of 49½, the stock apparently looks forward to a distribution of at least 2½ per cent. What are the prospects of such a payment?

It would be unfair to invest Sir Edward Beatty's words with more than their literal content. They are certainly more optimistic than any statement from the chair since depression began. But it is too early, as yet, to canvass any figure for future payments—or even their date; for the claims of "prudent administration" may be heavy, and recent reports have revealed that cupboards which have been bare of dividends have not always lacked their skeletons. Current earnings prospects suggest several reasons for a cautious investment view. For example, how are investors to interpret the recent improvement in the trend of traffic receipts? The relevant figures are given in the following table:—

	(\$'000)					
	Gross Earnings		Net Earnings		Cumulative Increase 1936	
	1935	1936	1935	1936	Gross	Net
January	8,267	9,324	205	613	1,057	408
February	8,656	9,281	830	867	1,682	425
March	9,516	10,680	1,047	1,348	2,846	726
Total, 3 months	26,439	29,285	2,102	2,828	2,846	726
Total to date (20 weeks)	43,040	47,706	...	...	4,666	...

The March quarter has always been the smallest revenue producer for the Canadian Pacific, and the increase in net earnings from \$2,102,000 to \$2,828,000 is undoubtedly significant. The average weekly increase in gross receipts has tended further to widen during April and May. But comparison of the results with those of 1935 must take account of the recovery in Canadian economic conditions during the summer of last year. Although industrial activity was at a higher level during the first three months of this year than of 1935, a slight tailing off in certain branches of trade has recently occurred. It is a hopeful sign that grain marketings were appreciably higher during the first quarter of this year than of 1935. That a system whose economic *raison d'être* is the prairie grain haul should have earned less from agricultural products last year than at any time since 1914 shows how little the relatively prosperous Eastern Provinces call the Canadian Pacific. If activity in the grain markets were normal, a significant increase in agricultural freights might accrue. But it is early, as yet, to speculate on what Nature and Man, between them, may do before next December.

An improvement in operating conditions on the C.P.R. is suggested again by the fact that 9.7 per cent. of the first quarter's gross revenues were retained net this year, compared with 8.0 per cent. last year. Two primary factors were at work a year ago to increase operating expenses.

Partial wage-cut restorations in January and May, 1935, combined with anticipated maintenance work, carried out before its due date, produced a substantial increase in maintenance and transportation costs. For the investor it is important to decide whether either of these factors, in a long-term view, can be regarded as "abnormal." Stockholders realise the importance of adequate maintenance provision, even in lean years. They may raise little objection to the Dominion Government's arrangement for expediting the work last year, and should be prepared to contemplate its continuance. Wages, however, are still subject to a basic 10 per cent. reduction. Last year's restorations are reflected in the increase of \$4.1 millions (to a total of \$64.4 millions) in wages charged to operating expenses. If experience in this country is any guide, preference stockholders may have rival claimants for a share in any substantial net revenue increase.

The contemporary improvement in earnings, modest though it is, provides even more slender support for unguarded preference stock estimates. For the investor who looks farther ahead, there is significance in the following table showing changes in the chief headings of revenue and expenditure since 1929:—

	(\$'000)				
	1929	1933	1934	1935	Fall since 1929 (%)
Revenue:—					
Freight	153,317	85,735	95,416	98,375	36
Passenger	34,139	14,280	15,159	15,156	56
Other†	22,275	14,255	14,968	16,148	28
Total	209,731	114,270	125,543	129,679	38
Working Expenses:—					
Maintenance of way	33,325	17,613	18,890	19,726	41
Maintenance of equipment	39,854	17,324	20,428	22,923	43
Transportation	71,235	43,633	45,592	47,453	33
Total‡	166,586	93,408	101,159	107,281	35
Other Income:—					
Dividends and investment income	7,404	3,068	2,344	3,443	54
Net earnings, steamships	3,220	2,175	2,675	3,236	...
Net earnings, hotels	4,609	975	1,645	1,466	68

† Includes mail, express sleeping and dining cars and miscellaneous.
‡ Includes traffic expenses, miscellaneous and general expenses and railway tax accruals.
§ Before depreciation. Amounts of \$3,854,000 in 1933 and \$3,784,000 provided for depreciation from surplus, and \$3,551,000 in 1935 charged against total income.

Since 1929 the fall in maintenance provisions has exceeded every other operating movement—except passenger revenues. Direct transportation costs vary fairly closely according to the volume of traffic handled. The incidence of maintenance costs, however, depends upon the accountancy procedure adopted. Where the suit is tailored according to the cloth, as in C.P.R., the provision bears close resemblance to a direct charge. Taking the lean years with the good, this procedure meets cyclical fluctuations reasonably well, but in a period of sustained freight depression, "economy" in maintenance may well have both a voluntary and an involuntary aspect. Since 1933, the annual maintenance provision has been increased. It may very probably be deemed sound finance to raise it still further whenever traffic improvement is well under way.

The company has recently set aside substantial sums for "special" non-operating charges, including such as losses on abandoned lines and properties retired (for which \$4,692,085 was charged to surplus last year) and provision for losses on United States interests (\$4 millions). Regarding the former, the president was explicit. It was "obviously" unnecessary, he declared, to consider such charges as losses on abandoned lines in connection with dividend policy, since no cash disbursements were involved. Can this view be reconciled with orthodox accounting canons? During the past three years, "surplus" has been charged with some \$38 millions for these and other charges. In 1932, the first year in which the common dividend was completely passed, a net credit of \$41,977,000 was transferred

to revenue "surplus" from "Surplus in other assets." This capital accretion has thus, in effect, been used to meet charges which normally would have required satisfaction from revenue. Nor does a distinction between these charges and, say, the provision for depreciation in American investments appear fundamental. In the last four years, some \$16 millions have been charged to "surplus" under the latter heading, avowedly because of their "extraordinary" nature. But the necessity for making further advances to the "Soo" line is to be taken into account in determining dividend policy. With all due respect to the company's accountants, stockholders may question whether their prospects—as the lawyers used to say of a different kind of "equity"—do not "vary with the length of the Chancellor's foot."

The problem of capital charges on the C.P.R. cannot, indeed, be lightly dismissed. The company's steamship fleet, for example, during the past three years, has failed to earn depreciation at the modest rate of 3½ per cent. The problem of preserving capital values—whether presented in the guise of steamship depreciation, line abandonments or shrinkage in investments—is a matter of prime moment, in view of the figures given in the following table, which analyses changes in Property Investment since 1929:—

\$'000

	1929	1931	1933	1934	1935
Property Investment (end year):					
Railway rolling-stock, etc.	798,914	868,448	870,927	867,435	865,074
Ocean steamships	100,992	116,398	116,437	111,887	104,849
Interests in associated lines at cost	154,190	177,155	181,747	184,268	199,956
Total property investment	1,054,096	1,162,001	1,169,110	1,163,589	1,169,880
Analysis of Property Investment charged during year:					
Rail	17,315	12,739	Cr. 306	—Net—	1,178
Rolling-stock	40,187	6,767	Cr. 640	Cr. 3,292	Cr. 2,230
Offices, hotels and tel.	13,377	3,076	106	256	Cr. 139
Leased rail properties	3,958	8,122	199	1,387	Cr. 1,061
Issued Capital (end year):					
Ord. stock	330,000	335,000	335,000	335,000	335,000
Preference	117,182	137,257	137,257	137,257	137,257
Bonded debt	364,810	404,235	513,450	496,444	491,751
Locomotives and Rolling-stock:					
Locomotives	No. 2,143	No. 2,041	No. 2,104	No. 2,048	No. 2,011
Passenger cars, sleepers, etc.	2,832	2,841	3,381	3,341	3,312
Freight cars	92,113	87,539	86,095	83,835	81,096

Two features stand out clearly. First, new capital expenditure since 1931 has been reduced to the minimum. In the last three years it has actually been exceeded by properties retired. Secondly, it has been necessary to increase the bonded debt by some \$87½ millions during the period, largely by the issue of short-life bonds, convertible into ordinary stock at par. Preference stockholders may feel that an increase of traffic such as would justify a dividend payment in the near future, might not inconceivably synchronize with a judicious programme of capital expenditure.

Everything turns, in fact, on the construction which the company places on the term "prudent administration." The immediate future, so far as it can be foreseen, promises some further improvement in receipts, but not a spectacular rise. Basic railway conditions in Canada have lately shown little change. Although the C.P.R. is a "long-haul" system, it is by no means immune from road competition. Economies from working arrangements with the Canadian National System have so far achieved only financial results. Their total potential saving is in the order of \$1,600,000, shared by the two systems. On "Thornton" and "Beatty" estimates, unified management would provide \$60 or \$75 millions savings under normal traffic conditions. It is unlikely, however, that a Liberal Administration will take further steps towards unified management when its Conservative predecessor was content with the Act of 1933.

The conclusion, in short, of this survey of current conditions and future prospects, would seem to be that C.P.R. preference stock, whose price rarely exceeded 80 in pre-depression years when its dividend was covered ten times or more, is somewhat generously valued at 49½ today. The \$25 common shares, at \$12½, are a proposition for the specialist rather than the private investor.

INVESTMENT NOTES

A Debatable Precedent.—Men and angels rejoice when conciliation replaces litigation. Nevertheless, we may question whether all the principles involved in the Union-Castle settlement, announced at the end of last week, form desirable precedents. Broadly, the company's preference holders sought to retain, in perpetuity, voting control to which they had formerly been entitled only when their dividends were in arrear. Under the agreed terms, both classes of capital, which have similar nominal totals, will share voting power on a fifty-fifty basis. To obviate any possibility that the whole of the ordinary stock shall ever come again under a single ægis, the settlement provides that steps will be taken to spread it widely among the investing public. Presumably (although the chairman did not say so at last week's meeting) it is intended that any future increase of capital shall be divided equally between preference and ordinary holders, for otherwise, on a one vote per £1 basis, if the paid-up capital were raised to its full authorised amount, the preference would have over five million votes against three million for the ordinary stockholders. It may be questioned, however, whether, as a general principle, the ranking of preference with ordinary capital equally for voting purposes is wholly advisable. We have always protested, in these columns, against the widespread practice of disfranchising preference shareholders by depriving them of votes unless or until their dividends have fallen into arrear, i.e. until damage has been done to their interests. They are clearly entitled to such voting power, and its corollary of representation on the board, as will give them a voice in a company's affairs, *proportionate to their interest*. But that interest, after all, is not wholly identical with the interest of the equity shareholders. Both classes are ultimately dependent on earning power for their income, but preference shareholders, once their fixed dividend has been amply covered, have not the same incentive as the ordinary shareholders to enterprise in the conduct of affairs. Further, it can scarcely be maintained that, in an accounting or in any other sense, £1 nominal of preference capital is in all respects identical with £1 nominal of ordinary capital. Both are "conventional" amounts, in the sense that their true value, at any given moment, depends on such factors as general interest rates and the current level of a given company's profits. But under normal conditions, the benefits of energetic and successful directorial policy accrue almost entirely to ordinary shareholders—or, in other words, the more progressive a company, the wider the discrepancy between the nominal and the "true" value of the ordinary capital. In ultimate analysis, the case against *rentier* control (as distinct from *rentier* representation) appears overwhelming, and a similar view applies, with some modification, to arrangements for the equal division of control, on the lines of the Union-Castle settlement. While there will be every sympathy with the anxiety of that company's preference shareholders to safeguard themselves against the possibility of ever being drawn into another Royal Mail disaster, it would be regrettable if preference shareholders in other companies were widely encouraged to seek significant concessions by threatening to change temporary and provisional powers into permanent rights.

Chronique de Défaut.—In a world in which moral suasion and even the power of the purse exert decreasing effect, the Corporation of Foreign Bondholders pursues its work—not without success—of urging the claims of the creditor and protecting him from wanton default. It brings to its task expert knowledge and a willingness to make concessions to those debtors who are still genuinely hard-pressed by the slowly lifting world depression. The record of its work during 1935 is contained in the 62nd annual report.* A list of positive achievements of the year, however, would certainly underestimate the value and effectiveness of the

* Published by the Corporation at 17 Moorgate, E.C.2. Price 7s. 6d.

Corporation's achievement. The record of defaulting debtors shows that some slow progress is being made, but the classical recalcitrants, like Ecuador, Mexico and Peru, continue to trade solely in good intentions. Some States who are willing to make token payments also appear to regard them with pessimistic finality. Greece, for example, maintains her maximum offer of 35 per cent. of interest, although her creditors maintain that it would be within her capacity to transfer 50 per cent. The failure of City opinion to respond to her recent unofficial suggestions of a modest increase in the service is apparently responsible for the non-departure of the financial delegation which was expected in London early this month. The effect of depression upon debtor countries the world over is evident in the statement of defaults at the beginning of this year. The bondholder must continue to hope for the day when the effects of world depression, trade restrictions and nationalist financial policies will have passed away and leave him some fruit to share.

Actuaries' Investment Index.—The past month has marked a recessionary phase in almost every section of the Stock Exchange. That the phase is one of dull stolidity, rather than of nervous selling, is clearly discernible in the movements of the general indices. The index of 178 industrial ordinary shares, for example, was two points lower at the end of May, at 81.9, compared with 83.9 on April 28, and six points higher than the end-May figure of 75.8 last year. The corresponding yield figures are 3.75 per cent. on Tuesday last, 3.64 per cent. a month ago, and 3.83 per cent. a year ago. Similarly, miscellaneous industrial debenture and preference issues have resisted a fall of two points in the Consols index during May. The movements in the principal fixed-interest and ordinary share groups are illustrated in the following table:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Year Ago (May 28, 1935)	Month Ago (April 28, 1936)	This Week (May 26, 1936)	Year Ago (May 28, 1935)	Month Ago (April 28, 1936)	This Week (May 26, 1936)
Fixed Interest:						
2½% Consols	157.0	151.7	149.7	2.84	2.94	2.98
Misc. Indust. Dbs. (17)	124.5	125.8	125.7	3.91	3.92	3.92
Do., Preference (44)	117.9	120.7	121.1	4.33	4.27	4.25
Ordinary:						
Insurance Cos. (24)	118.5	134.4	130.7	3.54	3.15	3.25
Coal (7)	90.3	98.7	92.6	3.89	4.13	4.45
Cotton (6)	39.2	40.5	36.8	2.26	2.19	2.18
Iron and Steel (12)	57.8	70.7	67.7	3.56	3.14	3.31
Motors (8)	52.3	59.1	55.1	4.87	3.99	4.27
Electric Supplies (10)	110.9	137.9	134.7	4.49	3.59	3.84
Home Rails (4)	66.3	72.9	68.8	1.58	1.57	1.59

A feature of particular interest in the ordinary share selections, however, is the "tiredness" of certain individual groups. The iron and steel trend, for example, reflects a spreading belief that most sections of the industry, apart from those directly connected with the armament demand, have been operating close to optimum profitability for some time. Home rail stocks are also once more affected by the wages question. In a month which

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has seen waning interest in Home Corporation issues at regulated prices, the fall in Old Consols is not unexpected, although a certain amount of French support earlier in the month has sheltered the market from a larger recession. The fall, however, has reinforced the conclusion, discussed in these columns within recent weeks, that the course of "gilt-edged" ordinary shares, including those of insurance and utility companies, may be affected by considerations of harder interest rates if the movement continues.

COMPANY NOTES

General Engineering Companies.—In an age of specialisation the general engineer has been giving way to the specialist, and the class of "general engineers" now largely comprehends those miscellaneous engineering businesses outside such large and obvious categories as electrical engineers, marine engineers and precision en-

	1929	1930	1931	1932	1933	1934	1935
Edgar Allen (Mar. 31)— Earned for ord.	1.8	8.4	Dr 52.8	Dr 26.1*	Dr 50.2*	Dr 12.5*	26.6*
Earned %	0.4†	2.7	Nil	Nil	Nil	Nil	11.9
Div. %	2½†	2½	Nil	Nil	Nil	Nil	Nil
Brightside Foundry (June 30)— Earned for ord.	7.1	7.4	3.1	Dr 8.2*	Dr 3.8	9.7	18.1
Earned %	8.9	9.5	4.0	Nil	Nil	10.5	20.5
Div. %	5	5	4	Nil	Nil	2½	10
Cowans Sheldon (June 30)— Earned for div.	15.1	31.4	24.3	22.6	8.6	Dr 6.6	Dr 6.8
Earned %	10.0	24.1	18.0	16.8	6.0	Nil	Nil
Div. %	10	10	10	10	5	5	5
Mirrlees Bickerton (Mar. 31)— Earned for ord.	28.8	29.1	1.0	4.4	9.8	10.1	Dr 7.0
Earned %	7.7	8.0	0.2	1.3	2.8	2.8	Nil
Div. %	7	7	Nil	2½	3	3	Nil
Herbert Morris (July 31)— Earned for ord.	68.7	33.9	Dr 4.8	37.3	15.4	21.6	39.4
Earned %	22.8†	14.3	Nil	16.6	6.8	9.3	16.9
Div. %	15†	10	Nil	10	10	10	15
Ransomes & Rapier (Dec. 31)— Earned for ord.	17.2	24.4	23.5	10.1	Nil	Dr 14.8	10.6
Earned %	13.8†	15.2†	14.6†	6.3	Nil	Nil	6.6
Div. %	6	7	6	3	Nil	Nil	2½
T. Robinson (Dec. 31)— Earned for pref.	5.1	Dr 6.4	Dr 4.8	14.0	6.2	14.7	15.6
		No. ord.	d. d. v. since 2½ per cent. for 1929				
Stothert & Pitt (June 30)— Earned for ord.	26.0	25.1	3.6	Dr 21.2*	Dr 27.7*	3.8	9.3
Earned %	16.9	16.9	2.5	Nil	Nil	2.6	7.6
Div. %	10	10	2½	Nil	Nil	Nil	Nil

* Assuming normal pref. div. for one year. † Tax free.

gineers. Consequently the fortunes of the individual concern are often linked to some extent with one or more regional trades which it serves. Yet even in this diversity of partial specialisation, common characteristics appear. The accompanying table, covering the depression and recovery period, demonstrates the marked liability to fluctuation in profits, which is always associated with a

capital goods trade. But even over a period of reasonably consistent general trend, such as 1924-29, the profits of "general engineers" tended to fluctuate unpredictably and independently of the trade cycle as a whole. During the past decade competition in the group has been fairly severe. In the late 'twenties profits were often quite good; but the increase in British consumption of engineers' raw materials (steel, the base metals, alloy metals, etc.) has, over the decade, coincided with a contraction in the numbers employed in general engineering. Evidently the "general" section has been losing ground to such vigorously expanding sections as the electrical engineering, precision engineering, and motor manufacturing trades. In some of his more important activities the general engineer is identified with the age of mechanical drive, which is now rapidly giving way to the age of electrical drive. And in a context of large scale enterprise the general engineer, of which the rather small independent concern is typical, is losing some of his business to the internal engineering departments maintained within the large concern itself. This, in turn, has frequently increased the general engineer's dependence on the export market, a development illustrated by the relative prosperity of many of the companies in the years of good exports of engineering products before 1929. With the broadness invariably associated with generalisations on the trade, it would seem reasonable to suggest that if this country can look forward to a further period of re-equipment (which is still quite possible in view of the under-equipment of our industries during the post-war decade) the general engineers should be able to secure a fair share of prosperity—as is normal for them at such times. But their shares are emphatically for the specialist with close industrial contacts. In most cases the market is narrow, and it is seldom that a reasonable estimate of future profits can be based upon the trend of the immediate past.

Realisation Group Accounts.—The initial reports of the R.M. and E.D. Realisation Companies set out officially for the first time the complete list of the assets of both concerns. The directors emphasise, for obvious reasons, the difficulty of indicating even approximate realisable values for the assets still held. As no specific values were attributed to the individual items at the time of the acquisition, the assets are shown in the balance sheets under an omnibus heading. A study of these schedules, however, confirms the general outline of the position given in the article on the group which appeared in our issue of February 8th, page 308. An item of £462,000 among the E.D. assets being a claim "in respect of amounts received by creditors of the British and African Steam Navigation Company, Ltd., under guarantees given by Elder Dempster and Company, Ltd.," is of particular interest, for it confirms our deduction that the proceeds of the £250,000 of E.D. shares sold in the market at the beginning of this year would eventually return to the Realisation Company for the benefit of the shareholders. We inferred "a substantial windfall, of at least £450,000," due to the probable solvency of the British and African Company. This latter condition is now fulfilled by the announcement, last week, that a new holding company, Elder Dempster Holdings, Ltd., is to be formed to acquire all the assets of the African group. The scheme, as is further referred to below, provides for the disposal of the indebtedness of the British and African Company and the allotment to it, as balance of the purchase price, of 55,000 shares in the new holding company. This represents a value of rather more than 5s. on each preference share of the British and African Company. E.D. Realisation holds 199,000 British and African preference, and the indicated valuation represents a modest surplus over the basis taken for the estimate given in the above-mentioned article. In one or two other items also our estimates appear to have been slightly conservative. A small premium over par is now thought probable on the final liquidations of James Moss and David Colville, while the debts due by Glen and MacAndrews may have yielded a little more. Taking into account such adjustments, our estimates may be brought up to date. Each R.M. Realisa-

tion £1 ordinary represents (we deduce) 27s. 5d. nominal of Union Castle ordinary, plus 20s. 10d. in Royal Mail ordinary, minus 22s. 6d. Since the sale of Royal Mail House, the speculative element has been further reduced, the main unknown factor being the value of Royal Mail Lines ordinary shares, which, despite the payment of a maiden dividend, would still appear to be fairly well priced at anything over par. The former E.D. Realisation estimate—10s. 2d. cash, plus 27s. 4d. of Union Castle ordinary stock—stands. It remains evident, therefore, that unless Royal Mail Lines shares prove to be appreciably more valuable than normal circumstances appear to justify, there is a wide margin in favour of E.D. shares as against R.M. shares, both of which are currently quoted in the market round 42s. In favour of the R.M. position it may be noted, however, that it is more liquid than that of the sister company. The R.M. position has now resolved itself largely into three factors: the balance of the properties; the Royal Mail Lines interest; and the Union Castle interest. All of these interests could be liquidated in the not far distant future. The E.D. position contains some items which may take longer to move, and a moderate discount for this factor would be justified.

Elder Dempster Holdings Ltd.—The formation of the new holding company, Elder Dempster Holdings, Ltd., marks the final victory of the African Steamship debenture holders in a long struggle. They have on at least two occasions been in serious danger of seeing their security sold at a knock-out price in order to meet the claims of prior creditors. The present plan provides for the discharge of all the liabilities of the African group and for the gathering together in one hand of all the capital of Elder Dempster Lines, Ltd., which passed piecemeal into the hands of the creditors as a result of the 1932 scheme. The new company will have an authorised capital of £3,000,000 in £1 shares, of which 1,506,133 are to be placed privately for cash at 22s. 3d. (675,000 to be subscribed by the Ocean Steamship Company or its associates) and 89,867 are to be allotted to E.D. Realisation, British and African, and African Steamship. The balance of 1,404,000 shares are to be reserved to meet the conversion rights attached to a 3 per cent. income debenture which will be issued on a par-for-par basis in exchange for the existing African Steam 6 per cent. debentures. The new 3 per cent. income debentures will be convertible into shares of the holding company at the rate of 90 shares for £100 stock until June 15, 1939. The African debenture holders thus hold a stock which has a good backing of assets and a three years' option on 46.8 per cent. of the equity.

Anglo-Iranian Oil Company.—The net profits of the Anglo-Iranian Oil Company for 1935 amounted to £3,519,183, an increase of approximately £336,000 over the figure for 1934. After providing £408,747 for extra depreciation and a final dividend of 10 per cent., making 15 per cent. for the year, £511,126 is carried forward against £485,674. The market had been estimating, as we stated in our leading article last week, a dividend of 20 per cent. for the year against 12½ per cent. in the previous year. Various reasons have been given for this disappointing dividend. In some quarters it is believed that the company's trade has been dislocated by the extra demand for fuel oil for the Fleet in the Mediterranean. In others it is suggested that political considerations dictated a conservative dividend policy, having in view the attacks which had been made on the company for selling oil to the Italian forces in Abyssinia. The British Government is, of course, interested on account of its holding of £7,500,000 out of the ordinary capital of £13,425,000. The shares of the company fell, on the announcement of the dividend, from £41½ to £41. Having regard to the fact that the company enjoyed a rise of 1d. per gallon on petrol since May last year, and that the consumption of petrol is steadily increasing, there is every disposition to regard the future of the company as hopeful.

Edmundson's Electricity Results.—The results of this large undertaking for the past year again show a substantial increase in earnings. The following table shows that the greater part of the expansion is attributable to direct operating profit—presumably from the contracting departments since all the supply undertakings are controlled through subsidiary companies. The extent to which this profit arises from services rendered in respect of capital expenditure by subsidiary companies is not clear, but the total gross trading profit of £196,693 is qualified (for the first time) by a note to the effect that a "considerable part," as in past years, is derived from this source. Since the total amount for stocks and work in progress is only £6,313, the trading profits, which amount to more than £160,000, even after provision for all expenses, seem generous. It is understood that the McGowan Committee on Distribution (whose report is now said to be completed) has examined the relation of holding companies and their subsidiaries engaged in electric supply. It may be that the company may experience some difficulty in maintaining this part of its profits at the present level. If this item were entirely excluded, however, the earnings would still be adequate to cover the dividend, as the following table shows:—

	Years to March 31st		
	1934	1935	1936
Operating profit	67,380	143,387	196,693
Dividends and interest received, etc.	496,612	502,533	527,778
Total income	563,992	645,920	724,471
Expenses, fees, income tax, etc.	32,870	69,285	85,619
Debenture and other interest and sinking fund	128,284	117,953	128,599
Preference dividends	109,180	111,760	111,760
Ordinary shares :			
Earned	293,658	346,922	398,493
Paid	261,800	299,200	299,200
Earned (%)	7.8	9.6	11.5
Paid (%)	7	8	8
To reserve	15,000	45,000	50,000
Carried forward	41,855	44,577	49,720†

† After writing off £44,150 issue expenses.

Without a consolidated profit and loss account, it is impossible to assess the group earnings, but some indication can be drawn from the consolidated balance sheets. Between the end of 1934 and 1935 the gross total of general reserves and profit and loss credit balances increased by over £250,000. Of this total, perhaps half may be attributed to profits on investments and £45,000 to the 1934-35 reserve allocation of the parent company, leaving perhaps some £75,000 as increase in credit balances. On the other hand, premiums paid for shares in subsidiary companies increased by over £60,000. In view of the very small decrease in outside shareholdings in subsidiary companies, the bulk of this item must relate to new shares subscribed, possibly accounting for part of the £75,000 attributed to increased credit balances. Alternatively, these premiums may have been used to write off other assets whose disappearance cannot be traced in the balance sheet or to increase the depreciation reserves of the operating companies. The latter show an increase of nearly £500,000 during the year. Since the bulk of this increase must arise from revenue allocations and fixed assets are less than £20 millions, it is evident that the group's depreciation policy is generous. Ignoring the contracting profits of the parent company, it would seem that its position is not dissimilar to that of the majority of electric supply companies, since earnings cover the current rate of dividend without a substantial margin. The £1 ordinary shares are quoted at 43s. 6d. to yield £3 14s. per cent.

Cable and Wireless Prospects.—Since the eve of publication of the accounts, a fortnight ago, Cable and Wireless (Holding) preference stock has fallen from 111½ to 102 and the "A" ordinary stock from 27½ to 22½. A poor traffic figure for April succeeded an undemonstrative reception to the accounts, and Mr J. C. Denison-Pender's speech on Friday, last week, brought little comfort to the market. It is evident from the chairman's pronouncements that a

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scheme to deal with the long-expected capital reorganisation "might be unfair or even unnecessary at a later date" and must await the realisation of normal telegraph traffics. Upon the prospects of such a happy consummation, however, the Governor spoke with candour, referring to the laggard revival in international trade and the handicaps of political uncertainty. The recovery of the group since 1929 was described as the fruit of internal reorganisation rather than the result of external improvement. This stress upon the need for increased revenue was associated with anticipation of an approaching limit to internal economies, which have now attained the figure of £1½ millions. The praise of stockholders is due to the directors and staff for the achievement of this result. But without a substantial expansion of international trade, the full advantage of increased efficiency cannot be won. Competition from new wireless services, frequently subsidised by foreign governments, has prompted the company to seek discussion of the problem at the forthcoming Imperial Conference. Coupled with the unimpressive traffic indices for this year, the tenor of the Governor's speech has left the market with rather deflated hopes of a further substantial improvement in the group's position over the next few months.

Recent Textile Results.—There is little in the results recently emanating from the main branches of the cotton textile industry (of which a selection is given in the accompanying table) to suggest that a real recovery is at hand. The increased activity last autumn finds a certain reflection in the spinning results, but for *Fine Cotton Spinners* and *Lancashire Cotton Corporation* it is overshadowed by the legacy of past burdens. The former concern records an increase in total profits of over £100,000, but after providing £100,000 for depreciation—the adequacy of which is queried—this amount covers the debenture interest with only £17,203

	Total Profit	Earned for Fixed Charges	Ord. Div.	Securities		
				Denom.	Price	Yield (%)
Finishers:						
Bleachers' Association (Mar. 31)—						
1934	370,092	56,940	Nil			
1935	419,456	127,781	Nil			
1936	431,012	137,702	Nil			
British Cotton & Wool Dyers (Mar. 31)—						
1934	116,030	72,645	5			
1935	116,939	63,871	5			
1936	131,525	81,730	6½			
Spinners:						
Fine Cotton Spinners (Mar 31)						
1934	157,252	50,785	Nil			
1935	127,441	21,310	Nil			
1936	233,123	127,203	Nil			
Lancashire Cotton Corp.—						
Year to Oct., 1935	57,192	51,067	Nil			
Half year to March, 1935	...	11,582	Nil			
do. 1936	...	59,247	Nil			
Sewing Cotton:						
English Sewing Cotton (Dec. 31)—						
1933	361,179	305,617	10			
1934	377,341	323,341	10			
1935	324,292	279,036	10			
P. Coats (Dec. 31)—						
1933	2,677,288	2,574,594	13½			
1934	2,576,541	2,463,327	13½			
1935	...	2,006,340	10			

(a) Flat yield.

feat, which has been achieved for the first time in the history of the company, is but slight ground for encouragement in view of the large debit balance of £434,880 with which the company is still burdened. The improvement revealed by *Lancashire Cotton Corporation* for the six months to April 30th also confirms that an uphill recovery is still in progress, and the amount earned for debenture interest is, in fact, larger than the total for the previous year. On the latest figures, the Corporation might come within sight of "earning" the full amount of the debenture interest, which requires £130,000, without providing, as in past years, a penny towards depreciation. The results, in fact, shed no light on the future of the Corporation, for the £2,000,000 6½

per cent. debentures fall due for redemption next March, and in addition the guarantor's advances for interest to last October, which are repayable, amounted to £573,333. Market interest is therefore limited to the form which an inevitably drastic reorganisation will take. The *Bleachers' Association* results are somewhat disappointing for those who had anticipated that the new shrinkage process and output concentration would produce a significant increase in profits. Preference shareholders, whose dividends are now 2½ years in arrear, must therefore hope for better results on these grounds during the current year. The *British Cotton and Wool Dyers* results, on the other hand, are sufficiently improved to permit an increase in the ordinary dividend from 5 to 6½ per cent. It is, perhaps, in the sewing cotton branch that disappointment has been most marked. The sharp fall in profits disclosed in the *J. and P. Coats* statement has already been discussed in these columns. Coupled with the reduced profits earned by *English Sewing Cotton*, which left the 10 per cent. partially uncovered, the results suggest that the export markets remain difficult in this branch. In all, the results clearly show that the cotton textile industry remains the Cinderella of recovery.

Finlay Group Results.—The announcement of the reduction in the James Finlay dividend from 12½ per cent. to 10 per cent. was immediately followed by a report showing a trading loss of £29,004 for 1935 and a reduction of dividend income from £243,432 to £229,637, the latter being attributable to a fall in dividend receipts on ordinary shares (other than railway and bank shares) from £148,229 to £131,428. The reduced dividend is covered by earnings of 10.5 per cent., as the following table shows:—

	Years to December 31,		
	1933	1934	1935
Trading profit	Dr. 19,814	1,994	Dr. 29,004
Dividend and interest receipts ...	193,717	243,432	229,637
Total profit	173,903	245,426	200,633
Directors' fees	2,274	2,398	2,400
Income tax	10,000	20,000*	12,000
Preference dividends	30,000	30,000	30,000
Ordinary shares:			
Earned	131,629	193,028	156,233
Paid	135,000	187,500	150,000
Earned (%)	8.8	13.0	10.5
Paid (%)	9	12.5	10

Carried forward 255,019 260,547 266,780

* Includes £5,000 depreciation.

The four estate companies show rather irregular results. Consolidated Tea and Lands, the principal concern, reports surplus revenue amounting to £240,277, compared with £228,448 for the previous year, and the dividend is raised from 9 to 10 per cent. *Amalgamated Tea Estates* earned net profits of £86,185, compared with £64,184 for the previous year, and 4 per cent. is paid on the ordinary capital compared with 2½ per cent. *Kanan Devan* also record slightly better profits, at £148,155, the dividend being maintained at 12½ per cent. *Anglo-America Direct Tea Trading*, however, have suffered a severe fall in earnings from £120,388 to £75,051, which has entailed a reduction in the dividend from 10 per cent. to 6 per cent. The crop returns show that Consolidated Tea plucked a much reduced quantity of leaf, but the rise in prices—common to the whole group—protected the resultant profits. *Anglo-American* was particularly affected by the fall in other trading income. These companies have entered the current year with reasonable promise, and may produce some improvement in *James Finlay's* investment revenue. The sharp fall recorded last year, however, suggests that holders of the £1 ordinary shares, which are quoted at 62s. to yield £3 4s. per cent., should confine their expectations within modest limits.

De Beers Preference Arrears.—The 1935 report of De Beers, discussed in these columns on April 18th, page 139, contained no reference to the expected payment of preference dividend arrears, although Sir Ernest Oppen-

Next Week's Issue of

THE ECONOMIST

will include a

SPECIAL ANALYSIS

of the history, structure, financial record
and prospects of

TURNER AND NEWALL

heimer's statement at a reopening of the Dutoitspan mine had already received wide currency. On that occasion, Sir Ernest foreshadowed the repayment of arrears, which had accumulated since July, 1931, during the current year. At the annual meeting in Johannesburg last Friday, the chairman disclosed that the board contemplated the payment of two ros. dividends on the 40 per cent. £2 ros. preference shares in June, with two similar payments, given settled conditions, at the end of the year. These payments, it will be seen, would bring distributions up to June, 1933, and would be made out of current profits. The volume of trade last year amounted to £6½ millions, and on current indications the total for the present year was put at £8 millions. On this volume of annual trade, therefore, fair dividends could be paid on the 1,400,000 £2 ros. deferred shares. To prepare for this resumption, the directors have in mind the raising of short-term facilities—not debentures—on the company's reserve diamond investments. This procedure will anticipate, perhaps by as much as two years, the re-entry of the deferred shares into the dividend list, for it is hoped that payments will be resumed in 1937. An amount of £1,600,000 for the current year's profits—based on the chairman's statement—would imply earnings of 29.4 per cent. for the deferred capital in a normal year, and after the short-term facilities had been repaid. The preference shares are quoted at 17½, cum £5 dividend arrears, and, on a net basis, offer a yield of approximately 8 per cent. Provided that conditions in the United States encourage further buying of stones, this quotation may be regarded as reasonable. The £2 ros. deferred shares are quoted around 8½d.

Other Company Results.—The latest profits of some 34 additional companies will be found in our usual summary table on page 531. Among the concerns to register recovery during the past year are *Shipley Collieries*, whose profits advanced from £75,748 to £128,166, the dividend being increased from 6 to 8 per cent., while *Amalgamated Press* also enjoyed a successful year, profits increasing from £524,149 to £555,197 and the dividend being maintained at 11 per cent. *Albert E. Reed*, the paper manufacturers, achieved a very satisfactory increase in profits from £75,434 to £117,799, comfortably providing for the increased dividend of 9 per cent. *Anglo-Egyptian Oilfields* report a slight reduction in earnings at £212,342, the dividend being maintained at 10 per cent. Further rubber results show, on the whole, a continued falling trend, although it has been resisted by *Allied Sumatra*, whose profits are slightly higher, while the dividend is maintained. *Sialang* and *United Patani* report lower profits and dividends. The most impressive result in the tea group comes from *Pabbojan*, whose dividend cheered the market last week, and *Isa Bheel* and *Tara* also record satisfactory improvement. From Stockholm come the results of the *Swedish Match Company* for 1935, which have been reduced to Kr. 4,731,715, against Kr. 5,209,228 in the previous year. Although sales of matches were increased, the lower average selling price caused a reduction in gross sales profits. The total interest payable amounted to Kr. 21,376,966, compared with Kr. 20,085,851 receivable. The trading profits of *Ruston and Hornsby* amount to £109,369, an increase of £21,093 compared with the previous year. An ordinary dividend of 5 per cent. is to be paid, representing the first distribution since 1929. The *Turner and Newall* interim dividend has been raised, to the market's satisfaction, from 2½ per cent. to 3½ per cent. *J. Lyons and Company* report a balance of trading profit, after providing for contingencies, of £1,010,753, compared with £1,009,000 for the previous year. *British Electric Traction* reports an increase in total profits from £411,385 to £505,246. The long-standing 5 per cent. dividend and 10 per cent. capital bonus are maintained on the deferred stock. *Guest Keen and Nettlefolds* announce a profit of £940,000 after debenture interest, compared with £933,813 in the preceding year. A dividend of 5 per cent. net is paid for the year. The *Allied Ironfounders* dividend is reduced from 12½ to 10 per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Certificate Holders of El Salvador 6 per cent. Sterling Bonds, British Bank of South America, Royal Insurance, Sun Insurance Office, Hudson's Bay Company, Selected Land and Property, Central Mining and Investment, Cable and Wireless (Holding), Madras Electric Supply, Venezuelan Oil Concessions, Amalgamated Finance, Dalkeith (Ceylon) Rubber Estates, Sungei Batu (Malaya) Rubber Estates, Marks and Spencer, Wiggins Teape, Beechams Pills, Great Universal Stores, and Kamra Tin Dredging. At the Royal Insurance meeting, Mr A. E. Pattinson, after discussing the improvements recorded in the company's various branches, stated that the funds had now grown to £47,438,000. The chairman of the British Bank of South America referred to the effects of the Brazilian currency position on the country's trade and the Bank's accounts. At the Sun Insurance meeting Sir William Goschen referred with satisfaction to the substantial improvement in underwriting profit during the past year. Deposit Certificate Holders of the El Salvador 6 per cent. Sterling Bonds of 1923 series "B" ratified a readjustment agreement, the terms of which were fully set out by the Earl of Bessborough. Mr Ashley Cooper referred to "ways and means" to deal with Hudson's Bay preference arrears and to the prospect of modest ordinary share dividends. Mr H. W. Batty at the Selected Land and Property meeting pointed out that the dividend recommendation was very conservative. The strong financial position of the Central Mining and Investment Corporation was emphasised by Mr Phillips, who discussed the position of the various interests. Mr J. C. Denison-Pender's speech at the Cable and Wireless (Holding) meeting is discussed on page 499. The chairman of Madras Electric Supply Corporation said that the accounts showed a continuation of the progress to which they had become accustomed. Viscount Bearsted, at the Venezuelan Oil Concessions meeting, said that the exchange situation had adversely affected the results of the company's operations. The chairman of the Amalgamated Finance Company alluded to the company's interests in gold-mines showing a possibility of development. Rubber restrictions in Ceylon, contrasting with increased quotas in Dutch East Indies, were given as one of the reasons for lower profits of the Dalkeith (Ceylon) Rubber Estates. The artificial conditions prevailing in the rubber market were also mentioned by the chairman of Sungei Batu (Malaya) Rubber Estates. Mr Simon Marks stated at the Marks and Spencer meeting that development had been directed to the extension of existing stores in addition to opening new ones, and that a similar programme would be followed this year. Lord Portal, at the Wiggins Teape meeting, reported that the company's new ventures except the Greaseproof Paper Mills had shown improvement during 1935. Mr Philip Hill, at the Beechams Pills meeting, referred to the great scope for expansion in overseas markets. Sir Archibald Mitchelson, at the Great Universal Stores meeting, disclosed that the profits would have equalled those of the previous year but for the establishment of two important subsidiary undertakings. The chairman of Kamra Tin Dredging reported that a reduced quota entirely explained the fall in profits.

THE WEEK IN THE MARKETS

THE LONDON STOCK EXCHANGE

SETTLING DAYS

 TICKET
JUNE 9

 ACCOUNT
JUNE 11

INTEREST in the London market has been at a minimum this week. In a steadier but not intrinsically absorbing technical situation, the competition of the compelling attractions at Epsom and Southampton on Wednesday, reinforced by the approaching holiday, reduced the volume of business to minimal proportions. No fireworks were expected this week, and none have eventuated. The underlying factors remain unchanged; the franc is still subject to a degree of pressure which suggests that a final ordeal may be approaching when the new Government takes the reins. At home, the dull course of gilt-edged prices has shed its baneful influence over a wide range of investment industrials, and the week's business news, including the rayon output figures and the smaller expansion in retail trading during April, has not been of the sort which inspires a listless market to fresh advance. There is little in the immediate prospect which suggests a broadening of interest, although the tone from mid-week onwards seemed brighter.

This last factor was perhaps most evident in the gilt-edged market. A colourless opening marked the general pre-occupation with the Chancellor's forebodings of the previous week, and with the rapid approach towards congestion in the Home Corporation market. When the selling came to an end on Tuesday, however, prices improved fractionally. The eager subscription of the Salford loan, pitched a half-point lower than recent issues, strengthened the tone among corporation scrips.

Foreign bonds were not at their best. Chinese loans, after maintaining their recent headway, reacted on reports of the continued seriousness of smuggling, while Greek issues were affected by the Greek Premier's denial that negotiations were in prospect. In the European group, some support was reported for German funding issues, but the remaining German issues were dull.

Home rail stocks opened under the cloud of the wages deadlock, but the precautionary lowering of prices was followed by a steadier tendency later on Monday. The lower levels, in fact, attracted cheap buyers for a time, until the traffic proved to be less encouraging than had been hoped. Great Western and Southern preferred alone, however, were affected. London Transport "C" stock continued heavy. Interest in the foreign rail section was at a minimum at the opening, but better conditions prevailed in mid-week, on speculative support in defiance of poor traffics.

Quiet conditions prevailed in the industrial markets throughout the week, but the improvement in tone after Tuesday's scattered selling had been arrested was very obvious. Cable and Wireless experienced a further fall on week-end consideration of the Governor's speech (discussed on page 499, but on Wednesday the "A" ordinary stock showed a response to speculative purchasing. In the electrical equipment market, General Electric provided most interest in anticipation of the forthcoming accounts, and Edmundsons were supported in the supply group on the results (analysed on page 499). Aircraft shares continued irregular, Hawker Siddeley being offered on consideration of the capital proposals. Motor shares followed an easier course, and iron and steel issues, after finding support at the close of last week, again relapsed into quietude, with no decided improvement set in on Thursday. Ruston and Proctor were active on the resumed dividend and received support. Most textile shares were inactive, and made no response to recent results (page 500). In the rayon group, however, Rayonite was again moving upward after a long period of stability. In the stores group, Great Universal and Marks and Spencer were supported on the meetings. Several provision shares, including Cerebos and Unilever, were responsive to modest support, but brewery and tobacco shares had a quiet week.

Among the miscellaneous industrials, fair support was deserved for the precision engineering shares, Henry leadows continuing active, although subject to profit-taking after the recent strong rise. The leading cement

issues were in better mid-week form, and several of the favourite industrials like Murex and British Oxygen recorded a modest recovery. Turner and Newall, whose increased interim dividend was somewhat unexpected, rallied appreciably on Thursday. Bank shares recorded mixed movements, but insurance shares continued to decline.

Turnover in oil shares was considerably reduced as the week progressed. Anglo-Iranian recorded a sharp fall on disappointment with the dividend (discussed on page 498), and Mexican Eagle issues became less active after a busy day on Tuesday. Fluctuations on the latter made for occasional trading difficulty, and the Canadian issues were possibly a centre of greater interest on Tuesday. The leading oil shares were only temporarily affected by the Anglo-Iranian results.

Idle conditions have prevailed throughout the week in the rubber and tea share markets. In the former, some small but persistent sales by the public have depressed the market out of proportion to their volume, and in the tea share market there was similar difficulty in dealing at times, on selling orders evoked by the waning trend in Mincing Lane recently.

The Kaffir market, invariably forsaken by its fondest supporters when national sporting events occur, proved this week that it could at least maintain a good tone, even if it sadly missed their business. The reduction in the gold price affected dealings early in the week, and even West Witwatersrand were subdued by the quiet conditions. Activity revived on Tuesday, however, and several of the Far Western issues hardened, and were fairly maintained by Cape buying in mid-week. De Beers were adversely affected by the meeting (discussed on page 500). Rhodesian copper issues were deserted, and while some Australian gold shares were better there was no recovery in the "Jungle." Tin shares were depressed by the failure of the International Committee to reach a decision regarding the tin quota.

"FINANCIAL NEWS" DAILY BARGAIN INDEX
(Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to May 22, 1936	May 21, 1936	May 22, 1936	May 23, 1936	May 24, 1936	May 25, 1936	May 26, 1936	May 27, 1936	May 28, 1936
Government and Municipal Loans	6,062	1,214	1,204	1,372	1,086	1,005	1,022		
Transport, Com- munications, and Public Utilities	4,817	970	861	1,091	980	831	897		
Commercial and Industrial	20,430	3,647	3,494	4,650	3,731	3,447	3,911		
Banks, Insurance and Financial	2,920	557	625	615	547	507	556		
Mines (including Nitrate)	5,416	834	950	1,065	886	902	781		
Oils	1,892	366	369	341	317	331	210		
Rubber, Tea and Coffee	1,389	231	276	276	251	231	232		
Total	42,826	7,821	7,779	9,410	7,798	7,254	7,609		
Corresponding day in 1935	...	9,967	10,063	11,904	9,951	9,689	8,837		

* Including Iron and Steel and Breweries.

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

	Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	May 21, 1936	May 22, 1936	May 23, 1936	May 24, 1936	May 25, 1936	May 26, 1936	May 27, 1936	May 28, 1936
	114.5	107.4	108.7	108.9	108.9	108.6	108.7	109.1		

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

	Highest of 1936 (Feb. 19)	Lowest of 1936 (Mar. 16)	May 21, 1936	May 22, 1936	May 23, 1936	May 24, 1936	May 25, 1936	May 26, 1936	May 27, 1936	May 28, 1936
	133.4	137.0	137.7	137.7	137.6	137.4	137.5	137.5		

FOREIGN STOCK EXCHANGES

NEW YORK

WALL STREET continues to rub its eyes and to assure itself that, after all, no bones were broken in the setback which occurred last month. But of increased momentum there is at present only modest sign, although the volume of trading on Tuesday again broke through the million mark and was well maintained in mid-week. The most appreciated pointer, this week, was the increase in steel prices by

several large units, and the shares were a consistently firm market. United States Steel jumped nearly two points in Tuesday's active trading, and Youngstown were also active. Rail issues provided a feature on satisfactory April earnings, the first 15 reports showing a 23 per cent. increase in gross revenue. The leading motor issues were much more confident than of late. Although the tax measure—and the revenue position in general—is making heavy weather, the tone in Wall Street is undoubtedly better than for some weeks past. The franc is no longer a market factor, and more attention is being paid to current business news. Iron Age reports that current steel operations are at 68 per cent. of capacity, a fall of half a point on last week. It is expected, however, that the rise in prices announced for the third quarter will produce a rise in operations during June. In the bond market Treasury issues have not been supported, but other domestic high-grade issues have improved. Opposition to the new margin rules appears to be gathering force, and the possibility of important alterations is now being canvassed.

	May 20, 1936	May 27, 1936	May 27, 1936		May 20, 1936	May 27, 1936	May 27, 1936
U.S. 2½% Treas. Bds. 1945-47 ...	103½	103½	103½	Natl. Biscuit	34½	34½	34½
Atchafalaya	69½	71½	72	Phelps Dodge	33½	34½	34½
Erie	12	13½	13½	Pullman	42½	46½	46½
Illinois Central ...	19½	20½	20½	Sears Roebuck ...	66½	73	73½
N.Y. Central	34	36	36½	Un. Fruit	75½	78½	78½
Pennsylvania	29	31	31½	U.S. Leather	6	6½	6½
Southern Pacific ...	30½	33½	33½	U.S. Rubber	29½	30½	30½
Southern Ry.	14½	16½	16½	U.S. Steel	56½	60½	60½
Union Pacific	123	126½	126½	Westinghouse	110½	116½	117½
Am. Can.	127	129½	129½	Woolworth	50	49½	49½
Amer. Smelting ...	75½	77½	77½	Am. Tel. and Tlg. ...	160	164½	164½
Anaconda	33½	34½	34½	Int. Tel. Teleg. ...	13½	14	14½
Bethlehem Steel ...	49½	52½	52½	Utilities P. & L. ...	5	5	5
Chrysler Motor ...	93½	97	97½	W. Union Tlg. ...	77½	80½	80½
Corn Products Rf. ...	76½	77½	77½				
Eastman Kodak ...	161	160	160½				
Gen. Electric	36½	37½	37½				
Gen. Motors	61½	62½	62½	Shell Union	16½	16½	16½
Int. Harvester ...	81½	85½	85½	Std. California ...	36½	36½	36½
Mont. Ward	40½	43½	43½	Do., N.J.	57½	59	59½

† Calculated at \$4.98½ to £.

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

	1935		1936 (Jan. 1 to May 27)		Be- ginning of Year 1936	May 13, 1936	May 20, 1936	May 27, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Apr. 8				
351 Industrials ...	74.5 (d)	112.3	112.7	127.1 (d)	112.3	116.2	116.1	118.5
33 Rails	27.4	43.0 (w)	42.8	51.1 (b)	41.5	44.6	45.1	47.0
37 Utilities	52.2	93.6	91.2	108.2 (a)	93.6	93.2	95.3	99.4
Total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	100.7	101.0	103.7
Average yield of 50 Industrial Common Stocks	3.02% (v)	4.06% (h)	High 3.60% (c)	Low 2.95%	3.22%	3.25%	3.53%	3.44%

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

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

	Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	May 20, 1936	May 21, 1936	May 22, 1936	May 23, 1936	May 25, 1936	May 26, 1936	May 27, 1936
	147.6	126.2	132.9	132.3	133.5	134.9	135.1	136.6	136.3

TOTAL DEALINGS IN NEW YORK

	May 21, 1936	May 22, 1936	May 23*, 1936	May 25, 1936	May 26, 1936	May 27, 1936
Stock Exchange— Shares (Thous.)	670	680	440	690	1,140	1,220
Bonds (Value Thous. \$)	8,550	6,950	4,480	9,160	12,310	11,430
Curb— Shares (Thous.)	163	170	121	170	219	239

* Two-hour session.

PARIS

Politics continue to be the deciding factor on the Bourse. The recovery which followed M. Blum's statement that he was opposed to devaluation was succeeded on Monday by a very marked decline. Banks and industrials fell heavily after the Socialist demonstrations and were clearly

depressed by M. Blum's apparent willingness to listen to the demands of the C.G.T. Bank of France shares at 5,700 were at their lowest since 1922, showing a fall of 27 per cent. since the elections began. The depression of home industrials contrasted with the demand for internationals, which were actively bought at much lower yields. The yields on home industrials, however, were high enough to attract buyers towards mid-week, the recovery among some "heavies" being pronounced. Bank of France recovered from their lowest level and Rentes also showed an improvement. But by Wednesday news of further disturbances in Paris brought about a reaction, and emphasised once more the sensitiveness of the market to day-to-day politics.

	May 20, 1936	May 25, 1936	May 27, 1936		May 20, 1936	May 25, 1936	May 27, 1936
Banque de France	6,010	5,700	5,800	Wagons Lits.....	42	42½	42½
Crédit Lyonnais...	1,376	1,328	1,337	Mexican Eagle	99	93½	95½
Suez Canal	19,450	19,490	19,340	"Chartered"	112½	112½	112
Chargeurs Réunis...	264	254	236	Ford	46	45½	44
Rio Tinto	1,094	1,083	1,115	De Beers	688	638	632
Royal Dutch	26,600	27,010	27,150	"Johnnies"	290½	293	295

BERLIN

The market last week declined until Friday, except for shipping shares, which were influenced favourably by the Hapag and Norddeutsche balance sheets, and also for some public utilities and metal shares. On the last days of the week the market was firm, with consistent support for shipping shares, heavy industrials, Farbenindustrie and Reichsbank. The new week opened steadily, but later reacted, influenced partly by the reduced dividend of Dessauer Gas. Farbenindustrie and shipping shares were sold, but rubber and linoleum issues remained firm. Tuesday was irregular, but despite several sharp reactions, the market closed firm. The advance in reichsmark bonds ceased late last week, and the new week opened irregular. Dollar bonds were also irregular, but many quotations remained unchanged.

(Continued on page 506)

THE STANDARD BANK OF SOUTH AFRICA LIMITED

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

CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP ...	£2,500,000
RESERVE FUND ...	£2,500,000
CAPITAL UNCALLED ...	£7,500,000
	£12,500,000

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LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1935	Prices, Jan. 1 to May 27, 1936	Name of Security	Price, May 20, 1936	Price, May 27, 1936	Rise or Fall	Yield, May 27, 1936	Prices, Jan. 1 to May 27, 1936	Last two Half-yearly Dividends	Name of Security	Price, May 20, 1936	Price, May 27, 1936	Rise or Fall	Yield, May 27, 1936
High-est	Low-est					£ s. d.	High-est	Low-est					£ s. d.
94 1/2	80 1/2	87 1/2	83 1/2	113 1/2	113 1/2	2 19 8	7 1/2	6 1/2	Consols 2 1/2% 1950-55	85 1/2	84 1/2	-1 1/2	3 1 0
108 1/2	107 1/2	102 1/2	101 1/2	101 1/2	101 1/2	2 3 0	7 1/2	6 1/2	Do. 4% Red. at par on or after Feb. 1957 (n.p.)	116	115 1/2	-1 1/2	3 1 0
107 1/2	100 1/2	105 1/2	104 1/2	104 1/2	104 1/2	2 3 0	7 1/2	6 1/2	Do. 3% 1948-53	102	101 1/2	-1 1/2	2 3 0
112 1/2	100 1/2	108 1/2	104 1/2	104 1/2	104 1/2	2 3 0	7 1/2	6 1/2	Do. 3% after 1961 (n.p.)	107 1/2	107 1/2	0	2 3 0
114 1/2	108 1/2	111 1/2	108 1/2	108 1/2	108 1/2	2 3 0	7 1/2	6 1/2	Do. 4% 1944-49	111 1/2	109 1/2	-2 1/2	2 3 0
124 1/2	108 1/2	121 1/2	108 1/2	108 1/2	108 1/2	2 3 0	7 1/2	6 1/2	Do. 4% after 1952 (n.p.)	118 1/2	118 1/2	0	2 3 0
108 1/2	98 1/2	104 1/2	102 1/2	102 1/2	102 1/2	2 3 0	7 1/2	6 1/2	Funding 2 1/2% 1956-61	95 1/2	95 1/2	0	2 3 0
108 1/2	98 1/2	104 1/2	102 1/2	102 1/2	102 1/2	2 3 0	7 1/2	6 1/2	Do. 3% 1954-59	104	103 1/2	-1 1/2	2 3 0
108 1/2	98 1/2	104 1/2	102 1/2	102 1/2	102 1/2	2 3 0	7 1/2	6 1/2	Funding 4% 1960-90	117 1/2	116 1/2	-1 1/2	2 3 0
121 1/2	108 1/2	117 1/2	113 1/2	113 1/2	113 1/2	2 3 0	7 1/2	6 1/2	Victory Bonds 4%	115 1/2	114 1/2	-1 1/2	2 3 0
110 1/2	101 1/2	108 1/2	104 1/2	104 1/2	104 1/2	2 3 0	7 1/2	6 1/2	War Loan 4% after 1952 (n.p.)	105 1/2	105 1/2	0	2 3 0
88 1/2	80 1/2	87 1/2	84 1/2	84 1/2	84 1/2	2 3 0	7 1/2	6 1/2	Local Loans 3%	97 1/2	97 1/2	0	2 3 0
104 1/2	80 1/2	109 1/2	102 1/2	102 1/2	102 1/2	2 3 0	7 1/2	6 1/2	Austria 3% 1933-53	102 1/2	102 1/2	0	2 3 0
88 1/2	80 1/2	87 1/2	84 1/2	84 1/2	84 1/2	2 3 0	7 1/2	6 1/2	India 2 1/2%	98 1/2	98 1/2	0	2 3 0
88 1/2	80 1/2	87 1/2	84 1/2	84 1/2	84 1/2	2 3 0	7 1/2	6 1/2	Do. 3%	98 1/2	98 1/2	0	2 3 0
100 1/2	90 1/2	102 1/2	100 1/2	100 1/2	100 1/2	2 3 0	7 1/2	6 1/2	Do. 4% 1958-68	118 1/2	118 1/2	0	2 3 0
119 1/2	102 1/2	116 1/2	116 1/2	116 1/2	116 1/2	2 3 0	7 1/2	6 1/2	U.K. & Arg. A's (1947)	105 1/2	105 1/2	0	2 3 0
108 1/2	105 1/2	105 1/2	105 1/2	105 1/2	105 1/2	2 3 0	7 1/2	6 1/2	Dom. & Colonial Govts.	112 1/2	112 1/2	0	2 3 0
113 1/2	108 1/2	112 1/2	110 1/2	110 1/2	110 1/2	2 3 0	7 1/2	6 1/2	Australia 5% 1945-75	112 1/2	112 1/2	0	2 3 0
109 1/2	106 1/2	106 1/2	103 1/2	103 1/2	103 1/2	2 3 0	7 1/2	6 1/2	Canada 4% 1940-60	104 1/2	104 1/2	0	2 3 0
119 1/2	112 1/2	117 1/2	114 1/2	114 1/2	114 1/2	2 3 0	7 1/2	6 1/2	Gold Coast 4% 1956	116 1/2	116 1/2	0	2 3 0
121 1/2	116 1/2	119 1/2	118 1/2	118 1/2	118 1/2	2 3 0	7 1/2	6 1/2	Nigeria 5% 1950-60	119 1/2	119 1/2	0	2 3 0
115 1/2	107 1/2	114 1/2	110 1/2	110 1/2	110 1/2	2 3 0	7 1/2	6 1/2	N. Zealand 5% 1940-60	114 1/2	114 1/2	0	2 3 0
110 1/2	103 1/2	107 1/2	104 1/2	104 1/2	104 1/2	2 3 0	7 1/2	6 1/2	Queensland 5% 40-60	108 1/2	108 1/2	0	2 3 0
118 1/2	109 1/2	117 1/2	114 1/2	114 1/2	114 1/2	2 3 0	7 1/2	6 1/2	S. Africa 5% 1945-75	117 1/2	117 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Argentine 4% Resc. 1952	102 1/2	102 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Austria 7% 1957	94 1/2	94 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Do. 4% 1934-59	85 1/2	85 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	B. Aires (Prov.) 3 1/2%	64 1/2	65 1/2	+1 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Belgium 7% Red. by 1956	107 1/2	107 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Brazil 5% Fund. 1914	70 1/2	70 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	China 6% (1929)	171 1/2	171 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	China 5% (1912)	75 1/2	77 1/2	+2 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Do. 5% (1913)	87 1/2	89 1/2	+2 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Czechoslovakia 8%	101 1/2	101 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Danish 3%	110 1/2	110 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Danzig 6%	68 1/2	69 1/2	+1 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Egypt United 4%	103 1/2	103 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	French 4% (British)	23 1/2	23 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	German 7% Dawes Plan	56 1/2	57 1/2	+1 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Do. 5% (Youn. L'n.)	40 1/2	41 1/2	+1 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Greek 6% Stab. L'n.	35 1/2	34 1/2	-1 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Do. 7% Refugee	41 1/2	41 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Hungary 4%	42 1/2	41 1/2	-1 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Japanese 5 1/2% 1936-65	84 1/2	84 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Do. 6% (1924) Red. 1959	91 1/2	91 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Norwegian 4% 1911	130 1/2	130 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Peru 7 1/2% 1922	45 1/2	45 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Poland 7%	82 1/2	78 1/2	-4 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Roumania 5% 1922	11 1/2	10 1/2	-1 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Swedish 3 1/2% 1908	150 1/2	145 1/2	-5 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	U.K. & Argentine 1933	113 1/2	113 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	5 1/2% B. Certs. (1951)	113 1/2	113 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Do. C. Certs. (3% Max.)	80 1/2	80 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Corporation Stocks				
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Berlin 6% 1932-57	24 1/2	24 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	B'ingham 5% 1946-56	116 1/2	116 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Bristol 5% 1948-58	119 1/2	119 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Dawson 7% 1950-55	82 1/2	80 1/2	-2 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	E. London 5% 1900-70	120 1/2	120 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	J.L.C. 3% 1937-52	95 1/2	95 1/2	0	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Seine (Det. off) 4 1/2% 1952	104 1/2	103 1/2	-1 1/2	2 3 0
101 1/2	98 1/2	102 1/2	99 1/2	99 1/2	99 1/2	2 3 0	7 1/2	6 1/2	Public Boards				
118 1/2	115 1/2	121 1/2	118 1/2	118 1/2	118 1/2	2 3 0	7 1/2	6 1/2	Central Elec. 5% 1950-70	118 1/2	118 1/2	0	2 3 0
127 1/2	122 1/2	127 1/2	122 1/2	122 1/2	122 1/2	2 3 0	7 1/2	6 1/2	LONDON PASSENGER TRANSPORT BOARD	125 1/2	125 1/2	0	2 3 0
138 1/2	134 1/2	138 1/2	134 1/2	134 1/2	134 1/2	2 3 0	7 1/2	6 1/2	4 1/2% "A" 1985-2023	135 1/2	135 1/2	0	2 3 0
111 1/2	108 1/2	111 1/2	108 1/2	108 1/2	108 1/2	2 3 0	7 1/2	6 1/2	5 1/2% "T.F.A." 1942-72	110 1/2	110 1/2	0	2 3 0
131 1/2	126 1/2	131 1/2	126 1/2	126 1/2	126 1/2	2 3 0	7 1/2	6 1/2	5 1/2% "B" 1985-2023	129 1/2	129 1/2	0	2 3 0
112 1/2	101 1/2	112 1/2	101 1/2	101 1/2	101 1/2	2 3 0	7 1/2	6 1/2	Do. 1950 or after	103 1/2	103 1/2	0	2 3 0
100 1/2	95 1/2	100 1/2	95 1/2	95 1/2	95 1/2	2 3 0	7 1/2	6 1/2	Met. Wat. Bd. "B" 3%	97 1/2	97 1/2	0	2 3 0
123 1/2	119 1/2	123 1/2	119 1/2	119 1/2	119 1/2	2 3 0	7 1/2	6 1/2	Plot. Indus. 5% 1950-70	120 1/2	120 1/2	0	2 3 0
54 1/2	45 1/2	54 1/2	45 1/2	45 1/2	45 1/2	2 3 0	7 1/2	6 1/2	British Railways	48 1/2	47 1/2	-1 1/2	2 3 0
6 1/2	4 1/2	6 1/2	4 1/2	4 1/2	4 1/2	2 3 0	7 1/2	6 1/2	G. Western Ord. Stk.	53 1/2	53 1/2	0	2 3 0

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Wednesday's prices showed that a tendency towards general recovery was being maintained.

	May 20, 1936	May 25, 1936	May 27, 1936		May 20, 1936	May 25, 1936	May 27, 1936
Reichsbank	187.75	188.50	189.50	A. E. G.	37.50	37.10	38.40
D.D. Bank	94.00	95.25	94.25	Siemens and Halske	192.00	190.50	192.00
Dresdner	95.25	95.50	95.25	A. K. U.	53.60	55.00	54.75
I.G. Farben- industrie	172.10	170.75	173.75	Hamburg-Amer. (Hapag New)	16.25	16.10	15.75
Norddeutscher Lloyd (New)	18.00	17.90	17.40				

AMSTERDAM

Last week ended very quietly, rubbers reacting slightly after the previous improvement on the American consumption figures. Royal Dutch declined at first following new issue rumours, but recovered and closed higher than at the end of last week. Industrials remained steady, but the turnover was small and the general tone was listless until Wednesday, when there were signs of a little more activity.

	May 20, 1936	May 25, 1936	May 27, 1936		May 20, 1936	May 25, 1936	May 27, 1936
2½% Dutch Loan...	75½	75½	75½	Steel Common	34½	36½	36½
5½% German	185	20½	20	A. K. U.	22½	22½	22
Unilever N.V.	109½	111½	112½	Ford Motor	209½	203½	203
Philips Lamps	183½	184½	185	Deli Batavia Tob...	174	173	160½
Netherlands Ship Union	43½	44½	45	Royal Dutch	258½	261½	262½
				Handels Am.	218½	222½	224½

CAPITAL ISSUES

THE "shading" of the official price of corporation issues continues, for though *Newcastle-upon-Tyne* has, this week, offered a 21 year stock—mainly for conversion purposes—at 99, a *Salford* offer has been priced as low as 98½, for an 18-20 year maturity. The queue of borrowers is, obviously, to be kept moving. The industrial offers of the week have followed familiar lines. *Wm. P. Hartley* has taken over an old-established preserving and canning business, which was affected by increased competition between 1925 and 1934. Its organisation has since been overhauled and modernised, with beneficial effect on earnings, but the auditors' report gives only the last three years' profits. In view of the competition which still prevails, the issue price both of the preference and the ordinary shares appears generous. *Eustace Watkins* is a post-war business which, since 1929, has held the sole distributing rights of the Wolseley car in Greater London. The average profits cover for the last 4½ years is not unimpressive, but the results for individual years show wide fluctuations. Nearly one-third of the purchase price is attributable to goodwill. *Cement, Ltd.*, is noteworthy as being the first company incorporated in the Irish Free State which has visited the London capital market for some time. The real security for the debenture stock is the determination of the Irish Free State Government to make Irish cement in Ireland. The company comes out under experienced trade auspices, but until its profit-earning power has been established, its securities will doubtless appeal primarily to subscribers across the Channel, who are the destined beneficiaries of the Free State's economic nationalism. *Elephant Trading (South Africa) Holdings* adopts the high denominational preference and low denominational ordinary capitalisation (at a premium in both cases) which is now common form in most industrial issues. The company's warehousing and merchanting business has shared in the prosperity of South Africa, and the prospects of both classes of shares are reasonably attractive. *Central Line Sisal Estates*, which has a "straight" ordinary capital, is a frankly speculative issue, whose main feature is a mathematical table showing percentage earnings at various hypothetical profit margins per ton of sisal. As the directors refrain from any estimate of the profit which will actually be achieved, it is impossible to say whether a cash purchase price of £129,000 for the company's estates is attractive or otherwise. *Leading Investment Trust* is not an investment trust, but a property-owning and an estate-developing concern, half of whose properties are leasehold. The prospectus makes no mention of any intention to apply for a Stock Exchange quotation. The offer will appeal, therefore, mainly to those who are prepared to lock up their money in a somewhat speculative class of business. The week's "public notices" include statements on behalf of a well-established investment trust, a lacquer and varnishing business and a cinema-theatre syndicate.

ISSUES OF THE WEEK

January 1 to May 23, 1936, including conversions, Old Basis, £147,604,186.
January 1 to May 23, 1936, excluding conversions, Old Basis, £86,087,132.
January 1 to May 23, 1936, including conversions, New Basis, £206,715,493.
January 1 to May 23, 1936, excluding conversions, New Basis, £144,298,438.

National Savings Certificates, Net receipts week ended May 23, 1936, Dr. £50,000

	Nominal Capital	Conversions	New Money
To the Public			
Cement, Ltd., £450,000 5½% 1st mort. deb. stk., at par.	450,000	...	450,000
Central Line Sisal Estates, 190,000 £1 ord. shares, at par	190,000	...	190,000
Elephant Trading (South Africa) Holdings, 300,000 5½% cum. £1 pref. shares at 21/6	300,000	...	322,500
Do. 600,000 5½% ord. shares, at 7/6	150,000	...	210,000
Hartley (Wm. P.), 500,000 5% cum. £1 pref. shares, at 21/6	500,000	...	537,500
Do. 500,000 5½% ord. shares at 8/-	125,000	...	200,000
Leading Investment Trust, £50,000 6% deb., at par...	50,000	...	50,000
Do. 100,000 6½% 10/- pref. shares, at par	50,000	...	50,000
Do. 100,000 1/- ord. shares, at par	5,000	...	5,000
Newcastle-upon-Tyne Corporation, £1,500,000 3% cons. stk., at 99½ (to repay £382,015 Newcastle 3½% stk., 1936, and £995,985 Newcastle 6% stk., 1936-51)	1,500,000	1,377,615	107,385
Salford Corporation, £1,250,000 3% stk., 1934-1956, at 98½ (to repay £750,000 6% stk., 1936-51)	1,250,000	750,000	481,250
Watkins (Eustace) 120,000 2/- ord. shares, at 2/6	12,000	...	15,000
Do. 120,000 6% cum. 10/- pref. shares, at par	60,000	...	60,000
Total	4,642,000	2,127,615	2,678,635

	Nominal Capital	Conversions	New Money
To Shareholders only			
Anglo-Dutch Plantations of Java, 500,000 £1 ord. shs., at 22/6 (to repay £354,711 6% deb. stk. of Anglo-Dutch Utilities Co.)	500,000	354,711	207,789
Barton Transport, 1,500,000 6d. deferred shs., at par...	37,500	...	37,500
Croydon Gas, £120,000 4% irred. pref. stk., at 105 (to repay 7½% pref. stk.)	120,000	126,000	...
London and Lombard Trust, £100,000 3½% deb. stk., 1957-62	100,000	...	100,000
Scottish Stockholders Investment Trust, £100,000 4% deb. stk., at par	100,000	...	100,000
Total	857,500	480,711	445,289

	Nominal Capital	Conversions	New Money
By Stock Exchange Introduction (at opening price)			
Griew (L.), 350,000 4/- ord., at 8/3	70,000	...	144,375
Do. 120,000 6% cum. 10/- pref., at 10/6	60,000	...	63,000
Total	130,000	...	207,375

	Nominal Capital	Conversions	New Money
By Permission to Deal			
During week ended May 23, 1936	1,239,362	...	3,564,230

	Including Conversions	Excluding Conversions	Total Offered for Subscription—Including Conversions
Total Capital raised—			
January 1 to date—			
1936 (New Basis) ...	216,169,348	151,143,967	...
1936 (Old Basis) ...	153,286,436	89,161,056	...
1935 (New Basis)* ...	194,162,880	111,438,049	...
1935 (Old Basis) ...	133,626,851	47,383,109	...
January 1 to date—			
1934 ...	246,242,843	89,400,246	...
1933 ...	166,954,649	94,971,828	...
1928 ...	...	222,365,975	...

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

	Debentures	Preference	Ordinary	Total
Nature of Borrowing (Excluding Conversions)				
January 1 to date—				
1936 (New Basis) ...	63,085,127	16,275,956	71,782,884	151,143,967
1936 (Old Basis) ...	55,262,062	7,220,710	26,678,284	89,161,056
1935 (New Basis)* ...	31,367,064	25,729,891	54,341,094	111,438,049
1935 (Old Basis) ...	17,960,808	17,033,878	12,388,423	47,383,109
Whole year—(Old Basis)—				
1928 ...	212,817,900	45,062,800	111,177,600	369,058,300
1933 ...	222,064,300	12,733,700	9,982,500	244,780,500
1934 ...	102,769,300	21,461,000	44,878,400	169,108,700
1935 ...	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in twenty-two weeks ended June 1, 1935.

PUBLIC OFFERS

Elephant Trading (South Africa) Holdings, Ltd.—Issue of 300,000 5½ per cent. cumulative £1 preference shares at 21s. 6d. and 600,000 5s. ordinary shares at 7s. Formed as a holding company to acquire share capital (32,350 "A" preference, 12,150 "B" preference, 35,450 "C" preference and 140,950 ordinary shares, all of £1) of Elephant Trading Company, Ltd., wholesale warehousemen, and general merchants, trading in South Africa. Elephant Trading controls Dominion Shippers, Ltd., and New York Clothing Manufacturers (Proprietary), Ltd. Profits of Elephant Trading Company to June 30th (after depreciation): 1933, £68,186; 1934, £65,548; 1935, £71,015. Net assets, excluding goodwill, £340,129. Purchase consideration £520,000, of which £310,000 cash and £40,000 5s. ordinary shares. £179,871 for goodwill. Lists closed 9.25 a.m., May 27th.

Newcastle-upon-Tyne.—Issue of £1,500,000 3 per cent. stock at 99. Proceeds to redeem 3½ per cent. and 6 per cent. stocks and repay mortgages. Redeemable at par September, 1957. Population, 292,700; rateable value, £2,543,478; present rate, 10s. 8d. in the £. Net debt £9,045,013, of which £1,321,949 for productive undertakings, £4,552,576 housing. Cash lists closed at end of banking hours, May 27th.

City of Salford.—Issue of £1,250,000 3 per cent. stock at 98½. Redeemable at par September 1, 1956, or from 1954 on three months' notice. Proceeds to redeem 6 per cent. stock, repay mortgages, and for electricity, housing, etc. Population, 223,438. Rateable value, £1,129,830. Present rate, 17s. 2d. in the £. Net debt, £4,903,829, of which £2,074,856 for productive undertakings and £1,117,137 housing. Cash lists closed 9.5 a.m., May 27th. Oversubscribed.

Central Line Sisal Estates, Ltd.—Issue of 190,000 £1 ordinary shares at par. Company formed May, 1936, to purchase £129,000 in cash three sisal estates of about 9,140 acres all in Tanganyika Territory. Cazenove, Akroyds and Greenwood and Company have underwritten the issue, including 50,000 shares firm.

Cement, Ltd.—Issue of £450,000 5½ per cent. first mortgage debenture stock at par. Redeemable at 102, June 30, 1974, or from 1940 by drawings or from 1946 on three months' notice (whole amount only). Secured by first charge on properties and floating charge on all assets. Company formed May, 1936, in I.F.S. for manufacture of standard Portland cement and rapid hardening cement. Tunnel Portland Cement Company taking half share capital of £300,000 and provides technical assistance for ten years. Underwriters have had to take up 20 per cent.

Leading Investment Trust, Ltd.—Issue of £50,000 6 per cent. mortgage debentures, 100,000 6½ per cent. 10s. preference shares and 100,000 1s. ordinary shares, all at par. Debentures secured by floating charge subject to specific charges; redeemable at 103 by drawings from January 1, 1938 to 1980, or on or after December 31, 1940, on six months' notice. Company formed to purchase for £93,500 properties and building sites in Greater London, for artisan or middle-class dwellings. Net income from properties to be purchased (valued at £97,174), £7,654, from existing properties bought for £27,250, £2,215. List closed 9.30 a.m., May 27th. Fully subscribed.

Eustace Watkins, Ltd.—Issue of 120,000 6 per cent. cumulative 10s. preference shares at par, and 120,000 ordinary 2s. shares at 2s. 6d. Formed to acquire business of same name founded 1920, distributors of Wolseley cars. Profits, after depreciation, years to September 30: 1932, £27,366; 1933, £25,681; 1934, £16,776; 1935, £17,120; six months to March 31, 1936, £14,246. Net assets, £71,700; acquired for £103,000 of which £50,000 cash and 530,000 ordinary shares; goodwill, £31,300.

BY OFFER FOR SALE

Wm. P. Hartley, Ltd.—Offer for sale of 500,000 5 per cent. cumulative £1 preference shares at 21s. 6d. and 500,000 5s. ordinary shares at 8s. Formed to acquire business of Wm. P. Hartley (London and Aintree), Ltd., established 1871, jam manufacturers and canners. Profits, after depreciation, years to October 31st: 1933, £86,375; 1934, £62,802; 1935, £85,684. Net assets, excluding goodwill, £935,000. Charterhouse Investment Trust acquire shares offered for £724,000 including expenses. Lists closed five minutes after opening on May 26th. Oversubscribed.

BY STOCK EXCHANGE INTRODUCTION

General Consolidated Investment Trust, Ltd.—Particulars of issue of 200,000 4½ per cent. cumulative "A" £1 preference shares. Shares rank after existing 5½ per cent. preference stock. Fuller information regarding company in Stock Exchange Year Book. Cazenove, Akroyds and Greenwood and Company, and Rowe, Swann and Company, subscribe jointly for issues at par, less ½ per cent. commission.

Majestic Theatres Corporation, Ltd.—Issued capital, 400,000 5s. ordinary shares and 119,343 6 per cent. cumulative 10s. preference shares. Acquires five freehold theatre properties occupying important sites for £219,343, satisfied as to £119,343 in 10s. preference shares and £100,000 in 5s. ordinary shares. Net annual income, £16,250. Total assets, March 31, 1936, £318,846.

Titanine, Ltd.—Issued capital, 800,000 2s. ordinary shares. Acquires from January, 1936, the business of Titanine-Emallite, manufacturers of aeroplane dopes, etc. Net assets acquired, £53,205 for £80,000, all in ordinary shares except £100 in cash. Profits, after provision for depreciation, years ended March 31st: 1933, £754; 1934, £1,916; 1935, £6,801; ten months ended January 31, 1936, £12,421.

ISSUE TO SHAREHOLDERS ONLY

Handley Page, Ltd.—£116,965 of reserves is to be used to pay up new shares. The capital is to be raised from £206,644 to £323,609. It is proposed to convert existing preference and ordinary shares into stock, and to allocate to holders of preference shares such an amount of ordinary as will give them the same proportion of profits and the right of 50 per cent. of the surplus assets in a winding up. After the conversion of shares into stock the capital will be increased by the creation of 467,860 new ordinary shares of 5s. each, to be paid out of reserves. One-half of the new ordinary stock will be allotted to the preference holders.

FORTHCOMING ISSUES

Hawker Siddeley Aircraft Company.—Proposals are to be made to issue 400,000 of the new preference shares at par in the form of rights to existing preference shareholders, who will

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be entitled to apply for two new shares for every five shares held, and 600,000 of new 5s. ordinary shares at 20s. each to existing ordinary shareholders—three new shares for every twenty shares held.

Kentan Gold Areas, Ltd.—Shareholders have been asked to sanction an increase of capital to £2,000,000 by the creation of a further 2,000,000 shares of 10s. each, of which it is proposed to issue 500,000 shares at par to the shareholders; this issue has been underwritten by The Zambesia Exploring Company, Ltd. The further capital is required particularly to develop and equip the Geita gold mine in the Sana Concession, Tanganyika Territory, and bring it to the production stage.

OTHER RESULTS OF ISSUES

Stockton-on-Tees Corporation.—Underwriters of issue at 99 of £900,000 3 per cent. stock, 1956-58, left with 85 per cent. of issue.

Kellner-Partington Paper Pulp.—85 per cent. of the 6 per cent. guaranteed mortgage debenture stock of Kellner-Partington Paper Pulp has been converted. The cash applications have been very heavy and allotments have been small.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, May 20, 1936	Price, May 27, 1936
Aeronautical Corp. of Great Britain 5/-	5/-	5/-	1/-6d. dis	3/6-4/6
Anglo-Palestine Bank "A" £1	37/6	37/6	41/6-42/6	40/6-41/6
Birmingham 3%	99	39	7-1½ pm	7-1 pm
Blackburn Aircraft 5% Pref. £1	21/-	11/-	7½d-4½d dis	7½d-4½d dis
Bradford 3%	99	35	4-1½ dis	4-1½ dis
British Guiana Cons. Gold 5/-	5/-	5/-	4-4/6	4-4/6
Cardiff 3%	99	5	1½-1½ dis	1-1½ dis
Cons. Sisal of East Africa 20/-	22/6	17/6	16/9-17/9	16/3-17/3
County of London Electric 3½% Deb.	par	25	par-1½ pm	8-8 dis
Cowburns and Scots Ord. 4/-	4/6	4/6	4/1½-4/7½	4/1½-4/7½
Croydon 3%	99	5	5-8 pm	4-5½ pm
English Electric 4% Deb.	98	25	18/-18/6	17/9-18/3
Franco Signs (10/-)	...	...	3/3-3/6	3/3-3/3
Furnishers Ord. 2/-	3/-	3/-	9d-3d dis	19/3-19/9
Do. 6% Pref.	20/-	20/-	4/9-5/-	4/9-5/-
F. Hills Ord. 4/-	5/3	5/3	3½-3½ pm	3½-3½ pm
Gas Light and Coke 3½% Deb.	par	60	11/9 dis	88-90
Guildhall Development 5% Deb.	99	99	1/9-2/-	3/4½-3/7½
Hetty (Gowns) Ord. 1/-	2/-	2/-	3/4½-3/7½	102½-103
Do. 6% Pref. 4/-	4/-	4/-	4-4½ pm	4-4½ pm
Huddersfield 3%	101	101	1½-1½ pm	1½-1½ pm
Industrial and General Trust 3½% Deb.	100	30	1½-1½ pm	1½-1½ pm
Kellner-Partington 4½% Deb.	95	25	4/7½-5/1½	4/4½-4/10½
Lewis (J.) Props. 3½% Deb.	95½	5	10½d-4½d dis	1/-6d dis
Lloyds Buildings Ext. Deb.	5/-	5/-	1½-1½ dis	1½-1½ dis
Marshall, Sons and Co. 5/-	20/-	10/-	1½-1½ dis	1½-1½ dis
Meesons 5½% Pref.	100	40	1½-1½ dis	1½-1½ dis
Do. 4½% Deb.	100	20	1½-1½ dis	1½-1½ dis
Middlesex 3%	98½	5	23½d-23/10½	22/10½-23/1½
New Zealand 3%	97	62	1-1½ pm	1-1½ pm
Pressed Steel Ord. 5/-	99	45	1-1½ dis	1-1½ dis
Railway Finance Corp. 2½%	99	29	8/10½-9/1½	8/9-9/3
Rochdale 3%	99	19	1½-1½ dis	1½-1½ dis
Sheffield 3%	99	5	1½-1½ dis	1½-1½ dis
Smethwick Drop Forgings 5/-	20/-	100	1½-1½ pm	1007-101½
South Shields 3%	99	19	17½-17½	17½-17½
Stockton-on-Tees 3%	99	5	5/10½-6/1½	5/10½-6/1½
Surrey 3%	100	100	par-3d pm	par-3d pm
Tizer 5/-	20/-	20/-	4½d-7½d pm	4½d-7½d pm
Trojan Holdings Ord. 5/-	6/9	3/6	6d-3d dis	6d-3d dis
Waterworth Brothers Ord. 5/-	21/3	10/-	6d-3d dis	6d-3d dis
Do. 6% Pref. 20/-	7/6	4/-	7/10½-8/4½	7/10½-8/4½
Whiteley Stevens Holdings Ord. 5/-	20/-	10/-	21/9-22/3	21/9-22/3
Do. 6% Pref.	20/-	...	...	...

ADVANCE LAUNDRIES, LTD.—Gross profits for the year to March 31, 1936, amounted to £93,979, an increase of over £12,000. The sum of £27,174 is set aside for depreciation and obsolescence against £21,315. The ordinary dividend is raised from 9 per cent. to 10 per cent. Reserve receives £4,822 against £5,000, and £5,447 is carried forward against £4

FINANCIAL AND ECONOMIC SITUATION IN THE ARGENTINE

THE PRESIDENTIAL MESSAGE TO CONGRESS

STRICT FULFILMENT OF OBLIGATIONS OF NATIONAL DEBT

27 MILLION PESOS BUDGET SURPLUS

In the message which he delivered to Congress on May 7th at the opening of the Session, the President of the Argentine Republic, His Excellency Augustin P. Justo, made a full statement of the country's economic and financial position.

The message contains detailed information regarding the manner in which the Argentine Government has in recent years effected important economies in the Budget and also regarding the transformation and diminution of the National Debt and the fulfilment of the obligations which it implies, both internal and foreign. It also deals with the creation of the Central Bank, brought about by previous consultation with Sir Otto Niemeyer.

Following is a translation of the introductory part of the President's message, together with the portions dealing more particularly with Argentina's economic and financial position.

Addressing the members of the Senate and of the Chamber of Deputies, the President said:—

Gentlemen:

I appear before you in fulfilment of the duty imposed on me by the Constitution to inaugurate the new Session of Congress and to render account to you of the general state of the country, the work achieved with your assistance during the past year, and the principal aspects of the action to be taken during the present year.

In the first place, it is my pleasing duty to place on record that the severe economic crisis through which the country has been passing in recent times—an inevitable repercussion of the world-wide slump—shows very marked signs of being on the decline. The re-establishment of our economic strength as a consequence of the reawakening of productive capacity, facilitated by prudent and opportune measures of government, restores confidence to the sceptical and stimulates the energies of those who are confident in the future of the country.

The severe test to which we have been subjected has at least taught us two lessons. First, the value of faith in a great cause, and second, the effectiveness of the intervention of public authorities, provided that they face the problems arising out of economic disturbances with decisive action, so as to lessen their effects, stimulate the collective organism and accelerate the process of restoration. The Republic marches forward anew, interrupted for just one brief moment, in its march towards that destiny the future holds in store for it, thanks to the enormous wealth which the generous hand of Providence has scattered over its vast territory.

DIFFICULTIES OVERCOME

The firm will and the decisive action of all those who felt the sense of responsibility, has to a great extent swept away the difficulties which were on the point of plunging the country into general poverty and bankruptcy, due to the world depression and the barriers erected against international trade, as well as to internal disorder and unpreparedness. The combined efforts of the executive power of Congress, and of the live forces of the productive classes, admirably backed up by their working and fighting spirit, has succeeded in consolidating on sound foundations the economic and financial organisation of the country, placing it in a position—through its defensive resources—of facing up successfully to possible future contingencies.

Our country has maintained its traditional friendly international relations, and in the period under review no perturbing incidents or difficulties have been recorded.

After patient and conciliatory negotiations, the efforts made through the joint mediation of six South American countries, to bring the war in the Chaco to an end, were crowned with complete success. Cessation of hostilities was secured and a Protocol was signed, containing the basis of a friendly settlement of all differences between the ex-belligerent countries.

The Pan-American Commercial Conference, which took place in Buenos Aires, and in which conclusions of far-reaching importance were reached, has made clearly manifest the close economic and commercial relationship existing between the countries of this Continent. Intense activity has also been displayed by the Argentinian representative bodies within the framework of the League of Nations, where the problems to be solved were faced in a spirit of utter impartiality which is traditional to our foreign policy.

The proof of our moral position in the South American Continent lies in the designation of the City of Buenos Aires, by the accord of all our brethren of America, as the City for the great Pan-American Conference, which will take place on the initiative of President Roosevelt.

COMMERCIAL TREATIES

The commercial policy initiated by this Government has resulted in the pacts made with England, Chile, Brazil, Holland, Belgium, Switzerland, Germany, Spain, Finland and Uruguay.

The approaching expiration of the Roca-Runciman Treaty, which regulates interchange with Great Britain in relation to one of our basic industries, has given rise to negotiations which are being carried out with a view to solving in a satisfactory manner the serious problem which this situation involves.

I deemed it expedient to convoke the Meat Conference, which took place in March of this year, with the intervention of representatives of those industries and bodies associated with the Meat Trade, in order that with their direct experience of the multiple aspects of the problem, the members of this Conference should act in an advisory capacity to the Executive Power.

In the realm of Public Finance and of the general economic policy of the country, the past year has been a period of execution and practical realisation of the far-reaching reforms sanctioned by both Chambers in the previous period. At the same time, the Executive Power, on the Administrative side, has, as in previous years, carried out a policy of strict economy in regard to expenditure.

Two outstanding events characterise the period: the reduction of the Floating Debt and the surplus obtained during the Financial Year.

FLOATING DEBT

The Executive Power, since coming into office, has considered that the reduction of the enormous Floating Debt was not only an obligatory task from the point of view of putting our finances in order and of monetary defence, but also because it was an indispensable condition for securing the economic recovery of the country. The State, in the past, by accumulating enormous deficits, was actually contributing to making the economic crisis even more acute. If these enormous deficits had been left to continue weighing on the country, the solution of the crisis would have been delayed and the generative nucleus of an enormous block of frozen credits would have been maintained immovable. Fortunately, a solution has been found to this problem. The measures adopted in compliance with the banking and monetary laws have permitted the cancellation or consolidation of more than 730 million pesos. With this and the application of the 1935 Budget surplus, the initial sum of 1,230 millions, already reduced in the three preceding years, has now been reduced to 100 million pesos.

Because of its singular importance, I must also particularly draw attention to the surplus secured in the last Financial Year. Revenue has been greater than expenditure by the appreciable sum of 27 millions. This auspicious result reflects, on the financial side, the improvement in the economic situation, but this would not have been achieved without the constant, persevering and energetic work carried out by the Government over a long period in several directions; the economies in administration introduced; the scrupulous fulfilment of the State's obligations, which made possible the Debt Conversion, effected with decision at the right moment; the prudent calculations made of public revenues and the severe control in the collection of these revenues.

I am pleased to place on record that the collaboration I have had from both Chambers has been efficient and patriotic and that the whole of the inhabitants of the country have assisted, in an equally patriotic manner, in remedying the difficult situation of the Nation.

It is unnecessary for me to emphasise the significance of this success, reached at a time when nearly all countries keep on accumulating enormous debts, faced with the impossibility of reducing unavoidable expenditure or of increasing their resources.

BANKING REFORMS

In the year under review, the new institutions created by the Banking and Monetary Laws have been constituted and have commenced their activities with all efficiency.

The Banco Central, during its first financial year, has made use of the principal powers conferred on it by law for the regularisation of currency and banking.

The activities of the "Instituto Movilizador" were initiated with an operation of banking reorganisation which by reason of its volume has no precedent in this country and which has allowed the establishment of solid institutions capable of guaranteeing the fruits of the people's savings and attending to the credit necessities of our commerce and industries.

The Statute of Unification of Internal Taxes has been applied with satisfactory results. The volume and security of the revenues with which this law provides the Provinces, has facilitated the work of financial reorganisation. The same effects will be secured by the agreements relating to transfer of provincial debts to the Nation, which the Executive Power has entered into with certain States and is negotiating with others. The regularisation of provincial finances will strengthen the credit of the whole Nation, it will considerably improve that of the Provinces, and will produce, in addition to the definite suppression of the barriers against interprovincial trade, beneficial economic effects for the country.

As a consequence of the transformation of the floating debt, the total of the national debt has considerably decreased during the course of the year 1935. The conversion of several foreign loans has been successfully carried out. The credit of the Argentine in the world market has appreciated to an extent which has not been realised for years. This is reflected in the increasing demand for National Bonds, quotations for which reached high levels.

THE FUTURE COURSE

The year under review has seen the garnering of the fruits of a co-ordinated action by all the healthy forces of the country, imbued with the firm will to make recovery definite. But if the results achieved permit us to have faith in the future, it would be imprudent to allow ourselves to be possessed by a spirit of confident security, which in the present circumstances might be pernicious. We should, on the contrary, continue our task with the same prudence and the same energy displayed up to the present.

The desire that the economic life of the country should recover its normal rhythm, nurtured solely by its natural resources, should be conciliated with the preoccupation that the Nation be provided with the defences necessary to face up to any new setback.

The administration of national finances should be in harmony with this double objective. Any great increase in expenditure would perilously weaken our reserves.

The easier situation of national finances which we place on record with legitimate satisfaction should be taken advantage of in order to modify and perfect the taxation which it was imperative to impose in order to repair our gravely affected financial situation. It is the constant preoccupation of the Government to try and reduce as far as possible the taxation which up to the present it has been necessary to extract from the productive classes of the community. However, this must not be carried out by drastic means, but rather through the medium of gradual reform, already initiated and concretely put before the Chambers in Bills, aided by other measures which I shall in due course submit to your consideration.

The Army and Navy have during the past year continued dedicating themselves wholeheartedly to their tasks, and by intensive labours are furthering the work of perfecting their respective arms, which day by day ensure to them a greater capacity for carrying out the exacting duties of their noble mission. The former in their barracks and instructional camps, and the latter on the sea have maintained a constant activity, the entire personnel of the forces being fully aware that it is only by carrying out their professional duties that they can ensure

their own efficiency and continue to merit the applause and respect of the Nation.

In order to maintain themselves at the high level demanded by constant technical progress and in accordance with the authority bestowed on them by the respective Laws, both institutions are renewing and completing part of their equipment. When so, this only satisfies a few of their most urgent needs. It will, in addition, be necessary to equip the Army and new resources, and this measure will entail increase in personnel, a necessity which is also being met by the Navy.

NEW WORKS

In the year under review, important works have been initiated. By virtue of Law 11,925, a contract was entered into with the firm of Vickers Armstrong of Great Britain for the construction of a new training ship, which should come into service at the beginning of the year 1938. Law No. 12,155 is also being complied with. This law relates to the renewal of aviation equipment, and the first machines and materials acquired are expected very shortly.

At this stage in the life of my Government, it is possible to observe the results obtained from the agricultural policy we have followed. Situations of extreme urgency demanded emergency solutions. But, from the very beginning we have never lost sight of the broad aims we have in view of creating a stable and progressive agricultural and cattle industry. Now that the defensive laws we have made for our farming industries are being fully applied, we shall deal with the organic structure of the greatest economic and social force in the country.

The Ministry of Agriculture is a dynamic institution, which inspires confidence in the mass of agricultural workers. The bonds of relationship between the Ministry and the workers are becoming more closely knit day by day, as a result of untiring and harmonious joint efforts. The men who dedicate their efforts to work on the land, feel they are being defended but not excessively protected. In this way the natural economic equilibrium of the different productive activities will not be altered.

The several measures lately adopted have been based on this policy, and comprise: the increasing of the minimum price of the three cereals which constitute the basis of agricultural production; the call for tenders recently put out for the first group of grain elevators; the distribution of seed on loan to farmers who lost their harvests; the policy of good, sound and cheap fruit; the encouragement to fruit-growers to form themselves into a guild; the assistance given to the vine-growers; the extension of Argentine exports; the constitution of the Commission for Regulating the Production and Marketing of Yerba Mate; the rational development of cotton-growing; the meeting of the Consultative Conference for the Meat Trade and the study of the questions arising out of the approaching expiration of the Treaty of London.

An event of positive economic and political value which I have pleasure in announcing to you is the increase in production of petroleum in the State oilfields. The incorporation of new wells, especially in the Comodoro Rivadavia Zone, and the discovery of a new source in the same oilfield, the potentiality of which is greater than anything known up to the present, modifies in a substantial form the accepted conception of the value of our oil-bearing resources, which are generally considered to be insufficient.

The recent surveys and boring operations carried out, form part of an extensive plan covering the established reserve zones, and permit us to predict that the question of national fuels will be definitely solved.

PUBLIC WORKS

With regard to Public Works, the Executive has continued developing the organic plan it had mapped out, keeping strictly within the margin of the resources at its disposal. It has endeavoured to harmonise as far as is possible the precepts of our basic laws of accountancy and Public Works with the respect due to contractual obligations and the urgent necessity of maintaining and intensifying the indispensable services and complying with most pressing public needs.

The benefits of the Federal action have extended to the whole country. The laws promulgated by you during the previous Financial Year, have permitted the Government to carry out the works of expansion on the lines of the State Railways, the benefits accruing from which are palpable and will be translated more and more each day into different aspects of progress and well-being to which our provinces and territories legitimately aspire. Work has actively continued also on the extensive irrigation, hydraulic, port and architectural schemes in progress, some of which will be inaugurated in the near future.

Road construction has also been the object of preferential attention, as it constitutes another of the fundamental objectives of Government policy, seeing that the development of roads and highways takes into account the characteristics of the country and responds to the vocation and the aspirations of the Argentine people. Not only has there been intense activity on these works, but, in addition, in order that they may be carried out at the earliest possible moment, because of the economic, political, social and strategic advantages they offer, the original three-year plan is to be modified, raising to 300,000,000 pesos the funds to be spent, up to 1938 inclusive, on the construction of the network of roads.

FOREIGN AFFAIRS

Although, fortunately, the war in America has ceased, we cannot remain indifferent to the gravity of the present international situation. In spite of the fact that the events which determine this situation do not directly affect our country, since our entry to the League of Nations and in view of the character of member and President of the Council which was held by our representative last year, the question of international interdependence has for us been accentuated, obliging us to consider very carefully all the problems with which it is surrounded.

The policy of "rapprochement" which is engaging the attention of the Government, above all with the countries of America, and more especially with our immediate neighbours, has been forwarded in relation to the Republic of Brazil, by the welcome visit to our country of His Excellency, Doctor Getulio Vargas, President of the United States of Brazil, accompanied by his Ministers for Foreign Affairs and Marine Doctor Don Jose Carlos de Macedo Soares and Admiral Guimaraes respectively.

Accompanied by His Excellency, the President of Brazil, we inaugurated the Pan-American Commercial Conference, which took place in Buenos Aires from May 26 to June 19, 1935. During the course of its sessions, four conventions of which the Argentine was a signatory were approved. One related to the repression of smuggling, another to the creating of special passports for tourists and motor-cars, the third prescribing regulations for aircraft traffic, and the last organising the Pan-American Commercial Juntas. The Conference also approved numerous resolutions and recommendations tending to insure the carrying out of its objects of mutual understanding and harmonising of Continental interests.

Of all the happenings, in which our Chancellery intervened, none had the repercussion attending that of the signing of the Protocol of June 12th, by which an end was put to the war of the Chaco Boreal. Compliance was thus given to the vehement desire of the American peoples and with it a prolonged and difficult process of promoting international understanding was concluded. The Government believes that in that manner it faithfully interpreted the pacific and friendly feelings which have always characterised the Argentine people, and that this event accentuated, once again, our noble prestige in this sense. As a consequence of those Protocols, the Peace Conference was inaugurated, which since then continues in session, seeking through its mediation, that the two parties arrive at a satisfactory solution of all those questions which a war brings in its train. The labours of the Conference have been arduous and prolonged, as in basing its action on the conclusions of the Hague Conferences, relating to good offices and mediation, it cannot employ methods other than those of reason and good advice, seeing that, as was declared at the inauguration of this Peace Conference, "mediation does not assume any other coercion than that of a moral nature," and it is because of this, also, that "nations who offer to act as mediators do not contract obligations other than the certainly very strong and very decisive obligations of the moral nature aforementioned."

SETTLING THE CHACO WAR

The labours of the mediators have already borne fruit, and amongst them, the signing by the Representatives of Bolivia and Paraguay of the Memorandum of January 21st last merits special mention. This Memorandum agreed to the reciprocal return of prisoners and the renewal of diplomatic relations. The documentation published relating to the labours of the Mediating Commission is already known to you, and the Commission is now arriving at the conclusion of its friendly negotiations, seeing that the only question now pending is the solution of the frontier or territorial problem, which is beyond the scope of its reference.

On February 22nd last, the negotiations which were being carried on by the Chancelleries of Washington and Buenos Aires for the realisation of a Peace Conference to be held in Buenos Aires by the nations of America were brought to a successful issue, thus consecrating international goodwill on a solid basis.

In taking part in all these International measures, the Government has accentuated the standing of our country amongst the nations of this Continent, sponsoring the fulfilment of the highest ideals of international justice.

In the affairs brought before the Assembly and the Council of the League of Nations, the actions of our Chancellery were inspired by those principles lived up to at all times by the Republic, without vacillations, and preserving always an equidistant position in the relations between the States with which we maintain traditional associations of peace and friendship. In following this purely objective policy, the obligations emanating from the Pact of the League of Nations have been complied with.

In referring to the League of Nations, we must place on record that, in view of the importance of the questions therein debated,

and the fact that it devolves upon our country to preside at the 89th meeting of the Council, the establishment of a Permanent Delegation was promulgated by decree of July 30th.

FINANCE

It has been the duty of the Treasury Department during the year under review to carry out the arduous task of getting under way the functioning of the organisations brought into being by the laws sanctioned by you relating to banking, monetary and financial policies. The execution of this vast plan of financial reorganisation has coincided with the consolidation of public finances. The gradual improvement shown in the preceding years has been so marked that, for the first time since the beginning of the severe crisis which affected the country, I am able to inform you that the Financial Year has closed with a considerable surplus, that is to say, 27 million pesos.

This very satisfactory result I have already announced to you in my Message of December 24th last, on requesting approval for the suppression of different licences and the exemption from taxation of certain profits. The provisional figures made it then possible to anticipate that income would exceed expenditure by 20 million pesos. The adjusting of figures for expenditure after the closing of the Financial Year—the definite figures are not yet compiled—shows that the surplus exceeded by 7 millions the figure anticipated. This surplus is much the more significant when it is considered that the Estimates for the 1935 Budget were sanctioned with the large balance of 71 million pesos on the wrong side.

Factors which have contributed to this financial success are the greater income obtained than the figures estimated and the carrying out of the economies approved by you.

RESOURCES

One of the outstanding features of the last Financial Year is the great increase in the collection of the Revenue of the Nation, which exceeded estimates by more than 65.5 millions, national currency; and the income of the preceding year, by more than 52.5 millions national currency. The details are given in the following table:—

INCOME COLLECTED IN CASH DURING THE FINANCIAL YEARS 1934 AND 1935 AND ESTIMATE OF INCOME FOR 1935.

Items	Collected in 1934	Esti- mates for 1935	Differences between		
			Collected in 1935	Collected in 1935 and 1934	Collected and esti- mated income 1935
I.—			(In millions \$ m/n.)		
General Income	746.3	730.3	799.1	+52.8	+68.8
Customs and Ports	297.9	304.0	323.6	+25.7	+19.6
Unified Internal Taxes	130.4	111.4	112.4	-18.0	+1.0
Land Tax	15.3	14.9	15.5	+0.2	+0.6
Licences	11.9	11.5	12.5	+0.6	+1.0
Stamps	59.7	53.0	60.6	+0.9	+7.6
Profits	66.5	66.0	77.2	+10.7	+11.2
Sales	...	24.7	24.7	+24.7	...
Transactions	18.5	...	...	-18.5	...
Participation in Profits Rep. Aut.	6.3	8.0	\$9.0	+2.7	+1.0
Posts and Telegraphs*	38.8	42.0	41.2	+2.4	-0.8
Financial Service	35.2	42.4	40.3	+5.1	-2.1
Misc. Income	22.8	18.7	45.7	+22.9	+27.0
National Educational Council†	43.0	33.7	36.4	-6.6	+2.7
II.—Social Service.....	25.0	28.0	24.7	-0.3	-3.3
	771.3	758.3	823.8	+52.5	+65.5

* Deducting official service—that is to say, \$ m/n. 4.0 millions in 1934 and 4.1 millions in 1935.

† For purposes of comparison, as it formed part of the Council's own income, this sum has been included in General Income.

‡ \$ m/n. 58.0 millions belong to profits of 1935 and \$ m/n. 19.2 millions to previous years which do not figure in the distribution to the provinces.

§ Receipts of Banco Central included—that is to say, \$ m/n. 2.0 millions not included in the estimate of income.

Of the total amount collected by the Nation for the different items, the sum of \$ m/n. 824 millions, details of which are given in the preceding table, was expended in covering its Estimate; the Provinces required 89 millions, of which 75 millions are derived from internal taxes, 10 millions from the Profits Tax and 4 millions from the tax on sales. In its turn the Municipality of the Federal Capital received the sum of \$ m/n. 19.8 millions through the following items: Profits Tax, \$ m/n. 2.2 millions; Sales Tax, 0.9 millions; Land Tax and Licences, 16.7 millions. Finally, the municipalities in the territories received 0.8 millions through the two items last mentioned. In these

amounts the collection of the income specially affected is not included, among others that of the tax on petrol, which ensures the realisation of the roads construction plan, without necessity of issuing bonds, as has been done for the rest of the national public works.

The application of the tax on profits has given satisfactory results.

The collection of 89.5 millions has exceeded the estimates by 9.5 millions. But of this amount, 19.8 millions are from profits earned in years before 1935, and which, therefore, are not included in the distribution for the provinces.

The tax on sales, established in place of the tax on transactions, in order to avoid the well-known anti-economic effects of the latter form of taxation, have been applied for the first time during the last Financial Year. Its proceeds of 29.9 millions have coincided with the estimates made for it.

EXPENDITURE

You will remember that in the Estimates sanctioned for the year 1935, expenditure exceeded resources by 71 million pesos. In order to balance the Budget, you directed the Executive Power to carry out economies during the course of the year amounting to 50.8 millions. There remained, however, a sanctioned deficit of 20.2 millions.

It is with great satisfaction that I have to announce that in executing the estimates, the Executive Power has been able to secure a total economy of 56.5 millions, or say, 5.7 millions more than the figure directed by you. Pressing requirements of the Administration, however, obliged the Executive Power to incur expenses authorised in Councils of Ministers to the amount of 13.7 millions. In fulfilment of laws sanctioned by you, and as extraordinary expenses, the sum of 10.3 millions was expended, with which part of the economy mentioned has been neutralised.

The following table shows in detail the expenditure incurred in the Financial Year, according to the provisional figures supplied by the General Accountancy Department of the Nation:—

TOTAL EXPENDITURE IN 1935

Items	Budget Expenditure	Extra-ordinary Expenditure	Expenditure in special accounts	Total
(In millions \$ m/n.)				
I.—Covered by revenue in cash	772.8	24.0	54.8	851.6
General Administration	494.5	23.4	129.8	647.7
Pensions, Gratuities, etc.	42.6	0.1	...	42.7
Contributions to National Pensions	15.0	...	...	15.0
Public Debt	196.0	...	25.0	221.0
Social Service	24.7	0.5	...	25.2
II.—Covered with Proceeds Negotiation Bonds	...	...	...	146.6
Public Works	...	...	...	115.4
Armaments	8.4	12.6	...	21.0
National Pensions	5.4	...	...	5.4
Military Pensions	3.0	...	...	3.0
Other Laws	...	1.8	...	1.8
				998.2

* These amounts are not given, as no details are available.

† Including 13.1 millions of differences in exchange in the payments of the Administration and 1.6 millions administrative expenses of the Control Boards of the Milk Industry, Cereals and National Cotton, and for encouraging exports of meat, as well as of the Offices of the Exchange Control.

During the past year, the expenses authorised by special laws outside the Budget, to be covered by general revenue, have amounted to considerable sums. These special credits have increased with an ever-accelerating rhythm during the past few years. If in 1932 they amounted to only 2 millions, in 1933 they increased to 3 millions, in 1934 to 9 millions, and in 1935 they soared up to 26 millions.

These amounts do not include the ex gratia pensions nor the considerable sums voted by special laws for public works financed through the issue of bonds.

The Executive, which greatly appreciates the efforts made by the National Congress to make financial equilibrium possible, considers it his duty to point out to you the dangers entailed in this growth of expenses authorised by special laws. The Executive Power well knows that every day you receive solicitations for improvements from all parts of the country, and it realises that these special laws of expenditure often owe their sanction to the generous desire to solve immediately the problems put before Congress. But on voting expenditure, without at the same time creating resources with which it is to meet, the grave risk is incurred of unwittingly going back to deficits.

One of the principles of sane financial policy which we must strictly observe is the principle that every necessary expense known during the period of sessions must be included in the general estimates law, which is sanctioned on the basis of the income on which the Nation may count.

The Executive Power has tried, as far as possible, to comply with the wishes of the Chambers, condensed in these special credits, but it has taken special care, and care must be taken that in the future this does not affect the financial equilibrium.

RESULTS OF THE FINANCIAL YEAR

The economies effected and the greater sums collected have permitted the securing of such a considerable surplus as 27 million pesos, as may be seen in the following table:—

RESULTS OF THE FINANCIAL YEAR 1935

	Expenditure	Revenue	Surplus
	(In millions \$ m/n.)		
Covered by revenue in cash	851.6	878.6	27.0
Covered with the proceeds of negotiation of bonds	146.6	146.6	...
Total	998.2	1,025.2	27.0

This result is even more pleasing if one considers that in the expenses covered by revenue in cash during the year 1935 there appears the item of Contribution to the Pensions Bank amounting to 15 millions, which previously was paid in bonds. On the other hand, on sanctioning the Budget law for 1935, you had directed new appropriations of several million pesos to be made, and the suppression of half of the scale of salary cuts, without taking into account the inclusion of the total amount of expenses and income of the National Council of Education.

The surplus has been secured without computing the profits on exchange, nor the 20 per cent. surcharge on imports brought into the country without previous permission, the proceeds from which have been credited to the "Fondo de Divisas" ("Foreign Currencies Fund").

In the Financial Year 1936, expenditure will necessarily be increased with the suppression of the scale of salary cuts of the personnel of the Administration, and if you approve the Bills submitted to you in due course, revenue will suffer the decrease determined by the exemption from tax of certain profits and the suppression of certain licences. It will, therefore, be an inevitable duty to continue the handling of the national finances in a spirit of prudence and economy, and from this moment I claim, once more, your collaboration in the sense indicated.

APPLICATION OF THE LAW OF UNIFICATION OF INTERNAL TAXES

In my previous Message, I pointed out the great advantages from an economic standpoint that would be secured by the law of unification of internal taxes. Since then its beneficial effects have been clearly demonstrated. From the financial point of view, the application of the law has also confirmed the predictions. On a total collected of 187 millions, there has been distributed to the Provinces a sum of nearly 75 millions, that is to say, nearly two millions more than the law demands, due to certain States having requested greater initial quotas within the limitations established by Article 28. The rest of the collection or, say, 112 millions has gone to general revenue. As I anticipated last year, the new regime has signified for the Nation, during the Financial Year under review, a drop in revenue of some 20 millions, if the figures are compared with the previous Financial Year, and a somewhat greater sacrifice too, if one calculates what the Nation would have collected in 1935, in the event of the unification of the taxes on consumption not having become an accomplished fact.

The Provinces have been able to improve their finances to a very great extent. The certainty of receiving income known beforehand, guaranteed by the Nation, has given a sound backing to their credit. Certain Provinces have thus been able to contract loans, in advantageous conditions, from private institutions of credit, with the object of converting, unifying or consolidating old debts, or for initiating works of general utility. The new regime has given greater elasticity to their finances, as local administrations have been able to cover with ease passing deficiencies in other items of their revenue, or face up to momentary requirements of a greater amount of liquid funds, by means of advances of sums which by virtue of the law they should receive in the rest of the year.

Certain States have approached the National Government in order to arrange with the latter the transfer of their debts to the Nation, in accordance with Articles 8 and 9 of the law. These Provinces can, through this medium, eliminate problems which were more or less insoluble within the local sphere before the unification of the taxes on consumption came into operation. Floating Debts, accumulated in the years of disordered finance, will be consolidated with advantage by the Provinces and their creditors. Loans contracted by local governments in onerous conditions have been, and can be, transformed in debts more in keeping with the present situation. It has been possible also to find a reasonable solution for taking out of circulation the scrip, which

under several denominations constitute issues of provincial paper money prohibited by the Constitution, and which, within a very short time, will I trust have disappeared never to return.

As a consequence of these transfers of debts, the obligations of the Nation will increase to a certain extent. A part of this increase is the natural consequence of stipulations of the law, and constitutes, together with the drop in the general revenue, the contribution from the National Treasury, to ensure for the Nation, the Provinces—and the whole of the population—advantages which, it is my firm conviction, are fully compensatory. The remaining part of the increase has its counter-entry in the credits that, in its turn, the Nation acquires against the Provinces, and which the latter will amortise in a convenient form, during the period in which the law of unification of internal taxes is in force.

It is to be hoped that the provinces will know how to conserve the benefits obtained, scrupulously administering their present resources, in order to maintain the solid credit which they to-day enjoy, thus contributing to increase their future wealth and prosperity.

TRANSFORMATION AND DIMINUTION OF THE NATIONAL DEBT

Thanks to the banking laws and the monetary laws sanctioned by you at the beginning of the year 1935, the Executive Power has been able to eliminate very nearly the whole amount of the heavy floating debt which weighed on the National Treasury for a long time past. Already in the years 1932 to 1934, the most pressing portion of this debt had been consolidated, decreasing from more than 1,200 millions at the beginning of 1932 to a little more than 800 millions at the end of 1934. But there remained the great mass of drafts of the Treasury, re-discounted in their greater part by the Banco de la Nación Argentina, and becoming the direct debt of the State to the said institution, apart from other debts of lesser importance.

In all, the floating debt has been reduced by 746 million pesos. Of these, 301 millions were paid in cash with the use of funds accruing from the re-valuation of gold, 72 millions by employing the Conversion Fund, and the 373 millions remaining in the following form: with Consolidated National Treasury Bonds, 255 millions, and with bonds of the Credito Argentino Interno, 118 millions.

In this way, including the normal alterations of the other items of the Treasury balance, the considerable floating debt which so much disturbed the official finances during the past few years, was brought down at the end of 1935 to the comparatively small sum of approximately 100 million pesos. The Government has, therefore, succeeded during the first four years of office in reducing the floating debt of more than 1,200 millions to approximately 100 millions, or say by more than 1,100 millions.

Apart from the consolidation of the floating debt, the Executive Power has transformed in Consolidated National Treasury Bonds, the balance of 145.3 millions of bonds of the Patriotic Loan which were held in the Caja de Conversión.

As a consequence of this transformation of the public debt, the nominal value of the total debt of the Nation has been reduced by more than 200 million pesos at December 31, 1935. It is only natural that the consolidated debt should have increased by the consolidation and issue of bonds for the financing of public works. The nominal increase of the consolidated debt amounts to 518 million pesos. Its real increase is very much lower. You will allow me to expand a little on this point, because it is of the greatest importance that the real modification of the amount of our debt should be seen in its true perspective, as it would be appreciated in a totally erroneous manner if only nominal values are compared. Actually it is not the nominal amount of a debt, but the real value of the annuities to be paid in order to amortise it with interest that gives one the true measure of the burden assumed.

If to obtain 100 pesos in cash the nation has at a given moment negotiated—as happened at the end of 1933—scrip of 5 per cent. interest and 1 per cent. amortisation at 90 per cent. of its value, delivering in consequence bonds to the nominal value of 111 pesos, and then has sold—as occurred at the end of 1935—in order to obtain the same amount of ready money, bonds of 4½ per cent. interest and ½ per cent. amortisation for the nominal value of 115 pesos at 87 per cent. of their value, the advantage of the second operation over the first is evident. It is true that the nominal value of the debt in the first case amounts only to 111 pesos and in the second case to 115 pesos. But in order to pay the first debt, apparently the smaller, the nation must pay but nearly the sum of 6.66 pesos; in order to cancel the second, at first glance, it is only necessary to find the sum purely of 1.11 per annum.

In referring to annual payments being unequal in both cases, that, in view of

the estimated present value of these allows their value to be reduced to figures which are comparable one with the other. This calculation shows—both series of annual payments being at the rate of 5½ per cent., approximate cost of the money on the first of the dates mentioned—that the second debt although its nominal value exceeds that of the first, is actually the smaller debt, being less by 6 pesos than the first.

It is in this way that the increase of the consolidated debt should be considered determined by the new issues for consolidating the floating debt or financing public works. These issues earn a smaller interest than the one obtaining the preceding year, and they were negotiated at rates of accommodation which did not annul this fall in interest. The real increase of the consolidated debt is not, therefore, represented by the nominal value of these issues, but by its lesser actual or present value in relation to the value of the debt which existed a year ago.

From this it will be seen that the real growth of the consolidated debt is less than the purely nominal increase cited of 518 million pesos. In considering the total amount of the total debt of the Nation, this minus difference must be taken into account, and should logically be added to the plus figure of 200 millions which represents the decrease which has taken place in it.

THE CONVERSION OF THE PUBLIC DEBT

The operations of conversion of the public debt initiated with such great success at the end of 1933, with the unification of the internal debt at a lower interest, and the substitution in 1934, of the old loans floated in Great Britain for others in better conditions have continued during the year under review, with the conversion of several loans floated in France, amongst which are included several of the provincial loans.

With profound satisfaction I am able to declare that, as a result of the different conversion operations carried out up to December 31, 1935, economies have been obtained in the services of the public debt to the value of 45 million pesos.

As and when circumstances permit, the Executive Power will continue the task of lightening the burden of the Exchequer, by reducing the cost of the public debt, with which the Nation will thus increase the benefits gained up to the present, thanks to the strict fulfilment of the obligations contracted with the holders of the bonds.

CREDIT OF THE NATION

The economic and financial recovery of the country, the faithful fulfilment of all its obligations and the transformation effected in the public debt, have contributed to strengthening the national credit. For the first time the bonds of the Credito Argentino Interno of 5 per cent. were quoted around par. Three years previously, those of 6 per cent. had gone down to less than 80 per cent. of their nominal value.

The improvement of credit permitted the Government to continue with all success placing the new bond of the public debt at 4½ per cent. interest and ½ per cent. amortisation, which, for the first time since 1911, was again put on the market at the end of 1934. The new issues, destined for the greater part to financing the plan of public works, were being negotiated in conditions growing more favourable day by day, so that when the last operation was carried out at the beginning of February of the present year there was an increase in the negotiation rate of more than five points net relative to the first issue referred to above. At the present time these bonds have an excellent market, and are quoted at more than 90 per cent. of their nominal value with an immediate yield of less than 5 per cent.

This favourable evolution of the capital market has considerably cheapened the cost of the Public Works of the last Financial Year in relation to those effected in the preceding years.

In its turn, short-term credit, with the elimination of the frozen Treasury drafts, has again commenced the functions appertaining to it, that is, the satisfying of the transitory requirements of the Treasury. The new non-rediscountable drafts which the Treasury issues, and the circulation of which does not exceed in all 50 million pesos, are punctually paid at their due date.

Dealing with bonds eligible for short-term accommodations, these have turned out very attractive to the local Banks, financial and commercial institutions, and even to private investors, who may prefer to maintain their resources in a liquid form. In recent transactions they have been adjudicated at an interest varying between 1½ per cent. at one month and 2½ per cent. at 90 days.

So that these drafts, instead of being a hindrance to the banking system, constitute an important factor in the regularisation of the money market, by taking the pulse of interest of money on short terms.

EXCHANGE

With the sanctioning of the financial Statutes, the Exchange Control has entered on a new phase. The Banco Central has taken over the regulating of the market of exchanges and the fixing of the negotiation rates of the different currencies.

In its turn, the Executive Power, in fulfilment of Law 12,160, has appointed a Foreign Currency Commission, charged with the mission of advising the Government in questions relating to the distribution of our products. Thus, during the year 1935, it has been possible to continue granting, without trouble, the advance exchange permits on the basis of the agreements to which this country is a signatory and the availability of the market.

The measures referred to, together with prudent handling of the Foreign Currencies Fund, have permitted us to maintain our monetary stability. The pound sterling which in January was worth 17.01 pesos in the official market, has maintained this level during the whole year without any appreciable variation, and in December it was quoted at 17.02 pesos. This stability has been secured, thanks to the Foreign Currencies Fund having attained the necessary magnitude for satisfying the demand of holders of exchange permits, even in the periods in which the delivery of currencies to the official market decline, as a consequence of the stationary nature of our exports.

With the object of allowing the peso, after a long period of quotation rigidity, to develop a trend more closely approaching market realities, there was established in the official market a system of auctions or bids for the acquisition, by holders of exchange permits, of foreign currencies. The reasons which made this measure advisable have disappeared by reason of the present stability of our currency, as has already been expressed. In consequence, the system of bids has been abolished, and it has been replaced by the direct fixing of the rate of exchange by the Banco Central, on the basis of the Currencies Market situation. This measure has also considerably facilitated the negotiations of the holders of exchange permits and the labours of the respective offices.

The Executive Power maintains its purpose of aiming at complete liberty of exchange operations as soon as the circumstances permit. In this regard, there was recently created a Commission, charged with the duty of fixing tariffs for the delivery of currencies emanating from the regular exportation of our goods; but it is natural that, whilst measures exist abroad, which have been the cause of establishing a regime of exchange control, it will be necessary to proceed cautiously.

The margin of exchanges emanating from the difference between buying and selling prices of export drafts in the official market has continued being applied in the form laid down by you. An investment of the said fund, of the very highest interest to the country and cereal producers, has been proposed to you and the Bill awaits the sanction of the Chamber of Deputies. This consists of the building of a chain of grain elevators.

Within the scope of its policy of giving the benefit of the profits on margin of exchanges to producers, the Executive Power has recently arranged with the Railway Companies to lower the freight for the carriage of the maize harvest, compensating the fall in their revenue by the concession of a more favourable rate for the transfer abroad of their funds.

CENTRAL BANK

In dealing in my previous Message with the monetary and banking laws, I pointed out to you that the intention was to apply them decisively, aiming definitely at the complete fulfilment of the high purposes for which these transcendental reforms were promulgated. The moment has now arrived to make an exposition of the work achieved, which is, in itself, an eloquent refutation of the prejudices, errors, and unjust criticisms which these measures provoked, and which the Executive Power faced with serenity, being aware that the ultimate outcome would give it the justification that its judgment and foresight merited.

Actually, the unfounded rumours of inflation have proved illusory. At the end of the year 1935, after the execution of all the operations contemplated in the plan of monetary reform, the total amount of money in circulation, both in the bills issued by the Banco Central and the subsidiary coinage in charge of the National Government (excluding that in the coffers of the said Bank) amounted to 1,177,900,000 pesos, against 1,171,500,000 pesos in the previous year; the increase has been insignificant.

The revaluation of metallic stocks on being transferred to the Banco Central has not fortunately had the extreme inflationist results which were anticipated. The fact is that a considerable portion of the benefits accruing from revaluation and from subsidiary coinage, which amounted to 701,100,000 pesos, were re-absorbed in the form already known to you. The remainder was employed to strengthen the ready money of the banking

system, increasing it from 436,200,000 to 827,500,000, or, say, by the sum of 391,300,000, making its proportion with regard to the deposits 25 per cent., which is a very satisfactory result.

With this, the banking system has recuperated its essential liquidity, and the dangers which threatened it have been completely overcome. These dangers affected not only banks in difficulties but also all banks, due to the general consequences which these phenomena of lack of confidence on the part of depositors bring in their train.

All these events are consolidating the prestige of banking reform, which is an indispensable condition in order that the Banco Central may carry out with efficiency its delicate functions of regulating the system independently of all influences foreign to its own task, but subject always to supervision of the authorities through the stipulations laid down in the law and in its regulatory decrees.

THE BANK INVESTMENTS MOBILISING INSTITUTE

At the end of the last financial year, this Institute commenced its operations, thus initiating the last stage of the plan of action set out in the Banking and Monetary Laws sanctioned by you.

Its first operation was to acquire from the Banco de la Nación Argentina the credits which this Bank had in difficult moments granted to private banks, and which on December 28, 1935, amounted to the sum of \$ m/n. 314,591,000.

Within the scope of the fundamental objects of the law of organisation No. 12,160, of ensuring that liquidity so necessary to Banks, the Instituto Movilizador was responsible in the form opportunely made public, for the banking consolidation of greatest volume the country has ever known, as much by reason of the importance of the banks absorbed, as by the magnitude of the figures involved.

On its part, the Instituto Movilizador should now deal with the liquidity of assets which were transferred to it by the Banks, assist the development of the businesses of debtors with capacity to pay, and increase the productivity of the properties. This is truly a complex task to be carried out without undue precipitation, as this might frustrate the sane purposes for which the Instituto was brought into being.

THE BANCO DE LA NACION ARGENTINA

The Banco de la Nacion Argentina was an efficient and valuable instrument which served to overcome the dangers of the extremely grave situation provoked by the crisis the country passed through in recent years.

The Banco Central de la Republica Argentina having commenced operations on May 31st last year, the National Government made restitution to the Banco de la Nacion Argentina through the handing over of \$ m/n. 428,149,000 in cash, of \$ m/n. 118,052,000 in bonds of the Credito Argentino Interno and of pesos \$ m/n. 5,546,000, by the cancellation of the conversion fund, the debt contracted previously, which amounted to \$ m/n. 551,748,000. This measure, together with the purchase made by the Instituto Movilizador to a total value of \$ m/n. 314,591,000 to which I have referred in another part of the Message, endowed the Banco de la Nacion Argentina with very strong available assets. It thus cancelled its re-discounts, which on May 31, 1935, stood at \$ m/n. 246,000,000, and at the present time it possesses large liquid funds, notwithstanding the transfer of official deposits and of the Camara Compensadora to the Banco Central.

Having unloaded the weight of official credits and considerably increased its liquidity, the Banco de la Nacion Argentina is in a solid position to intensify its action of fostering the basic industries of the country.

THE NATIONAL MORTGAGE BANK

The consolidation of the position of the Banco Hipotecario Nacional, after the conversion of the mortgage scrip and the modification of the terms granted to debtors have permitted it a favourable evolution of business, especially in relation to the mora and the placing of its bonds.

The Bank operates in the measure of the receptivity of the market, issuing scrip destined preferably to the reduction of short-term mortgages with high interest, and for habilitating industries, the stimulating of which is in the country's interests.

Schooled by past experience, the Board of the Bank is zealously consolidating the economic position of the Institution and extending to the greatest possible extent the benefit of the credits it grants within the margin of the scrip at its disposal, to which end it has established standards more in keeping with the present-day situation.

REPUBLIC OF EL SALVADOR (6 PER CENT. STERLING BONDS, 1923)

READJUSTMENT AGREEMENT APPROVED

A general meeting of Deposit Certificate Holders of the Republic of El Salvador Six per Cent. Sterling Bonds, 1923, series "B," was held, on the 27th instant, at Beaver Hall, Garlick Hill, London, E.C., to consider, and if thought fit to ratify, an *ad referendum* Readjustment Agreement made between the Government of the Republic of El Salvador, the American Protective Committee of the Holders of Bonds of the Republic of El Salvador, Series "A," "B," and "C," and the Council of Foreign Bondholders.

The Right Hon. the Earl of Bessborough, P.C., G.C.M.G. (President of the Council of Foreign Bondholders), presided.

The Chairman, in the course of his speech, said: The Readjustment Agreement makes certain permanent modifications of the 1922 Loan Contract, but should the Government default on its undertakings under this agreement the bondholders are to revert to their full rights under the original contract.

The new service for interest and sinking fund (which is to be resumed) is to be limited to \$850,000 per annum, which is to be remitted to the paying agents by monthly instalments of varying amounts, which are to be used in the first place to pay interest at the rate of 5½ per cent. instead of 8 per cent. on the "A" bonds, 4 per cent. instead of 6 per cent. on the "B" bonds, and 3½ per cent. instead of 7 per cent. in the case of the "C" bonds.

During the first four and a half years covered by the readjustment one-quarter of the amount remaining after making these payments is to be used as a fund—to amount approximately to \$150,000—for the purchase of the deferred interest certificates of the "C" bonds at not exceeding 15 per cent. of their face value. After July, 1947, any unexpended balance of this fund will be transferred to the sinking fund account. The remainder of the \$850,000 per annum, after providing for the interest payments and for the deferred interest certificates fund, will be devoted to sinking fund, 50 per cent. being applied to redemption of "A" bonds, 20 per cent. to "B's," and 30 per cent. to "C" bonds.

The resolution will enable us to continue to maintain the necessary representative contact with other parties to the readjustment. Both the council and their bondholders' committee are of the opinion that the arrangement, in view of all the circumstances, is a very fair one, and as we do not think that any better terms can be obtained it is one which we recommend.

I will now formally submit the following resolution:—"That this meeting of Holders of Certificates of Deposit issued by the Council of Foreign Bondholders against 6 per cent. sterling bonds, 1923, Series "B," of the Republic of El Salvador, (a) hereby ratifies the Readjustment Agreement, dated New York, April 27, 1936, and signed *ad referendum* on behalf of the Government of the Republic of El Salvador, represented by Dr. Rodrigo Samayoa, and the (American) Bondholders Protective Committee for the bonds of the Republic of El Salvador, Series "A," "B," and "C," and the Council of Foreign Bondholders and authorises the Council of Foreign Bondholders to do or concur in the doing of all acts and things which the council may deem necessary or expedient to give effect to the said Readjustment Agreement, and to carry out the same, and (b) hereby consents to and ratifies the deduction of 10 per cent. from the nominal amount of the coupons due July 1, 1935, and January 1, 1936, on the Series "B" bonds, as if such deduction had been made by the Council of Foreign Bondholders under the terms of deposit and to such further deductions upon any further payments on the Series "B" bonds under the said Readjustment Agreement as the Council of Foreign Bondholders may approve for the purpose of providing for the expenses of and incidental to the negotiations with the Government of the Republic of El Salvador, and the preparation and carrying into effect of the said agreement; (c) hereby authorises the council, whether before or after redelivery of the bonds deposited with it, to enter into all such further negotiations with the Government of the Republic of El Salvador and any other parties as in the opinion of the council may be necessary and expedient for the furtherance or protection of the interests of the holders for the time being of such bonds or as the case may be of the certificates of deposit representing the same."

The resolution was unanimously adopted. III. A cordial vote of thanks were passed to Lord Bessborough for paying the way, to the Council of Foreign Bondholders, to their representative in the United States, their representative in Central of the League of Nations, and also to the American Committee.

In referring to that, in view of

HUDSON'S BAY COMPANY

LARGE INCREASE IN PROFITS

The General Court of the Governor and Company of Adventurers of England trading into Hudson's Bay was held, on the 26th instant, at Beaver Hall, Garlick Hill, London, Mr Patrick Ashley Cooper (the Governor) presiding.

The Governor, in moving the adoption of the report and accounts, said:—The outstanding feature is the largely increased profit and the dividend which we are able to declare. It is a matter of great interest to you and of great gratification to us that after five years of effort we are able to resume the payment of a dividend.

The fur trade department in Canada made a rather larger profit than in the previous year. Our operations have been overshadowed by the international situation. We sell to many countries, and the vagaries of exchange, embargoes, etc., are a sore trial to our people. Markets were hesitant in the first half of 1935, but in the summer there was some improvement. Our October auction was moderately successful, but later the demand strengthened considerably and the auction in January showed a marked advance. With the continual spread of civilisation in Canada, certain areas are showing a serious decrease in the number of fur-bearing animals. We are trying to solve this problem by the establishment of a number of preserves, where hunting will only be allowed on a regulated basis. We are maintaining our interest in fur-farming so as to keep abreast of current developments and in touch with the fur farmers and their associations.

RETAIL STORES AND LAND DEPARTMENT

The other main section of our operations in Canada is our retail stores. Here again I can report most encouraging progress and an appreciable increase in profits. Our reputation has been enhanced and the number of our customers increased, but it must be remembered that we cannot earn a really satisfactory return on the money invested in these stores until the general level of prosperity in Western Canada is considerably higher and the population much more numerous.

With regard to the land department, in spite of the disastrous effect of rust and frost on the yield and quality of grains, the farmers have had a slightly better year than in 1934. When the farmer does do better, we receive the benefit by his payment of outstanding instalments.

We have only been able to sell small areas of land at prices which are most disappointing when you compare them with those of ten years ago. The Prairie Provinces still have a long way to go in recovering from the effect of post-war booms and depressions before we can expect adequate returns from our land department.

There is little to say about the wholesale department, except that our branded goods have more than maintained their reputation.

YEAR'S RESULTS

In regard to the accounts, the fact which will interest you most is that the net profit has increased in round figures from £41,000 to £145,000, an advance of £104,000. This, added to the amount brought forward, gives us an available balance of £214,000. Our charter of 1912 provides for the repayment of capital out of a reserve fund set aside for the purpose. In accordance with that provision, the board now propose to repay £600,000 of the preference share capital. We also propose to pay all the arrears of dividend on that sum—that is, for the six years up to and including June 30, 1936. These arrears absorb almost the whole of last year's profits. We thus leave ourselves with a carry-forward out of which to pay a half-year's preference dividend on January 1st next, as we hope to be able to continue regular payments on the preference shares. There are still left considerable arrears of dividend in respect of the outstanding preference share capital. If the results for last year are maintained, we hope to find ways and means whereby these arrears can be dealt with, and so clear the way for a modest dividend on the ordinary share capital at an early date.

It is evident that we are round the corner, though I will not go so far as to say that we are free of our troubles. For conditions in Canada, improved as they are, still give cause for anxiety, while in other parts of the world they remain seriously unsettled. However, the fact that we are fully alive to the difficulties that surround us is an additional assurance that we will leave no stone unturned in our efforts to build upon the company's great tradition and experience an organisation which will face the future full of hope and confident of success.

The report and accounts were adopted.

MARKS AND SPENCER, LIMITED

EXTENSION OF BRANCHES

FUTURE DEVELOPMENT

MR SIMON MARKS ON THE TREND OF EMPLOYMENT IN DISTRIBUTIVE TRADES

STAFF WELFARE, PENSIONS SCHEME AND BENEVOLENT FUND

The tenth annual general meeting of Marks and Spencer, Limited, was held, on the 25th instant, at Winchester House, Old Broad Street, London, E.C., Mr Simon Marks (chairman and managing director) presiding.

In the course of his speech the Chairman said:—The net profit, after providing for directors' fees, management remuneration, depreciation, and other charges, amounts to £1,264,406, an increase of £177,809 over the preceding year.

ALLOCATION OF PROFITS

The net profit of £1,264,406, after deducting £167,165 for income tax, leaves a balance of £1,097,241, which, together with £73,469 brought forward from the previous year, makes a total of £1,170,710 available for distribution. After the payment of the dividends on the two classes of preference shares, and the interim dividend of 15 per cent. on the ordinary and "A" ordinary shares, there is left an available balance of £850,465, which the directors recommend should be appropriated as follows:—

Debt redemption fund	...	...	£10,544, against	£10,000 last year
Properties contingency reserve	...	...	£50,000	.. £150,000 ..
General reserve account	...	...	£343,496	.. £206,969 ..
Payment of a final dividend on the ordinary and "A" ordinary shares at the rate of 25 per cent., thus making 40 per cent. for the year ended March 31, 1936	£358,741	..	£326,128	..
By carrying forward to next year's accounts...	£87,684	..	£73,469 brought in	

ISSUE ON BONUS TERMS

The directors further recommend that £143,496, part of the general reserve account, be capitalised and that a distribution by way of bonus be made to the holders of the existing ordinary and "A" ordinary shares of the company in the proportion of one "A" ordinary share for every ten ordinary and/or "A" ordinary shares held.

RESERVES

The directors consider that the proposed allocation this year of £50,000 to the properties contingency reserve will be ample addition to that fund, which will then stand at £234,013.

After the allocations proposed, and after making provision for the bonus shares, our general reserve will stand at £1,700,000.

The sum of £243,120 has been charged against the accounts in respect of depreciation and repairs to properties and fixtures before arriving at the net profit. This compares with £202,752 for the preceding year.

Turning to the assets side of the balance sheet, freehold, leasehold and leased properties stand at £6,382,334, being a net increase of £924,661.

DEVELOPMENT

We have built 15 new stores, 5 of which have replaced stores which had become wholly inadequate to our needs. Further, we have completed considerable extensions to 19 other stores. We are now operating 209 stores.

Our programme at present for 1936-37 embraces 22 entirely new stores (3 being replacements) and over 30 extensions.

We have continued to spread our business over the country, but you will have noticed that the number of extensions last year exceeded the number of new stores, and that in the current year this will be even more the case. The popularity of our stores compels us, wherever we can, to enlarge their size, in order to cope with the increasing trade. The growth of our business and the growth of the individual store is not merely mechanical; it is organic. Our ideas develop with our experience and demand the rebuilding of the older stores to express these ideas. The extension of a store means more than an addition to selling space. It involves re-planning, re-equipping and modernising the whole store to conform with the development of our business.

The present resources of the company will provide for our expansion during this year, but the development we contemplate beyond this period will call for fresh capital over and above the amounts retained in the business from profits each year. Your directors will make the necessary financial arrangements when required.

THE TREND OF EMPLOYMENT

The industrial life of Britain has been in a condition of rapid change since the War. Outstanding among changes is the increase in the distributive trades and the decline in the older manufacturing industries. The increase in the numbers engaged during the last twelve years in the distributive trades (753,000) is almost equal to the decrease in those engaged in coal, cotton, wool, ship-building and ship-repairing, general engineering, and iron and steel (779,280).

Whilst the old staple trades are subject to increasing mechanisation, there is practically no place for mechanisation in the distributive trades and services, and their expansion necessitates a growing volume of employment.

CHANGING DEMANDS

A fundamental change in people's habits has come about. Millions are enjoying a substantially higher standard of living. Producer and distributor must adjust themselves to this new level of demands, which their own activities have helped to create.

To this substantial rise in the standard of living our company claims to have made a definite contribution.

We have been fortunate in winning the co-operation of manufacturers who, like ourselves, are prepared to respond quickly to the changes in public demand. We have taken the lead in aiding our manufacturers to produce good, serviceable commodities at prices within the income range of the majority of the population. With the assurance of large scale orders they are in a position to buy their raw materials at the best prices, instal the most efficient machinery, and lay out their plants to give the most economic results.

STAFF WELFARE

The company now employs nearly 13,000 persons permanently, and the improvement of their working conditions is the constant care of the board. The company has expended under the heading of "Welfare" a sum of nearly £60,000 during the past twelve months.

PENSION SCHEME AND BENEVOLENT FUND

Your board has decided to introduce a scheme of Group Life Assurance and Pensions for certain sections of the male staff. The scheme will be upon a contributory basis. The company will undertake to bear the cost of the pensions provided by the scheme in respect of past services, and will make considerable contributions towards the cost of future pensions. The company will also pay the entire cost of the benefits payable on death or disablement.

In addition to the pension scheme, the directors propose to create a benevolent fund, which will be vested in trustees, designed to meet needs not covered by the pension scheme, and to deal with certain other classes of our employees who cannot be included in a pension scheme.

In order to set up the benevolent fund, you will be asked to agree that 40,000 "A" ordinary shares in the company be issued at par to trustees. Certain of the directors have agreed to provide the £10,000 cash necessary to subscribe for these shares. The trustees will deal with these shares at their discretion in the interest of those concerned.

RETIREMENT AND RE-ELECTION OF DIRECTORS

The shareholders will have gathered from the Report that they have seen changes in the constitution of the board of directors of the company. When addressing you last year, I referred to the fact that Mr Alexander Isaacs had found it necessary, on account of ill-health, to relinquish the office of assistant managing director, which he had filled for a long period of years, but that he was proposing to continue in office as a director.

Unfortunately, the health of Mr Isaacs did not improve sufficiently to enable him to give that attention to the affairs of the company which he would have wished; accordingly, he requested the board to accept his resignation, which they did with regret.

The Board are also sorry to lose the services of Mr R. F. Norland, who resigned during the year. I should like to put on record our appreciation of Mr Norland's services to the company which dated back to the time of its incorporation.

The board was left with three vacancies; accordingly, the remaining directors exercised their power to fill them by appointing the Rt. Hon. L. S. Amery, P.C., M.P.; Captain C. E. Benson, D.S.O.; and the Marquis of Milford Haven, G.C.V.O.

In accordance with the provisions of the Articles of Association, the new directors retire from office at this meeting, and you will be asked to pass a formal resolution re-electing them to the board.

Mr Sacher is the director who retires from office by rotation, and he being eligible, you will be asked to re-elect him to the board.

THANKS TO OFFICERS AND STAFF

It is a pleasant duty to propose the thanks of the board and of the company to the staff, who have carried out their duties with loyalty and enthusiasm. Their team spirit and loyal co-operation is responsible in no small measure for the success of the business. Mr Simon Marks then moved the adoption of the report and accounts.

In the absence of Mr I. M. Sieff (vice-chairman), Mr Norman Laski, B.A., seconded the resolution for the adoption of the report and accounts, which was carried unanimously.

Resolutions were also passed re-electing directors, approving capitalisation of reserves and bonus issue and the creation of a staff benevolent fund.

It was announced that letters of allotment in respect of the bonus issue and dividend warrants will be posted on June 4th to those shareholders whose names were on the register of members on May 4, 1936.

SUNGEI BATU (MALAYA) RUBBER ESTATES, LIMITED

DIVIDEND OF 5 PER CENT.—REPLANTING PLANS

The twenty-third annual general meeting of this company was held, on the 22nd instant, at 149 Leadenhall Street, London, Mr E. D. Hewan (the chairman) presiding.

The Chairman, in the course of his speech, said: Our investments in Government securities stand in our books at £12,978, their market value on December 31, 1935, being £14,646. Our cash position is also satisfactory at £9,171.

We have, you will see, about £3,960 of unspent capital, and in addition £2,000 at the credit of general reserve. Taken as a whole, our balance sheet reflects a position which I think may be regarded as comfortable and sound.

We made a net profit last year of £4,077, and your directors recommend the payment of a dividend of 5 per cent., less income tax, absorbing £4,125, and the transfer to general reserve £1,000, leaving a carry-forward to 1936 of £11,103.

The estate was assessed for 1935 at 885,645 lbs., and of this, under restriction, we were allowed to ship 597,600 lbs. Our assessment for 1936 amounts to 913,680 lbs., and, if no further change is made in the percentage quotas already decided upon, we shall be permitted to export about 571,000 lbs.

It seems useless to attempt any forecast as to either the immediate or distant future of the rubber market, as the position is altogether an artificial one. The potential production from the rubber producing areas at present within the scheme of international regulation is so greatly in excess of the probable consumption that a continuation of the present scheme appears to be essential. The excess stocks, due to over-production in the past, are gradually being liquidated, and during the current year it is estimated that they will be further reduced by about 120,000 tons. The decision as to the percentage of rubber allowed for export lies, as you know, in the capable hands of the International Committee, who have the advantage of having before them all the factors of the problems which have to be considered, and I feel confident that we can rely on their decisions as being the best for the industry as a whole.

The board have decided to go in for a moderate programme of replanting. The programme under consideration is about 300 acres, and we have authorised a third of this to be taken in hand forthwith.

The report and accounts were unanimously adopted.

CABLE AND WIRELESS (HOLDING), LIMITED

SUBSIDISED FOREIGN COMPETITION

The seventh ordinary general meeting of Cable and Wireless (Holding), Limited, was held, on the 22nd instant, at Southern House, London.

Mr J. C. Denison-Pender (the Governor) said that after paying 2½ per cent. for three consecutive years, it was possible last year to approve a dividend of 4½ per cent. They were now able to recommend a full year's dividend of 5½ per cent. on the preference stock. This was a further and noteworthy advance, and he hoped it marked another stage of an improvement which would continue in the coming years.

Continuing, he said: I must make some reference to the general question of competition and our relations with His Majesty's Government. As I mentioned last year, new wireless routes continue to spring up in all parts of the world, thereby exposing the company to ever-increasing competition. Since January, 1928, over 150 new wireless services have been established, mostly by foreign countries, in many instances being deliberately opened by the Governments concerned at uneconomic rates with the object of fostering their foreign trade. An illustration of the support given by foreign Administrations to their communications services is afforded by the relations between the Italian Government and an Italian company. Not merely does the company in question receive a substantial subsidy which has been guaranteed for forty years, but special facilities have been afforded by that Government for the collection of traffic, necessary repairs to cables and in connection with taxation matters.

We are, of course, powerless to prevent the establishment of wireless services between two points situated in foreign territory, but the gravity of the position has been aggravated by proposals which are continually being pressed for the inauguration of direct wireless services between foreign countries and Empire points, where telegraphic facilities by cable already exist which are fully adequate for the present and for any prospective volume of traffic that can be foreseen.

If these direct wireless services are permitted to be established within the Empire, it will inevitably mean that the system of communications operated by your company will become uneconomic, and the position in the telegraphic world which this country has enjoyed in the past will be lost. With it will go a very vital factor of Imperial unity and Imperial strength.

DANGER TO IMPERIAL COMMUNICATIONS

In stressing this question of the opening of direct wireless services, I think I should emphasise that the whole of the traffic which they will carry will, to all intents and purposes, be "lifted off" the existing British system, and furthermore that at least one-half of the revenue which they earn must inevitably pass into the pocket of the foreigner.

The position was such that the management of your company considered that the ultimate danger to Imperial communications generally, which would result from the opening of such services, justified a suggestion being made to H.M. Government that the issues involved warranted the early convening of an Imperial Wireless and Cable Conference similar to that of 1928. Such a Conference could have considered Imperial communications anew in the light of the experience gained during the seven years since the 1928 set-up.

A request for the convening of a Conference, to which I have just referred, was made by the company in July of last year. In January we were advised that the Government could not see its way to comply with our suggestion.

An Imperial Conference will probably be held in London next year, and we have, therefore, recently submitted a further request that, even if what I may call a special "Communications" Conference cannot be called, the subject of "Communications" should at least be included in the agenda. Under this heading we have suggested that opportunity should be taken to bring under review not only such items as the question of the Beam Rental and the Pacific Cable Board Annuity, but also, among others, the maintenance of strategic cables, and rate reductions, which latter, for one cause or another, have, since the merger, cost the company a very considerable sum per annum. It should be borne in mind, however, that the main reason for our original suggestion to the Government for the calling of a conference, and for our latest proposal, is the danger which we envisage to Imperial Communications, and to the company from the opening of these superfluous direct wireless services.

The report and accounts were unanimously adopted.

CENTRAL MINING AND INVESTMENT CORPORATION, LIMITED

SATISFACTORY YEAR WITH INCREASED PROFIT

APPRECIABLE INCREASE IN INCOME FROM DIVIDENDS AND INTEREST

WIDESPREAD ACTIVITY IN SOUTH AFRICAN GOLD MINING INDUSTRY

THE BURDEN OF TAXATION

BOARD'S CONFIDENCE IN FUTURE OF THE INDUSTRY

MR F. R. PHILLIPS ON THE OUTLOOK

The thirty-first ordinary general meeting of the Central Mining and Investment Corporation, Limited, was held, on the 27th instant, at No. 1 London Wall Buildings, London. Mr F. R. Phillips, M.C. (the chairman), presiding.

The secretary (Mr R. A. Macqueen) having read the notice convening the meeting and also the auditors' report,

The Chairman addressed the meeting as follows: As you will have seen from the accounts, we have had a satisfactory year, the profit realised being higher than last year, and only on three occasions previously have larger profits been shown.

Before arriving at the credit on the profit and loss account of £867,849, we have applied a portion of the year's profit to writing down the book price of certain stocks below cost and below market price, and have also made two further appropriations—namely, £53,280 to the credit of the depreciation reserve account against our interest in the Anglo-Spanish Construction Company, Limited, to which I will refer later, and £50,000 for the creation of a contingencies account. We think it desirable to have such a reserve, which can be drawn upon as a stabilising factor in the event of any unforeseen contingency arising.

General expenses were slightly less, and after allowing for an increase in Dominion income tax, we carry to appropriation account £737,637, against £701,867 in the previous year. The balance brought forward amounts to £182,375, which gives a total of £920,012 for disposal. The dividend on the 5 per cent. cumulative preference shares absorbs £50,000, and we propose a final dividend on the ordinary shares of 12s. per share, making, with the interim dividend, a total distribution of £1 per share, equal to £425,000. The distribution on the two classes of capital therefore requires £475,000.

We propose to transfer to the reserve fund £175,000, being £50,000 greater than last year. Provision for income-tax calls for a rather larger appropriation this year, and after allowing for the amount due to the directors under the articles of association, the sum of £177,564 is carried forward, which is £4,811 less than the amount brought in.

STRONG FINANCIAL POSITION

The balance sheet shows that the corporation is in a very strong position. Cash and gilt-edged securities and loans aggregate £9,459,433, and debtors, excluding the debt of the Anglo-Spanish Construction Company, Limited, amounts to £389,941, making a total of £9,849,374.

Creditors total £9,761,837 and subsidiary companies have deposited with us £129,507. Of the latter sum, £88,722 belongs to wholly-owned subsidiary companies and is thus, in effect, our own cash. Our total obligations, excluding dividends payable, therefore amount to £9,802,622, and are covered by our liquid assets.

Investments in subsidiary companies have been reduced by £354,000, and the total under the heading shares, investments and interests has increased by an almost similar amount to £5,404,997. As stated in the directors' report, this figure is very substantially below market valuation. The reduction in debentures of subsidiary companies is accounted for by further repayments of debentures of the Anglo-Spanish Construction Company, Limited, and London Wall Estate, Limited, while in the case of shares of subsidiary companies, it reflects mainly the liquidation of Bernhard Scholle and Company, Limited, in respect of which a first liquidation distribution in excess of our book value of this interest was received during the year.

The figure to which the item shares of subsidiary companies has now been reduced—namely, £314,350—represents our share interest

in London Wall Estate, Limited, the owners of the building in which these offices are situated, and the shares of two wholly-owned subsidiary companies in Johannesburg interested mainly in properties. Following upon substantial increases in the two previous years' gold-mining interests show an addition of £93,467.

The increase under the two headings, sundry debentures and foreign Government securities, and industrial commercial and sundry represents, in the main, temporary investments. Under oil, coal and base metals an increase is shown of £66,289, which reflects our larger interest in oil shares, particularly Trinidad Leaseholds, and South African coal-mining shares, after allowing for the realisation of certain base metal interests and the adjustment of book values. The larger amount of £32,198 under the heading Land Companies, etc., is accounted for by the additions to our holding in the Transvaal Consolidated Land Company.

TWO MAIN SOURCES OF REVENUE

It is a source of gratification to the board to be able to place before shareholders to-day such a satisfactory statement of the affairs of the corporation as is revealed in the accounts. As I expect you realise, our revenue is derived from two main sources, one being dividends and interest and the other profits on share dealings. The revenue from the first source showed an appreciable increase in 1935 as a result mainly of the additions made in recent years to our holdings of South African dividend-paying gold shares. We anticipate receiving a regular and increasing income from these holdings.

As regards share dealings, we took advantage of the increased activity in South African gold shares to make profitable changes, but, on balance, as the accounts show, the book value of this item is greater at the end of last year than in December, 1934. In South African shares our policy has been dictated largely by the opinion we have expressed for some years past that the world price of gold is unlikely to undergo any substantial reduction. Past experience has shown very clearly that in times of crisis gold is the safe refuge to which capital immediately resorts.

GOLD OUTPUT STATISTICS

An examination of statistics of the world output of gold in 1935 shows that while, as a whole, the number of ounces produced has increased, the total number of ounces obtained from the South African gold mines, though greater than in 1934, is less than in the peak year of 1932. The explanation for this reduction lies not in a contraction in the scale of operations but in the extension of the policy of treating lower grade ore, the reduction in grade over the whole industry being approximately 8 per cent. and 27 per cent. when compared with the years 1934 and 1932 respectively.

In the year 1935, the ore milled by the mines of the Witwatersrand, including Heidelberg, amounted to 44,235,000 tons, compared with 39,723,000 tons in the previous year, which was already a record in the history of the industry. Inasmuch as the average price per ounce rose from £6 18s. to £7 2s. 1d., the currency value of the gold output was £74,414,000, against £70,857,000. The total working profit in 1934 amounted to £32,264,000, and in 1935 to £32,640,000, of which dividend declarations absorbed £16,391,000, against £15,828,000. The Government received from the industry in taxation and lease payments no less than £14,378,000.

During the year the number of persons employed in the industry was again increased, and in the month of December last the white and native employees on the Witwatersrand averaged 33,479 and 282,917 respectively. The steady rise in numbers from the figures

of 23,835 whites and 223,500 natives in 1932 to the present total is impressive.

PROBLEM OF NATIVE LABOUR SUPPLIES

On the subject of native labour the question of future supplies is one of the problems which confronts the industry. It must be borne in mind that as the new companies which have been formed during the past few years commence production, in addition to the enlarged scale of operations on producing mines, greater demands for native labour will have to be met, and, if there is not to be any check to the expansion of operations, no time should be lost in making arrangements for supplying the additional requirements which can now be foreshadowed. This problem is one to which the South African Government, I believe, is fully alive, and, deriving as it does such a large amount of revenue annually from the industry, it should, in its own interests, give this vital question immediate and practical consideration.

To-day, widespread activity prevails throughout the South African gold-mining industry. I have already mentioned the substantial increase in the tonnage crushed by the producing mines. The change in the outlook of the Rand is clearly shown by the fact that no less than 13 new vertical shafts are being sunk on producing mines, in some cases in order so to improve underground conditions that mining will be possible at greater depths than have hitherto been visualised, and in others in order to enlarge the present scale of operations. Further, for the development of the recently formed companies, 23 main vertical shafts have been, or are being, sunk.

NEW INTERESTS

In the report you will see mentioned the various new companies in which we are interested, and I would like to make a short reference to the borehole which was put down under our direction on the farm Blyvooruitzicht on the Far West Witwatersrand. This borehole was located and sunk under our agreement with the New Witwatersrand Gold Exploration Company, Limited, and in August last intersected a reef in the Upper Witwatersrand series at a depth of 4,887 ft., assaying 13.5 dwts. over 22 ins., or 297 in-dwts.

In order to confirm our correlation of this reef as being of the Main Reef series, the borehole was continued into the Jeppetown shales. This result was of considerable importance, since it was the most westerly point at which the presence of this series had so far been proved, the distance from the Randfontein Mine being some 26 miles as the crow flies. We are interested with the New Witwatersrand Gold Exploration Company, Limited, in an area on this farm of 724.7 morgen, and consideration is now being given to the policy to be followed in regard to this ground.

On the Far Eastern Rand, I might mention that the Transvaal Consolidated Land and Exploration Company, having completed a boring programme on the farm Hoffontein, has applied to the Mining Leases Board for a prospecting and mining lease, and, if this is granted, proposes to undertake further active exploratory work.

BURDEN OF TAXATION

In the latest South African Budget no relief from the heavy burden of taxation imposed upon the gold-mining industry is given. All those connected with the industry welcome the introduction of the simplified taxation regulations which the Budget contains and also the fact that taxation will be distributed on a more equitable basis than has been the case in the past. (Hear, hear.) I cannot help feeling, however, that the levy which the South African Government takes from the industry to-day has passed the point of sound economics, and in due course the industry should be afforded some relief from the present excessively high scale if it is to continue in the future to be the mainstay of South African prosperity, as it has been in the past.

It must not be forgotten that it is entirely due to the provision of private enterprise, and to a predominant degree by private investors overseas, of enormous sums for the development of the industry that the Government to-day is able to rely upon it for such a large proportion of its revenue. With the hazard which must always attend mining development, that capital is entitled to receive a reward commensurate with the risk.

On my recent visit to the Witwatersrand I was again much impressed by the outstanding keenness and efficiency displayed by all those connected with the running of the mines. (Hear, hear.) The efforts to improve upon the already high efficiency in the operation of each individual mine remain unabated, while the search for, and trial of, new methods have been continuous. This is particularly gratifying, as it by no means infrequently happens that

when a business or industry attains a considerable measure of success, there is a tendency to be content with what has been done. I should like to give you a few facts and figures which will serve to demonstrate the steady progress and high efficiency of the industry to which I have just referred.

OPERATIONS OF GROUP'S RAND MINES

Dealing only with the Witwatersrand mines of our own group, we see that new records were again established in the tons milled, the fathomage broken and the development footage done. The enormous tonnage of 16,908,700 was milled, or rather more than 38 per cent. of the tonnage milled by the whole of the Witwatersrand mines. In order to mill this tonnage, 1,219,768 square fathoms were broken, or, to put it in more familiar terms, ore was extracted from a surface area equivalent to 1,008 acres. The development footage accomplished amounted to 702,935 ft., or about 133 miles.

The yield per ton milled dropped to the low figure of 4.3 dwts., a reduction, when compared with 1932, of 1.6 dwts., or 27.1 per cent. This figure may be compared with 4.99 dwts. per ton of ore milled by all the Witwatersrand mines except the Central Mining-Rand Mines group. This very considerable decrease in grade has been possible, of course, as a result of the higher sterling currency value of gold, which has very materially increased the prospective lives of the mines.

In spite of the extraction of over 50 million tons in mining operations during the years 1933, 1934 and 1935, the ore reserves of the Witwatersrand mines of our group now amount to the enormous figure of 66,122,355 tons, compared with 31,726,180 tons in 1932.

REDUCTION IN AVERAGE COSTS

In spite of the increased depth of working and the large increase in development footage charged to working costs, a decrease of 6.1d. was obtained in the average working costs of our mines. A portion of this is naturally attributable directly to the considerable increase in tonnage milled, but, nevertheless, it can only be looked upon as a most satisfactory showing. That this decrease is not entirely due to the spreading of overheads over a bigger tonnage is shown by the fact that the two chief operations in mining—namely, development and stoping—were both carried out at a record low cost, since there was a decrease of 2s. 8d. per foot in the former and 11d. per fathom in the latter.

I might mention some other directions in which efforts are being made to improve mining conditions, and therefore efficiency and costs. Some attempt is being made at the partial elimination, in the support of workings, of inflammable material and its replacement by steel and increased waste packing. Various appliances are being tested for the reduction of dust in the underground air, while improved ventilation is being obtained on two mines by the sinking of large ventilation shafts, and on many others by the increased use of ventilating fans of considerable capacity.

On two mines experimental air-cooling plants are being installed with a view to obtaining information regarding the possibilities of cooling the main intake air, and, as a result, of working to greater depths than have been so far forecast.

IMPROVEMENTS IN TECHNIQUE

The group's investigations committee, which has now been constituted for many years, and which has in the past done much excellent work resulting in increased efficiency and considerable savings to the mines, has again accomplished an active year's work. It has for some time past been experimenting with a view to ascertaining the best type of steel for use in drilling operations. Although final conclusions have not yet been reached, the increasing use of alloy in place of straight carbon drill steels is indicated by the fact that of the hexagonal steel purchased by the group's mines last year 53.5 per cent. was alloy steel, against 35.3 per cent. in the previous year. That its investigations into the type of drill steel and the methods of its use have borne some fruit is shown by the fact that the cost per fathom for drill steel used in stoping was reduced from 1.1s. in 1934 to 0.9s. in 1935, and of that used in development from 1.3s. per foot developed in 1934 to 1.1s. in 1935. This resulted in a decrease of over £14,000 in the total cost of drill steel used for both stoping and development, in spite of the big increase in the scale of operations and the fact that the average cost of drill steel purchased in 1935 was slightly higher than in 1934.

The City of Johannesburg is celebrating the fiftieth year of its foundation, and to mark the occasion of its Jubilee the Empire Exhibition is to be opened on September 15th in Johannesburg, the first time an Empire Exhibition has been held outside Great Britain. During the last fifty years the growth of Johannesburg has been phenomenal, and I think the claim will be undisputed

that it is due entirely to the discovery and development of the Witwatersrand gold-mining industry, with which your corporation is and always has been so closely identified. (Hear, hear.) It is with some justifiable pride that we can reflect that not only has the gold-mining industry contributed to the well-being of South Africa, but that indirectly, through the vast sums annually expended on machinery and materials, it has played no small role in helping to bring about the trade expansion of this country.

AUSTRALIAN INTERESTS

With regard to our gold-mining interests in Australia, Mr A. J. Brett has recently returned from a visit to that country. The object of his visit was to obtain first-hand knowledge of the properties in which the Gold Exploration and Finance Company of Australia Limited and the Gold Mines of Kalgoorlie, Limited, are interested, and to meet the people who direct them on the spot. As a result of our discussions with him, we feel that the progress that has been made by these companies is satisfactory and that the prospects are encouraging, particularly as it should not be forgotten that the first-named company was formed as an exploration company and that more rapid results than have been obtained could not reasonably be expected.

I do not propose to go into the operations of these companies in any detail, but it is expected that at least two of the properties which are being developed will be earning profits during the course of the present year from production on a small scale. In addition to these, a small mill is being erected and will be used for testing purposes as well as production on a moderate scale on Bendigo Mines, Limited, where the parent company's largest expenditure is being undertaken.

Gold Mines of Kalgoorlie have been steadily opening up and investigating the leases which they hold and have now been producing since September from a small mill which they lease. It is considered that the prospects are sufficiently encouraging to justify the erection of a larger and more modern mill which is being planned at the present time.

MORE SATISFACTORY OIL CONDITIONS

While the predominant business of the corporation is gold mining, it is also largely, though to a lesser degree, interested in the oil industry. At the time of our last meeting, I expressed the opinion that the oil industry showed distinct signs of improvement, and I am pleased to say, in view of our important stake in it, that my forecast has been borne out in fact. Results of the leading American oil companies provide evidence of the more satisfactory conditions now prevailing, which have been brought about mainly by the more effective regulation of the output of crude oil and increased consumption.

As you will remember, one of the main reasons for the depression in the industry during recent years was the uneconomic production of oil from various fields, resulting in a totally inadequate return being received from such output. The dark cloud of trade depression which has for so long overhung the United States seems to be gradually passing away, and if the improvement in trade and industry now evident in the States gains further impetus, there is every likelihood of the oil industry as a whole entering upon a new chapter of progress and prosperity.

The development of the properties of Trinidad Leaseholds, Limited, continues to be eminently satisfactory, and at the last annual meeting of that company the chairman was able to report that the year's work had resulted in a substantial increase in the estimated oil reserves. In the year ended June 30, 1935, the company was able to show considerably increased profits, and a dividend of 17½ per cent. was paid, as compared with 12½ per cent. in the previous twelve months. An interim dividend of 7½ per cent. for the current year was recently announced.

INCREASING DEMAND FOR "REGENT" MOTOR SPIRITS

The motor spirits distributed by Trinidad Leaseholds in this country under the trade name of "Regent" continue to meet with increasing demand from the motoring public.

Siparia Trinidad Oilfields, Limited, in which we are also interested, was recently granted by the Trinidad Government the oil rights underlying 7,600 acres of alienated Crown lands, and an arrangement is being made with Trinidad Leaseholds to test the new area on a mutually satisfactory basis.

In Venezuela the North Venezuelan Petroleum Company, Limited, is drilling an exploration well in the Araurima—Riecito area of its concession, where recent geological work has indicated the advisability of further test drilling. The development of the Cumarebo section, under the control of the Standard Oil Company of Venezuela, is continuing, and substantial production is being obtained.

I might mention that the corporation has obtained an interest in a company owning large areas of potential oil lands in another part of Venezuela, where geological reports have been highly favourable.

The test well in the El Mene South district, which was put down by Tocuyo Oilfields of Venezuela, Limited, last year, failed to disclose productive sands, and no drilling is now being carried out by that company, work being restricted solely to the operation of the existing wells, from which a small production is being obtained. The future of this company seems to lie in the success or otherwise of the development work now being undertaken by the North Venezuelan Petroleum Company.

INTERESTS IN SPAIN

Our interests in Spain continue to cause great anxiety. For some years we have had the same story to tell—a large and undisputed claim by the Santander-Mediterraneo Company for payment in respect of work completed more than five years ago, and no satisfaction obtained from successive Spanish Governments in spite of constant representations, in which we have had the support of the Foreign Office. We do not forget that the Republic has experienced difficult and fluctuating times since its inception in 1931. Nevertheless, the treatment which your interests have suffered and the situation which has developed leave us no alternative but to protest against the total absence of effort on the part of the Spanish State to fulfil its contracted obligations.

Where incapacity to pay has never been alleged there exists every reason for stressing the injustice suffered by a lender who has performed his side of a contract in good faith. The failure to make even a payment on account has had, and will have, a serious effect upon the credit of a great country. I would like to emphasise this aspect of our claim and to state with confidence that to settle a debt, the details of which are so well known, would have an immediate and favourable reaction in this City and elsewhere. (Hear, hear.)

You will have seen from the accounts that we have now provided a total of £1,050,000 for the depreciation reserve account. This amount is earmarked to meet a possible loss in connection with the Anglo-Spanish Construction Company, Limited, and whether it proves to be more or less than sufficient depends on the extent to which the Spanish Government pays the amount it owes for completed construction.

The Anglo-Spanish Construction Company, Limited, has now redeemed 65 per cent. of the capital moneys secured by its debenture issue. Until payments are received from the Spanish Government, it is uncertain to what extent it will be possible to make further repayments of debentures, in view of the small amount of funds at present on hand in London and Spain. Once again I would like to express our warm thanks to Señor Aguinaga and Señor Cobain for their loyal and unstinted work in the face of disheartening conditions.

In Yugoslavia the properties in which your corporation is interested continue to show satisfactory development. Kapaonik Mines, Limited, have recently made a further issue of capital with a view to bringing that mine into a position to enter the producing stage during the course of 1937.

THE OUTLOOK

Before concluding my remarks, I would like to add a few words about our current prospects. Notwithstanding the uncertainties of the times in which we live, we regard the future with confidence, believing, as we do, in the inherent soundness of our investments, as a whole and in our gold-mining interests in particular.

It is true that at the present moment a large part of the world might be described as a depressed area, but at the same time we take the view that in spite of some apparent evidence to the contrary, most nations are travelling towards better prospects and increasing stability.

This statement is perhaps less true about those countries whose Governments' main preoccupation appears to have been in militaristic preparations rather than in the economic well-being of their peoples, but taking the world as a whole, and notably the British Commonwealth of Nations, the Continent of America, North and South, the Scandinavian countries and some European countries, we believe that the area of stability is increasing and will continue to increase; and that at some future date, near or distant, pacific influences will make themselves felt even in those quarters where the opposite tendencies are now so openly and menacingly apparent.

TRIBUTE TO DIRECTORS AND STAFF

I am very glad to welcome back to the City my colleague, Mr Ashley Cooper, after his long and trying indisposition. I

would like to convey to our colleague in South Africa, Mr John Martin, the board's appreciation of his eminent services. To my other colleagues, I extend my thanks for their unvarying support and help.

Once again I wish to thank the staff of the corporation and all those in the service of allied companies for the splendid and efficient manner in which they have worked in the interests of the corporation during the past year, and I know shareholders will wish to be associated with me in this expression of appreciation. (Agreed.)

I now beg to move: "That the report and accounts for the year ended December 31, 1935, as printed and circulated among the shareholders, be and they hereby are received, approved and adopted, and that the payment of a final dividend of 12s. per share, less United Kingdom income tax at 4s. 0.867d. in the pound, to shareholders registered on the books of the company at the close of business on May 19th, 1936, and to holders of coupon No. 44 attached to share warrants, in respect of the year ended December 31, 1935, be and the same is hereby sanctioned." I will ask Mr Rogers if he will kindly second the motion. (Applause.)

Mr A. W. Rogers seconded the resolution, which was carried unanimously.

The Chairman announced that the dividend warrants would be posted that evening and would be payable on May 28th.

Mr J. Martin and Monsieur J. Aguilon were re-elected directors of the corporation, and Messrs Cooper Brothers and Company were re-appointed auditors.

A vote of thanks having been passed to the chairman, the proceedings terminated.

WIGGINS, TEAPE AND COMPANY (1919), LIMITED

LARGER VOLUME OF TRADE

LORD PORTAL'S REVIEW

The seventeenth annual general meeting of Wiggins, Teape and Company (1919), Limited, was held, on the 22nd instant, at Winchester House, Old Broad Street, London, E.C.

Lord Portal, D.S.O., M.V.O. (chairman of the company), in the course of his speech, said: Ladies and gentlemen, the report and accounts have been in your hands for the requisite period and I propose, with your permission, to take them as read. (Agreed.)

The directors, in their report, have referred again to the larger volume of trade done by your company and its subsidiary companies during the year 1935. The improved trading conditions of the country during the year under review have undoubtedly led to an increased demand for paper, and I am confident that the Wiggins, Teape group of companies has secured its fair share. We have again enjoyed an increased export trade derived mainly from the British Empire.

I am glad to report that your company's new ventures showed some improvement during the year 1935, but in the case of the Greaseproof Paper Mills a loss was again incurred, though on a much reduced scale.

SALES

I have referred to the general improvement in trading conditions in the home markets, with the increased demand for paper. During the year 1935 all but one of our operating mills have run full time. Your company continues to follow the policy of developing the manufacture of speciality papers and, by doing so, displacing the manufacture of certain cheaper grade papers previously taken by our merchanting and manufacturing subsidiary companies, who now purchase such papers from mills outside our group.

With regard to the export market, I have already mentioned that the further improvement which has taken place in our sales has mainly occurred in the Empire markets. We continue to carry on an extensive trade in China, Japan and South America, but the difficulties due to unstable exchanges make it impossible to increase our business in those territories.

DIVIDEND

You will see that we recommend the payment of a final dividend on the ordinary shares of 5 per cent., less income tax, which brings the dividend for the year 1935 up to 8 per cent., being the same dividend as was declared for the year 1934. In addition, we are recommending the payment of a bonus on the ordinary shares of 1 per cent., less income tax. Then we propose that £10,000 be transferred to income tax equalisation reserve and £15,000 to special obsolescence reserve. We also propose the transfer of £50,000 to general reserve, bringing that account up

1936 — OUR CENTENARY YEAR

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to £390,558. The total allocation to these reserves of £75,000 compares with £50,000 for 1934, an increase of £25,000.

PROSPECTS FOR 1936

Before I close my remarks you will doubtless expect me to say something with regard to the trading operations for the current year. You have already been made aware of the profits for the first three months. These show a very slight decrease of £279 compared with those for the similar period of last year.

We are still very busy at our mills, but are faced with rising costs of manufacture. I am hopeful, however, that increased trade and an improvement in the results of our greaseproof mill will enable me to report on an equally good balance sheet this time next year.

The report and accounts were duly adopted; the dividend and bonus, as proposed, were approved; the retiring directors were re-elected, and the auditors were reappointed.

SELECTED LAND AND PROPERTY COMPANY, LIMITED

RECORD PROFIT

The eighth ordinary general meeting of this company was held, on the 25th instant, at 126 Bishopsgate, London.

Mr Harold W. Batty, F.S.A.A., F.C.I.S. (chairman of the company), in the course of his speech, said: The accounts before you show the largest profit made by the company in any year since its formation and an increase of £1,857 on the previous year. Of the total profit of £13,998 we have distributed as an interim dividend £2,083, and we recommend a final dividend requiring £4,813 before the deduction of income tax. This will make a total distribution for the year of £6,996 gross, or just under half the net profit earned. If we had been less mindful of the desirability of placing adequate sums to reserve, the dividends recommended, making 8 per cent. for the year on the ordinary and 27 7-12ths per cent. on the deferred shares, could have been doubled without drawing on profits set aside from previous years. You will thus see that our dividend recommendation is a very conservative one. Moreover, we have not taken into account any profit earned by the subsidiary company. The total undistributed profits now amount to £24,473, or just under 40 per cent. of the share capital. I think I am entitled to say that our balance sheet reflects a strong position, of which we may justifiably be proud.

Now that the profit-earning capacity of the subsidiary company—Capital and Counties Freehold Equity Trust, Limited—has been established, this company intends to increase its share holding therein by taking up a further 12,999 shares at a premium of 1s. per share.

We are constantly on the look-out for land suitable for development, and we have in view a small piece of land which appears to meet our somewhat exacting requirements and to offer a satisfactory prospect of turning it to profitable account.

There is no doubt that the company has a large hidden reserve in the increase in value over cost of the land zoned for shops, which was purchased before the considerable development at Whitton during the past six years commenced.

The report and accounts were unanimously adopted.

AMALGAMATED FINANCE COMPANY, LIMITED

COMPANY'S HOLDINGS

The fifth annual general meeting of this company, was held, on the 27th instant, at Winchester House, London.

Mr James Fairbairn (chairman of the company) said:—The profit for the year ended April 30, 1936, amounted to £11,955 2s. 7d., which, with the amount carried forward from last year, gives a total available profit of £16,084 7s. 3d., which it is proposed to appropriate in the following manner: Payment of a dividend, No. 3, of 10 per cent., less income tax at 4s. 9d. in the £, £6,677 3s. 7d.; directors' special remuneration, £1,195 10s.; transfer to reserve for taxation and contingencies, £5,000; and carry-forward balance of £3,211 13s. 8d.

At the extraordinary general meeting of the company held on April 14th last, the reduction of capital to be effected by the distribution of 6 per cent. cumulative preference shares in Bangawan Estates was approved. The necessary formalities have now been completed, and transfers of Bangawan preference shares for completion by shareholders will be posted with the dividend warrants.

The quoted securities appear in the balance sheet at £78,572 14s., against a market value of £86,168 12s. 10d., and were spread at April 30th approximately as follows: Gold mining 24 per cent., rubber 67 per cent. and miscellaneous 9 per cent. After deducting the Bangawan preference shares, which are being distributed, the proportions would be as follows: Gold mining 48 per cent., rubber 34 per cent. and miscellaneous 18 per cent., with a book cost of £38,944 12s. 10d., against a market capitalisation of £46,286 11s. 9d.

MINING INTERESTS

As I advised you in my speech at last year's annual general meeting, the company had a substantial interest in gold-mining enterprises, most of which are of a speculative nature. No one of them yet is a dividend payer, as it is the policy of the company to exploit the possibility of developing mines rather than invest in gold producers showing fixed yields. Miscellaneous securities consist largely in a holding of ordinary shares in a prosperous shipping line.

The unquoted securities consist of tin-mining interests, which, although promising, must be considered definitely speculative, and this item appears in the balance sheet at the nominal figure of £1. At the present stage, no accurate valuation can be placed upon it. However, one of these interests has returned substantial dividends to this company. As regards the subsidiary company, this has, during the year, returned a satisfactory dividend.

The above particulars are given as a guide to shareholders, but it must not be assumed that these proportions are fixed, as, in the ordinary course of business, the company's investments are constantly changing and the amount invested varies from time to time. As the shareholders of the company are now reduced to the denomination of 4d., the question of re-consolidation into 1s. or 2s. shares is receiving the consideration of the board. The financial year now under review has been an extremely difficult one for a company of this nature. Nevertheless, I think the profit disclosed in the accounts must be considered by all shareholders a satisfactory one.

IMPROVED RUBBER POSITION

As regards the general rubber situation, the statistical position of the rubber industry continues to improve. Of recent months we have seen the effect of the increased percentage of restriction fixed for the six months January to June. The monthly exports have been considerably lower, while absorption has been fairly well maintained. Even allowing for the increased percentage of exports which will operate during July to December, exports for the year should not exceed about 850,000 tons, whereas the estimate of absorption is higher than that of 1935, the peak year, when absorption was over 940,000 tons. The welcome reduction in stocks which has been so prominent of recent date, it is therefore expected will continue, even though not at the same high rate. The present price, however, is not so encouraging, and does not reflect the improvement in the statistical position. It seems to me, therefore, that the future of the industry depends upon a continuance of the development on the absorption side and a continuance of the Rubber Regulation Scheme. With a potential production of about 1½ million tons, and even greater potential production in the future, it needs very little argument to show the need for Rubber Regulation. I trust, therefore, on the expiration of the present scheme in 1938, that a further period of regulation of at least another five years will subsequently be agreed upon.

The report was unanimously adopted.

BEECHAMS PILLS, LIMITED

SATISFACTORY RESULTS — INCREASED PROFIT

The eighth ordinary general meeting of Beechams Pills, Limited, was held, on the 25th instant, at the Hotel Victoria, London, Mr Philip E. Hill (chairman of the company) presiding.

The Chairman, in the course of his speech, said: The net profit for the year amounted to £425,780—which is £138,247 in excess of that of the previous year. This result is attributable almost entirely to our home trade position, which we have every reason to believe will steadily improve, and for that reason the Board view the results of the forthcoming year with confidence.

Your directors have always been of the opinion that our main expansion of business lies in overseas trade. At the moment we have scarcely touched the fringe of this, our difficulty in the past having been that of allocating the necessary funds for extension out of the revenue earnings of the company, but with the establishment of our development reserve (which if you adopt the directors' report and accounts will stand at £105,000, and which we intend to augment annually) we are enabled to attack in an energetic manner this side of our business, and the accumulative effect on our export trade in the course of the next few years should be considerable.

HIGH STANDARDS MAINTAINED

In contemplating our expansion programme we have realised the supreme importance of endeavouring to secure for our products the highest possible pharmaceutical standard. In our endeavour to accomplish this we are spending large sums of money to secure the best results in medical research and intend to spend still more in the future.

We have now completed the extension and rebuilding of the new Beecham factory at St. Helens. Here, and at all other centres, every care is taken to ensure that the materials used are of the highest quality and that our methods of manufacture and packing under the supervision of experienced chemists are as hygienically perfect as possible.

Your Board have realised for some time past the importance of the policy of placing to development reserve a substantial amount of the profits available for distribution to the deferred shareholders. The results so far achieved have exceeded their expectations, and they are therefore desirous of continuing this policy. While this has the effect of increasing the security and capital value of the preferred shares, it does, during the period of such development, affect the dividends to be paid to the deferred shareholders. For instance, the amount of £65,000 transferred to the development reserve out of the funds available for distribution to the deferred shareholders this year is equivalent to a further 26 per cent. dividend on these shares, while the effect on the 2 per cent. participating rights of the preferred shareholders by the proposed increased capital would be negligible even if the total amount of the proposed increased capital were allotted immediately, which it is not proposed to do. Of course, any further increase of capital must be sanctioned by the preferred shareholders.

We feel sure, in view of this explanation, that the preferred shareholders will gladly agree to the suggestion and thus encourage the deferred shareholders to agree to put still larger amounts to development reserve, which I am convinced would be to the advantage of all concerned.

STAFF'S SERVICES RECOGNISED

Success in business can only be obtained by harnessing the loyalty and good will of everyone connected with it and encouraging their efforts in some substantial form. In furtherance of this, I should like the shareholders to authorise their directors to earmark each year, say, 5,000 of the unissued 5s. deferred shares, the call on which for one year from the date of the annual general meeting at the market price at the date of such authorisation to be distributed by the Board among such members of the staff as it may from time to time decide. The result of this to-day would be that the recipients will have an option on 5,000 5s. shares at 57s. per share for the period of a year. This would provide increased incentive to make the company still more prosperous.

I would particularly ask any shareholder unable to attend the formal meeting convened for June 9th to return their proxies to me not later than the 6th of that month. These proxies will be sent out to-morrow. I have sometimes noticed shareholders do not deal as promptly as one would wish with the communications received from their Boards, which results in a great deal of unnecessary correspondence.

The report and accounts were unanimously adopted.

VENEZUELAN OIL CONCESSIONS, LIMITED

INCREASED PRODUCTION AND DELIVERIES

NEW CONTRACTS FOR SALE OF OIL

The twentieth ordinary annual general meeting of the Venezuelan Oil Concessions, Limited, was held, on the 22nd instant in London.

The Right Hon. Viscount Bearsted, M.C. (the chairman), in the course of his speech, said:—Sales of oil realised £2,723,821, compared with £2,988,197 in 1934, a reduction of £265,000. Although production and sales were greater than in 1934 the company delivered an appreciably larger proportion of heavy crude oil over 1935, and the gross proceeds per barrel of oil delivered were accordingly affected.

During the year, in order to provide the funds required for repayment of capital, we realised a large holding of British Government securities, and a profit of over £272,000 was realised. Out of this profit your directors have brought £150,000 to the credit of profit and loss account and have thought it prudent to retain the balance of £122,000 as a reserve against the investments still held. Oil stocks £31,000, trade debtors, etc., £142,000, investments at market value £743,000, and cash £531,000 amount together to £1,447,000, and if we deduct from this figure trade and other creditors amounting to £552,000 we find that the net liquid assets of the company amounted at December 31, 1935, to £895,000.

The exchange situation, although not quite so unfavourable to us as that existing in 1933, continued to have a very adverse effect on the result of our operations. Similar conditions still maintain. In the face of this handicap it has been necessary to continue our policy of exceedingly strict economy, and the degree of success which has been achieved in this direction is best shown by the fact that our general drilling, production and field expenses in 1935 show a reduction of over 1,000,000 bolivares as compared with 1934, despite the considerably higher production and greater amount of drilling in 1935. In this connection I should perhaps draw attention to the fact that the amount of footage drilled at Lagunillas during 1935 is not in itself an adequate indication of our activity as it refers to new wells only and takes no account of the sixty-seven wells which were repaired.

EXPLORATORY DRILLING

Our Lagunillas field, as presently defined, has now been under active development for some ten years, and, although we may confidently expect that it will be capable of producing at approximately the present rate for a number of years to come, the probable productive territory remaining undrilled is naturally not unlimited. As the first step towards providing further reserves of proved territory to meet our future needs, we have decided to undertake certain exploratory drilling along the Bolivar district coast. The first area to receive attention has been the Tia Juana region, situated between La Rosa and Lagunillas, where we have completed four productive wells during the last few months. In addition, we are making preparations for the drilling of exploration wells in the Pueblo Viejo and Bachaquero regions, both of which lie to the south of Lagunillas. Whether or not these exploration wells are successful, we believe that, generally speaking, geological conditions along the Bolivar district coastline from Ambrosio, in the north, to Bachaquero, in the south, are approximately similar, and the whole region may, in effect, be regarded as one and the same productive or potentially productive unit. Up to the present time the greater proportion of this area remains undeveloped, although approximately 2,000 wells have been drilled by ourselves and our two competitors who operate in the lake.

DISPOSAL OF PRODUCTION

As regards the arrangements for the disposal of our crude oil production, I advised you at last year's meeting that in view of the approaching expiry of our sale of oil contracts with the Asiatic Petroleum Company, Limited, and following the recommendations of a committee of the board appointed for that purpose, it had been decided to enter into negotiation with the Asiatic Petroleum Company for a new contract or contracts to take the place of those expiring. These negotiations have now been concluded, and I am pleased to inform you that complete agreement as to the terms of a new contract has been reached on a basis which we consider entirely satisfactory. The new contract, which will take effect as from July 1st next, will cover the sale of approximately 100,000 barrels of crude oil daily, with provisions for increased quantities. The contract will be for a period of five years, and the prices paid under it will vary with the fluctuations of world prices for petroleum products, with a minimum price. Either party will have the right to request arbitration once in each calendar year.

A new short-term contract was concluded with the Canadian Eagle Oil Company, Limited, covering the sale of 2,000,000 barrels of oil during the present year, to take the place of the agreement with that company which expired at the end of 1935.

As regards the trend of oil prices in 1935, an improvement was shown in the quotations for various grades of gasoline at American Gulf Ports, but gas oil was lower in price and the New York bunker fuel market was also slightly lower on the average of the year. Apart from the question of price quotations of products recoverable from the company's crude, the production of heavy crude from the Lagunillas field increased by nearly 5,000,000 barrels in 1935 over the 1934 production, and there was a decrease in the lighter grades of crude oil from the La Rosa Cabimas Ambrosio fields of over 2,500,000 barrels. The production from the Maracaibo district, which is also relatively light crude, was somewhat lower.

COMPANY'S PIONEER WORK IN VENEZUELA

You are aware of the important political changes which have occurred in Venezuela in the last few months. In the past twenty-five years Venezuela has progressed and developed in a manner and to an extent which has attracted world-wide recognition. Your company, with a belief in the country's oil possibilities and with confidence in the fair treatment they could expect to receive from the Government, undertook exploration work some fifteen years ago, which I think may fairly be said to have resulted in this company becoming the pioneers of the enormous development which has taken place around the shores of Lake Maracaibo. It was through the expenditure of V.O.C. moneys that the La Rosa field was proved by the bringing in of the Barroso well in December, 1922.

The administration in Venezuela since the political changes has been of such character as to justify me in saying that it is the belief of your board that we and all who are interested in and have assisted in Venezuela's progress may look forward to the future with confidence.

The report and accounts were unanimously adopted, and a final dividend of 1s. 6d. per share, less income tax, making a total of 2s. 6d. per share for the year, was declared on the preference and ordinary shares.

The retiring directors were re-elected, and a cordial vote of thanks to the Chairman terminated the proceedings.

MADRAS ELECTRIC SUPPLY CORPORATION, LIMITED

CONTINUED PROGRESS

The ordinary general meeting of the Madras Electric Supply Corporation, Limited, was held, on the 27th instant, at 1 Queen Victoria Street, London, Mr James Gray (the chairman) presiding.

The Chairman said that the accounts under consideration exhibited a continuation of the progress to which the company had become accustomed. The number of consumers had increased by 8 per cent., and the units sold had increased by 11.4 per cent. The respective increases in units sold were as follows: Lighting and fans 6.5 per cent., power 13.5 per cent., and street lighting 4.9 per cent. It was gratifying to note that there had been an increase in the units sold under every heading. The average price per unit sold was As. 1.608, compared with As. 1.680 for 1934, a rate which he ventured to say compared favourably with that of any similar electrical undertaking. In regard to the financial results the balance carried to net revenue account was £161,108, i.e. £20,677 more than the preceding year. To that balance had to be added for dividends on investments, interest, transfer fees and profit on exchange £5,495, making a total of £166,603. The balance of net revenue remaining was £81,619, being £7,814 more than 1934. Adding £26,857 brought forward, they had a total of £108,476 available for distribution, and the directors recommended the payment of a final dividend of 5½ per cent. actual on the ordinary shares, making 8 per cent. for the year.

The question of tariffs had been receiving their careful attention, and they had voluntarily made important reductions, which, they hoped, would recommend themselves to the Government of Madras. Those changes would reduce their gross revenue this year, but they considered it appropriate that consumers should participate in the reduced cost of production. They had anticipated that to some extent by carrying forward an increased balance in revenue account.

The directors' report had advised shareholders of the setback in the return on the company's investment in the tramways, and details had also been furnished of the year's working. It was, therefore, sufficient to repeat that the falling off in traffic necessitated a reduction in the ordinary share dividend to 2½ per cent., free of income tax.

The report and accounts were adopted.

BRITISH BANK OF SOUTH AMERICA, LIMITED

BRAZIL'S FAVOURABLE TRADE BALANCE

The seventy-third ordinary general meeting of the British Bank of South America, Limited, was held, on the 27th instant, at the Head Office, 117 Old Broad Street, London.

Sir Bertram Hornsby, C.B.E. (the chairman), who presided, referred first to the regrettable deaths of Mr R. J. Hose and Mr F. H. Houlder. Continuing, he said that the foreign trade of Brazil for 1935 showed a favourable balance of £5,581,000 gold, exports having decreased by £2,228,000 gold as compared with 1934, and imports increased by £1,964,000 gold.

As to the coffee position, it would seem that there would still be a substantial surplus at the end of June, 1937, in excess of local consumption and export possibilities.

As regards Great Britain's trade with Brazil, in 1935 Great Britain had taken 19.5 per cent. in value of Brazil's total exports, excluding coffee, as compared with 31 per cent. in 1934, the decrease being due chiefly to Brazil's "Compensation Marks" arrangement with Germany.

The internal trade of Brazil had again increased in 1935. Payments under the Federal Government's Exchange Arrears Scheme of 1935 had been made promptly. The new scheme resulting from the Anglo-Brazilian Agreement of 1935 had come into operation, as well as arrangements for clearing up Brazil's trade arrears with other countries; the Four Years' Debt Plan of 1934 had been complied with, exchange for imports had continued freely available and the Banco do Brazil was allowing remittance of a certain amount of private interest and dividends.

Turning to the bank's accounts, the chairman pointed out that Brazilian currency items had been converted at the "free" rate of exchange, the change involving a reduction of one-third in their sterling equivalent and more than accounting for the decreases shown in the balance sheet. Owing to keen competition for sound business, the margin of profit had been small. Provision for bad and doubtful debts had been made without drawing on the contingencies account, as had been done in recent years.

The report and accounts were unanimously adopted.

KAMRA TIN DREDGING, LIMITED

DIVIDEND OF 5 PER CENT.

The eighth ordinary general meeting of Kamra Tin Dredging, Limited, was held on the 25th instant at Winchester House, London, E.C.

Mr P. J. Burgess (the chairman), who presided, said that the report from the Mine Manager which had been circulated with the Annual Report, entirely explained the reduction of profit for 1935 as compared with 1934, and showed it to be due to the reduced percentage of their assessment which they were permitted to win and sell. The reduction in profit from £20,211 for 1934 to £15,866 for 1935 was very nearly in the same ratio as the permitted quotas of 62.5 per cent. for 1934 and 47.46 per cent. for 1935. It might reasonably have been expected to find the profit reduced by a greater proportion than the output reduction, instead of being slightly more favourable, being actually 22 per cent. less profit for this year obtained with a 24 per cent. less output.

It was proposed to pay a final dividend of 2½ per cent., making 5 per cent. for the year, to write a further £4,000 off the Preliminary Expenses, and to carry forward £2,603.

The price of tin during the year remained at a very satisfactory level, from which there had been a decided relapse during this year. The period of International control of output terminated at the end of 1936, and until there was a definite announcement of its continuance or not, the market must continue to be hesitant. They had expressed their view that continuance was desirable, and provided Siam and the dredging interests received equitable treatment, they would continue to support the policy of internationally controlled production and export.

At the present time they were not satisfied that their assessment fairly represented the combined capacity of their dredge, and the tin bearing areas they held. The dredge was only running for 39.1 per cent. of possible time in 1935, and for the current year the percentage had been still less. They had taken the necessary steps to bring the case before the authorities and hoped that their appeal for revision of the assessment would be favourably received and the justice of it recognised.

The report and accounts were unanimously adopted.

DALKEITH (CEYLON) RUBBER ESTATES, LIMITED

DRASTIC EXPORT RESTRICTIONS

The twenty-sixth ordinary general meeting of this company was held, on the 25th instant, at 19 Fenchurch Street, London.

Sir Delves Broughton, Bt. (chairman of the company), who presided, said:—Due to the increased cost of production caused by the drastic international and Ceylon export restrictions and a prospective fall in the rubber selling price, a profit of £1,331 only was realised, as against profits of £9,041 in 1934 and £7,481 in 1933 respectively.

In the directors' report we stated that this company had made forward sales for 340,000 lb. of mixed grades at 8½d. per lb. Since issuing this report we have sold a further 33,600 lb., making a total of 373,600 lb. to be delivered during 1936. A net profit of approximately £4,500 on these sales can be anticipated, leaving a balance of 200,000 lb. of standard grades to be sold at a favourable opportunity. In view of these forward contracts, as compared with 250,000 lb. sold forward at this time last year at 6½d. per lb., your board has decided to recommend a dividend of 1½ per cent., less income tax, for 1935, as compared with 5 per cent. for 1934.

There is little doubt that the original international quota received by Ceylon under-estimated considerably the acreage claimed to be under rubber in the island, which now necessitates a 15 per cent. internal cut and reduced assessments.

I wish to emphasise that the internal cut in Sumatra and Java is under 4 per cent. and in Malaya is negligible, and in the Dutch E. Indies the basic quota has been raised for the three years 1936, 1937 and 1938. Unfortunately, our representatives on the International Control Board do not seem interested in demanding a similar concession for Ceylon. This, combined with the existing undesirable practice unchecked by the control authorities which permits the sale of export coupons by estates not producing their full assessments, must affect very adversely the operations of well-managed Ceylon estates, which are limited to 47½ per cent. exports of a reduced assessment for 1936.

Fortunately, the average selling price for 1936 to date shows some improvement on 1935, and I am hoping that a higher profit for the current year is ensured.

The report and accounts were unanimously adopted.

GREAT UNIVERSAL STORES, LIMITED

SUCCESSFUL YEAR'S OPERATIONS

The eighteenth ordinary general meeting of the Great Universal Stores, Limited, was held, on the 26th instant, at Winchester House, Old Broad Street, London, Sir Archibald Mitchelson, Bart., presiding.

The Chairman, in moving the adoption of the report and accounts, said that the net profit for the year amounted to £306,000 odd, which enabled the directors to propose a total cash dividend of 50 per cent. for the year, together with a capital bonus in "A" ordinary shares of 10 per cent. In addition, the financial position was being further strengthened by a substantial allocation to general reserve, which, after allowing for the share bonus, would then stand at £245,000. That, with the capital reserve, £57,727, made a total reserve of £302,727, an amount nearly equal to the ordinary share capital.

During the past year two important subsidiary companies had been established, one the New Universal Stores, Limited, to take over their chain store business, embracing some seven super stores in operation and a further seven now approaching completion. The establishment of these two undertakings, which constituted an important part of their work during the past year, had involved considerable expenditure which had been charged against the year's profits, otherwise the profits would have been as great as those of the previous year.

During the year they acquired a controlling interest in the old-established Glasgow departmental store business of Boness, Limited. Their mail order business had shown a substantial increase of late. The company catered for the masses of the people, whose purchasing power as a whole continued to increase. The outlook was therefore exceedingly satisfactory.

Their large furniture manufacturing factory was full of work. At the present time there were over 2,500 shopkeepers stocking their output. In view of the growth of their subsidiary companies he thought it possible that arrangements would be made later on for raising additional capital to provide for those developments. The present shareholders, as far as possible, should reap whatever benefits were to be derived from the new capital issue.

The report and accounts were unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended May 23, 1936, amounted to £11,594,000, against ordinary expenditure of £6,715,500. After allowing for an increase in Exchequer Balances of £111,824, the operations for the week, as shown below, decreased the gross National Debt by £4,767,000 to approximately £7,935 millions.*

(000's omitted)	
Treasury Bills.....	+ 5,211
Public Department Advances	- 9,900
National Savings Certificates	- 50
N. Atlantic Shipping Issues	- 28
	+ 5,211
	- 9,978

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appeared in the *Economist* for April 4, 1936.

REVENUE		Total Receipts into the Exchequer			
		April 1, 1935, to May 25, 1935	April 1, 1936, to May 23, 1936	Week ended May 25, 1935	Week ended May 23, 1936
ORDINARY REVENUE					
Inland Revenue—	£	£	£	£	£
Income Tax	11,693,000	9,742,000	4,000	3,000	3,000
Sur-tax	3,120,000	3,310,000	190,000	170,000	170,000
Estate, etc., Duties	13,620,000	12,130,000	1,470,000	1,750,000	1,750,000
Stamps	1,550,000	1,800,000	280,000	330,000	330,000
Excess Profits Duty and Corporation Profits Tax	90,000	60,000	10,000	...	...
Land Tax and Mineral Rights Duty	...	...	...	...	...
Total Inland Revenue.....	30,073,000	27,042,000	1,954,000	2,253,000	2,253,000
Customs and Excise—	£	£	£	£	£
Customs	29,681,000	29,727,000	4,862,000	4,219,000	4,219,000
Excise	16,700,000	15,900,000	600,000	5,200,000	5,200,000
Total Customs and Excise	46,381,000	45,627,000	5,462,000	9,419,000	9,419,000
Motor Vehicle Duties (Exchequer Share)	634,000	667,000	Dr. 400,000	100,000	100,000
Post Office (Net Receipt)	5,800,000	6,300,000	80,000	90,000	90,000
Crown Lands	230,000	250,000	...	...	...
Receipts from Sundry Loans	170,215	277,607	...	...	...
Miscellaneous Receipts	4,170,614	1,404,219	5,048	292	292
Total Ordinary Revenue.....	87,458,829	81,567,826	7,101,048	11,594,292	11,594,292
SELF-BALANCING REVENUE					
Post Office	6,900,000	6,500,000	1,900,000	1,400,000	1,400,000
Motor Vehicle Duties apportioned to Road Fund	3,172,000	3,337,000	...	268,000	268,000
Total Self-balancing Revenue.....	10,072,000	9,837,000	1,900,000	1,668,000	1,668,000
Total	97,530,829	91,404,826	9,001,048	13,262,292	13,262,292

EXPENDITURE		Total Issues out of the Exchequer to meet Payments			
		April 1, 1935, to May 25, 1935	April 1, 1936, to May 23, 1936	Week ended May 25, 1935	Week ended May 23, 1936
ORDINARY EXPENDITURE					
Interest and Management of National Debt	£38,673,890	£37,893,897	£366,191	£364,518	£364,518
Payments to Northern Ireland Exchequer	679,928	460,785	226,642	...	...
Other Consolidated Fund Services	306,973	276,161	264	850	850
Post Office Fund	...	...	...	...	...
Total	39,660,761	38,720,844	593,097	365,468	365,468
Total Supply Services (excluding Post Office)	65,619,500	68,805,000	6,350,000	6,350,000	6,350,000
Total Ordinary Expenditure	105,280,261	107,525,844	6,943,097	6,715,468	6,715,468
SELF-BALANCING EXPENDITURE					
Post Office	6,900,000	6,500,000	1,900,000	1,400,000	1,400,000
Road Fund	3,172,000	3,337,000	...	268,000	268,000
Total Self-balancing Expenditure	10,072,000	9,837,000	1,900,000	1,668,000	1,668,000
Total	115,352,261	117,362,844	8,843,097	8,383,468	8,383,468

The aggregate revenue from April 1 to May 23, 1936, is shown below:—

(000's omitted)	
Expenditure	107,526
Revenue	81,568
Decrease in balances	51
Gross borrowing	£26,650
New Sinking Fund*	743
Net borrowing	25,907
	107,526

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

POSITION OF THE FLOATING DEBT

	May 23, '35	Mar. 31, '36	May 23, '36	May 23, '36
Ways and Means Advances Outstanding	£12,900,000	£19,055,000	£15,860,000	£9,900,000
Advances by Bank of England	852,000,000	763,115,000	765,615,000*	£5,210,000
Treasury Bills outstanding	...	...	...	...

Total Floating Debt

TREASURY BILLS BY PUBLIC TENDER

Tenders for £45,000,000 Treasury bills were opened on May 22, 1936, and the total amount applied for was £73,830,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 17s. 2d., about 41 per cent. and above in full; Saturday, at £99 17s. 3d., and above in full. The average rate per cent. was 11s. 0.47d. The amount allotted was £45,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934				
January 5	35,000,000	78,260,000	30,000,000	0 18 11.5
April 8	40,000,000	80,390,000	38,000,000	0 17 9.01
July 6	35,000,000	62,745,000	32,000,000	0 16 4.14
October 5	35,000,000	65,260,000	31,510,000	0 15 9.702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1.64
April 5	40,000,000	76,095,000	40,000,000	0 10 2.93
July 5	40,000,000	60,905,000	40,000,000	0 12 4.32
October 4	45,000,000	71,245,000	44,000,000	0 12 8.05
1936				
January 3	35,000,000	68,075,000	35,000,000	0 10 10.72
April 3	40,000,000	76,280,000	40,000,000	0 10 2.78
May 8	45,000,000	75,180,000	45,000,000	0 10 5.91
May 15	45,000,000	75,580,000	45,000,000	0 10 5.98
May 22	45,000,000	73,830,000	45,000,000	0 11 0.47

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended May 2, 1936	726,294	£544,721
Week ended May 9, 1936	737,189	£552,892
February, 1936, to May 9, 1936	1,259,229,741	£990,860,144

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

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, May 27, 1936

ISSUE DEPARTMENT		BANKING DEPARTMENT	
Notes Issued:—	£	Government Securities	£11,015,100
In Circulation	426,061,963	Other Government Securities	247,903,266
In Banking Department	40,335,133	Other Securities	261,311
		Silver Coin	820,323
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	206,397,096
	466,397,096		466,397,096

BANKING DEPARTMENT		BANKING DEPARTMENT	
Proprietors' Capital	£14,553,000	Government Securities	£91,758,310
Reserve	3,249,691	Other Securities:	...
Public Deposits*	19,766,981	Discounts	...
Other Deposits:	...	Advances	£6,694,719
Bankers'	£78,275,245	Securities	£12,923,472
Other Accounts	£36,733,324	Notes	19,618,181
	115,008,569	Gold and Silver Coin	40,335,133
			866,907
	152,578,241		152,578,241

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

Both Departments		Both Departments	
Amount, May 27, 1936	Inc. or Dec. on Last Week	Amount, May 27, 1936	Inc. or Dec. on Last Week
Note circulation	426,061,963	+ 2,931,867	+ 35,655,615
Public deposits	19,766,981	- 1,260,723	- 3,339,582
Bankers' deposits	78,275,245	- 1,806,257	- 9,766,055
Other deposits	36,733,324	- 30,976	- 743,962
Total outside liabilities	560,837,513	- 166,099	+ 23,323,940
Capital and res.	17,802,691	+ 48,004	- 11,115
Government debt and securities	350,676,676	+ 675,659	+ 7,212,177
Discounts and advances	6,694,719	- 448,112	+ 1,440,779
Other securities	13,184,783	- 1,372,691	+ 1,781,615
Silver coin in issue department	820,323	- 48,160	- 974,518
Coin and bullion (bank's reserves)	207,263,703	+ 1,075,209	+ 19,852,772
Reserves of notes and coin in banking department	41,201,740	- 1,856,658	- 21,802,843
Proportion of reserve to outside liabilities			
(a) Banking Department only ("proportion")	30.5%	- 0.7%	- 12.3%
(b) Gold stocks to deposits and notes ("reserve ratio")	36.9%	+ 0.1%	+ 0.9%

Issue Department		Banking Department		Gold in or out of Bank	
Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits
1936					
May 6	463,660	422,841	9,180	88,342	36,657
" 13	464,291	424,790	13,331	83,215	37,003
" 20	465,963	423,130	21,023	80,081	36,764
" 27	466,397	426,062	19,767	78,275	36,733



THE BRANDY WITH A PEDIGREE

FEDERAL RESERVE REPORTING MEMBER BANKS†

In \$'s (000,000's omitted)		May 15, 1935	Apr. 15, 1936	Apr. 22, 1936	Apr. 29, 1936	May 8, 1936	May 13, 1936
Loans	8,055	8,370	8,332	8,343	8,412	8,358	8,358
Investments	11,686	13,426	13,451	13,452	13,455	13,462	13,462
Reserve with Federal Reserve Bank	3,838	4,216	4,348	4,416	4,458	4,537	4,537
Due from banks	2,079	2,310	2,352	2,352	2,242	2,250	2,250
Demand deposits	12,234	13,998	14,187	14,258	14,260	14,272	14,272
Time deposits	5,124	4,958	4,985	5,047	5,076	5,056	5,056
Government deposits	875	755	751	752	754	752	752
Due to banks	4,847	5,974	5,867	5,784	5,870	5,874	5,874

† Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

ASSETS		May 27, 1935	Apr. 27, 1936	May 4, 1936	May 11, 1936	May 18, 1936	May 25, 1936
Gold and English sterling	15,994	16,003	16,003	16,003	16,003	16,003	16,003
Other coin, bullion and cash	5,921	6,411	6,099	6,314	6,354	6,327	6,327
Money at short call—London	19,751	19,314	18,450	18,484	20,943	20,644	20,644
Short-term loans	6,826	2,690	2,854	2,626	3,383	3,330	3,330
Securities	68,637	75,997	75,498	75,498	74,998	74,998	74,998
Discounts and advances	6,405	7,951	7,961	7,956	7,882	8,033	8,033
LIABILITIES							
Notes issued	47,050	48,044	47,545	47,545	47,044	47,044	47,044
Reserve premium on gold	3,896	7,753	7,753	7,753	7,753	7,753	7,753
Deposits	84,673	63,902	62,819	62,910	66,084	65,900	65,900

RESERVE BANK OF NEW ZEALAND.—In £'s (000's omitted)

ASSETS		May 20, 1935	Apr. 27, 1936	May 4, 1936	May 11, 1936	May 18, 1936	May 25, 1936
Gold	19,455	19,366	19,366	19,366	19,366	19,366	19,366
Sterling exchange	22,789	24,224	23,915	23,915	23,915	23,915	23,915
Subsidiary coin	161	181	181	181	181	181	181
Investments	2,094	1,815	1,815	1,815	1,815	1,815	1,815
LIABILITIES							
Bank notes	9,308	10,240	10,257	10,134	10,128	10,128	10,128
Demand liabilities—							
Government	12,214	8,584	8,476	8,914	8,627	8,627	8,627
Other	4,765	8,667	8,535	8,291	8,623	8,623	8

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

Assets	May 23, 1935	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936	May 14, 1936	May 20, 1936
Gold	3,250,182	3,401,000	3,429,182	3,483,258	3,525,356	3,544,751
Silver and other coin	66,716	63,910	61,184	60,915	61,934	62,438
Securities	1,307,979	1,229,212	1,247,304	1,276,734	1,294,471	1,301,971
Advances	117,758	74,974	75,294	75,582	75,766	76,268
LIABILITIES						
Notes in circulation	3,918,716	4,191,370	4,254,740	4,265,728	4,258,874	4,258,874
Deposits: Govt.	20,252	25,137	31,209	15,949	17,277	28,864
Other	996,681	744,879	719,292	802,571	868,808	889,962

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

Assets	May 27, 1935	Apr. 27, 1936	May 4, 1936	May 11, 1936	May 18, 1936	May 25, 1936
Gold	646,201	709,983	710,043	697,315	698,010	683,807
Silver	21,874	19,883	19,101	19,412	20,019	20,549
Home bills discounted	39,147	24,450	25,345	28,124	28,433	27,960
Loans and advances in current account	146,476	127,706	141,944	135,307	131,827	130,725
LIABILITIES						
Notes in circulation	837,601	765,848	799,113	774,987	764,276	763,212
Deposits	48,798	137,012	118,813	125,790	135,685	121,353

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

Assets	May 23, 1935	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936	May 15, 1936	May 23, 1936
Gold	1,208,200	1,513,872	1,516,430	1,506,895	1,506,895	1,506,879
Of which held abroad	87,393	309,327	310,701	294,007	294,007	287,106
Discounts	131,084	50,147	77,761	67,089	70,781	74,128
Bills of the Confederation	47,982	68,651	66,051	62,300	61,500	60,010
Advances	84,086	64,539	65,430	65,395	62,427	62,788
Securities	60,476	46,286	46,334	46,421	46,723	46,621
LIABILITIES						
Notes in circulation	1,234,207	1,256,366	1,310,866	1,280,150	1,259,129	1,250,299
Deposits	246,315	427,038	402,658	413,508	426,007	431,599

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

Assets	May 15, 1935	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936	May 15, 1936
Gold reserve	329,117	430,316	430,308	430,285	430,479
Government securities—Swedish	137,131	28,500	28,500	28,500	28,500
Foreign	47,769	68,400	68,400	70,680	71,155
Gold abroad not included in the gold reserve	23,803	30,875	30,877	33,089	39,670
Bills payable in Sweden	9,496	10,424	10,341	10,106	10,136
Bills payable abroad	405,254	287,262	281,592	268,452	259,574
Balance abroad	155,354	181,905	193,933	201,729	184,705
Advances	34,675	25,228	24,639	24,513	23,919
LIABILITIES					
Notes in circulation	616,051	708,123	780,430	718,164	720,405
Government deposits	368,911	180,940	193,081	269,280	284,322
Private deposits	202,505	251,921	177,439	166,177	155,641

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

Assets	May 23, 1935	Apr. 23, 1936	May 7, 1936	May 15, 1936	May 23, 1936
Cash reserve	242,227	242,569	242,574	242,582	242,585
Gold coin and bullion	55,795	82,202	84,249	81,253	81,623
Other foreign exchange	232,268	218,349	217,928	217,650	218,449
Bills discounted	624,444	624,444	624,444	624,444	624,444
Federal debt	840,563	952,349	894,572	897,187	866,536
Notes in circulation	308,274	210,120	270,452	263,012	295,121
Deposits					

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

Assets	Jan. 31, 1936	Feb. 29, 1936	Mar. 15, 1936	Mar. 31, 1936	Apr. 15, 1936	Apr. 30, 1936
Gold at home	1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign exchange	130	141	131	121	115	111
Non-interest bearing Government Bond	119	119	119	119	119	119
Treasury Bonds	150	175	227	400	400	400
LIABILITIES						
Notes	987	989	995	998	1,011	1,021
Government deposits	241	249	207	191	186	190
Bankers deposits	383	405	485	447	532	451
Certificates against Treasury Bonds	...	...	...	213	128	188
Ratio of gold and foreign exchange to note and sight liabilities	83.8%	82.5%	77.9%	81.6%	76.9%	79.7%

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

Assets	May 15, 1935	Apr. 23, 1936	Apr. 30, 1936	May 7, 1936	May 15, 1936
Metal reserve	78,935	78,931	78,936	78,936	78,936
Gold coin and bullion	21,596	31,251	30,719	30,675	28,409
Foreign Exchange	13,864	13,994	12,584	11,853	12,675
Token money	488,063	453,044	486,843	469,584	458,491
Inland bills, warrants and securities	60,422	80,461	80,461	80,107	80,107
Advances to Treasury					
LIABILITIES					
Notes in circulation	325,089	325,113	389,736	359,910	341,829
Current accounts, deposits, etc.	109,005	143,728	109,375	119,674	128,222
Cash certificates	109,065	104,298	104,298	97,664	97,668
Other liabilities	170,739	167,897	171,475	173,139	171,163

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

Assets	May 22, 1935	May 8, 1936	May 15, 1936	May 22, 1936
Cash reserve	1,312,561	1,501,365	1,508,159	1,509,209
Gold at home and abroad	54,309	15,150	12,667	23,580
Foreign exchange	180,135	304,442	297,752	295,855
Other foreign exchange	1,780,140	1,606,467	1,605,455	1,608,496
Bills and advances against security	1,690,612	1,672,609	1,672,609	1,672,865
LIABILITIES				
Notes in circulation	4,382,335	4,794,674	4,737,681	4,692,605
Sight deposits	1,292,405	1,608,638	1,693,980	1,767,855
Time deposits	285,050	50,000	49,000	50,000

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

Assets	Apr. 20, 1935	Mar. 28, 1936	Apr. 4, 1936	Apr. 11, 1936	Apr. 18, 1936
Gold and gold exchange	10,593,504	10,928,711	10,945,695	10,955,141	10,970,863
Commercial bills	5,263,103	5,247,755	5,289,216	5,318,229	5,306,435
Agric. and urban advances	2,884,958	2,593,693	2,541,037	2,471,877	2,480,493
Treasury bills issued against losses on credits	4,230,987	5,540,579	5,463,757	5,490,604	5,508,753
State debt advances to Treasury	5,654,992	5,638,745	5,638,745	5,638,745	5,638,745
LIABILITIES					
Notes in circulation	21,035,125	23,055,871	23,204,226	23,225,836	22,863,665
Other sight liabilities	8,614,071	7,856,463	7,739,066	7,734,158	8,088,318
Long-term liabilities	3,180,885	4,670,093	4,619,767	4,523,642	4,528,240

NATIONAL BANK OF EGYPT.—In £E (000's omitted)

Banking Department	Apr. 30, 1935	Feb. 29, 1936	Mar. 31, 1936	Apr. 30, 1936
LIABILITIES				
Capital	2,925	2,925	2,925	2,925
Reserves	2,925	2,925	2,925	2,925
Government deposits	8,055	6,657	6,310	6,185
Other deposits	16,178	22,200	22,593	22,075
Other accounts	2,411	3,394	3,495	3,628
Assets				
Cash: Notes	918	1,160	1,161	954
Gold, silver, etc.	696	640	682	633
Money at call and short notice	1,467	2,555	1,994	1,521
Investments	22,274	23,327	24,736	26,058
Advances	3,987	5,770	5,197	4,838
Bills	1,193	1,763	1,464	1,227
Other accounts	1,957	2,684	3,015	2,519

Note Issue Department	Apr. 30, 1935	Feb. 29, 1936	Mar. 31, 1936	Apr. 30, 1936
LIABILITIES				
Notes issued	19,900	23,400	22,800	22,200
Assets				
Gold	6,241	6,241	6,241	6,241
British Treasury Bills	4,430	7,947	7,347	6,744
British War Loan at par	7,730	7,713	7,713	7,715
Egyptian Government securities at market price	1,500	1,500	1,500	1,500

MONEY AND EXCHANGE RATES
LONDON MONEY RATES

	May 21, 1936	May 22, 1936	May 23, 1936	May 25, 1936	May 26, 1936	May 27, 1936	May 28, 1936
Bank rate (changed from 2½ June 30, 1932).....	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—							
60 days' bankers' drafts	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
6 months' do.	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount Treasury Bills—							
2 months'	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
3 months'	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Loans—Day-to-day	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Short	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Deposit allowances: Bank	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
Discount houses at call	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
At notice	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½

Comparisons with previous week—						
	Short Loans	Bank Bills	Trade Bills	3 Months	4 Months	6 Months
1936						
Apr. 23	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
May 7	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
May 14	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
May 21	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½
May 28	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½	1½-1½

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

London on	Par of Exch. per £	May 22, 1936	May 23, 1936	May 25, 1936	May 26, 1936	May 27, 1936	May 28, 1936
New York, \$	4.86	4.95-4.97	4.97-4.98	4.97-4.98	4.97-4.98	4.97-4.98	4.98-4.99
Montreal, \$	4.86	4.95-4.97	4.97-4.98	4.97-4.98	4.97-4.98	4.97-4.98	4.98-4.99
Paris, Fr.	124.21	75.8-76	75.8-76	75.8-76	75.8-76	75.8-76	75.8-76
Brussels, Bel.	35.00(a)	29.38-44	29.42-47	29.43-49	29.45-49	29.45-49	29.47-56
Milan, L.	92.46	63.1-63.2	63.1-63.2	63.1-63.2	63.1-63.2	63.1-63.2	63.1-63.2
Zurich, Fr.	25.22	15.37-40	15.39-43	15.40-43	15.41-43	15.42-47	15.42-47
Athens, Dr.	375	526	526	526	526	526	526
Hels'fors, Mk.	193.23	226.1-227	226.1-227	226.1-227	226.1-227	226.1-227	226.1-227
Madrid, Pt.	25.22	35.4-41	36.50	36.50	36.50	36.50	36.59
Lisbon, Esc.	110	109.1-110	109.1-110	109.1-110	109.1-110	109.1-110	109.1-110
Amst'dam, Fl.	12.107	7.35-37	7.36-37	7.36-37	7.36-37	7.36-37	7.37-40
Berlin, Mk.	20.43	12.33-37	12.35-38	12.35-38	12.35-38	12.35-38	12.37-42

Registered	Mark	(c)	431-481	431-481	431-481	431-481	431-481	431-481
Vienna, Sch.	34.584	251-271	251-271	251-271	251-271	251-271	251-271	251-271
Bu'pest, Pen.	27.82	161*6	161*6	161*6	161*6	161*6	161*6	161*6
Praque, Kc.	116.41	1191-1201	1191-1201	1191-1201	120-1201	120-1201	120-1201	120-1201
Danzig, Gul.	250.00	261-8	261-8	261-8	261-8	261-8	261-8	261-8
Warsaw, Zi.	43.38	261-8	261-8	261-8	261-8	261-8	261-8	261-8
Riga, Lat. ...	25.224	141-151	141-151	141-151	141-151	141-151	141-151	141-151
Buchar'st, Lel	813.8	673*	673*	673*	674*	674*	675*	675*
Const'ple, Pest	110	620*	619*	619*	619*	619*	620*	620*
		626*	627*	627*	627*	627*	627*	628*
Belgrade, Din.	278.32	214-224	214-224	214-224	214-224	214-224	214-224	214-224
Kovno, Lit.	48.66	281-291	281-291	281-291	281-291	281-291	281-291	281-291
Sofia, Lev.	673.66	390-420	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18.159	171-181	171-181	171-181	171-181	171-181	171-181	171-181
Oslo, Kr.	18.159	185-95	185-95	185-95	185-95	185-95	185-95	185-95
St'holm, Kr.	18.159	185-95	185-95	185-95	185-95	185-95	185-95	185-95
Col'p'gen, Kr.	18.159	225-35	225-35	225-35	225-35	225-35	225-35	225-35
		973*	973*	973*	973*	973*	973*	973*

GOLD MOVEMENTS: BANK OF ENGLAND

1936	ARRIVALS	£	1936	WITHDRAWALS	£
May 22	Bar Gold	600,774	May 22	.....	Nil
" 23	Bar Gold	1,125	" 23	.....	Nil
" 25	Bar Gold	420	" 25	.....	Nil
" 26	Bar Gold	431,705	" 26	.....	Nil
" 27	Bar Gold	Nil	" 27	.....	Nil
" 28	Bar Gold	635,218	" 28	.....	Nil
Total		1,669,242	Total		Nil

Movement May 22, 1936, to May 28, 1936 (inclusive) £1,669,242 in
 Movement during year 1935 £7,745,822 in
 Movement during 1936 (January 1 to May 28, 1936, inclusive) £6,981,416 in
 Movement April 29, 1925, to May 28, 1933 (inclusive) £37,938,613 in
 Movement September 21, 1931 (gold standard suspended) to May 28, 1935 (inclusive) £70,344,065 in

GOLD MARKET

Messrs Samuel Montagu and Company write on May 27, 1936, as follows:—

The Bank of England gold reserve against notes amounted to £205,363,059 on the 20th inst., as compared with £204,290,743 on the previous Wednesday. Purchases of bar gold as announced by the Bank during the week amounted to £1,034,037.

In the open market about £1,200,000 of bar gold changed hands at the daily fixing. Offerings were absorbed by general demand and the premiums over gold exchange parities showed little change; however, with the appreciation of sterling in terms of gold currencies, the price of gold in the London Market declined to the lowest level since November, 1934.

Quotations during the week:—

	Per fine ounce	Equivalent value of £ sterling
May 21	139s. 11½d.	12s. 1.68d.
" 22	139s. 11½d.	12s. 1.68d.
" 23	139s. 8d.	12s. 1.98d.
" 25	139s. 7d.	12s. 2.07d.
" 26	139s. 8d.	12s. 1.98d.
" 27	139s. 7½d.	12s. 2.03d.
Average	139s. 8.92d.	12s. 1.90d.
May 28	139s. 6d.	11s. 11.30d.

The s.s. "Kaiser-i-Hind," which sailed from Bombay on the 23rd inst., carries gold to the value of about £533,000.

SILVER MARKET

Prices declined further during the past week, offerings meeting with less resistance as the demand from the Indian Bazaars showed a considerable decline. The Indian Bazaars and speculators re-sold, and whilst sales on China account were still in evidence, selling was not forced, the fall in prices being due mainly to hesitation on the part of buyers. Yesterday, 20d. was quoted for both deliveries, and to-day further speculative re-selling on a poorly supported market caused a fall of ½d. in the cash and ¾d. in the two months' quotation to 19½d. and 19½d.

The market is rather uncertain, and although the tone may be steadier at the decline, this depends largely upon whether the present level proves attractive to the Indian Bazaars.

Quotations during the week:—

IN LONDON		IN NEW YORK		Cents per Ounce	
Bar silver per oz. std.	Two Months' delivery	Bar silver per oz. std.	Two Months' delivery	999 fine	999 fine
May 21	20½d.	May 20	20½d.	45	45
" 22	20d.	" 21	20d.	45	45
" 23	20½d.	" 22	20½d.	45	45
" 25	20½d.	" 23	20½d.	45	45
" 26	20d.	" 25	20d.	45	45
" 27	19½d.	" 26	19½d.	45	45
Average	19.990d.	20.021d.			
May 28	19½d.	19½d.			

The highest rate of exchange on New York recorded during the period from May 21st to May 27th was \$4.98½, and the lowest \$4.96½.

COMPANY NEWS

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended May 22, 1936		(c) Week ended May 23, 1936		Gross Receipts, week ended May 24, 1936 (£'000)		Aggregate Gross Receipts 1936 compared with 1935 (21 weeks) (£'000)	
Miles Open	Passenger, &c.	Miles Open	Passenger, &c.	Passenger, &c.	Merchandise, &c.	Passenger, &c.	Merchandise, &c.
Great	1936 3,746	187 193 96 280 476	3,588 3,901 2,222 6,123 9,711				
Western	1936 3,748	181 188 101 289 470	3,601 3,737 2,138 5,895 9,496				
(c) L. & N.	1936 6,333	286 329 221 550 836	5,629 6,781 5,092 11,873 17,502				
Eastern	1936 6,339	273 328 220 548 821	5,626 6,510 4,860 11,370 16,996				
L. M. & S.	1936 6,347	448 496 205 701 1,149	8,562 9,910 5,406 15,316 23,878				
Scottish	1936 6,361	437 466 221 687 1,124	8,557 9,376 5,169 14,545 23,102				
Southern	1936 2,154	283 66 26 92 375	5,407 1,261 716 1,977 7,384				
	1935 2,172	271 62 28 90 361	5,411 1,256 663 1,919 7,330				
Total	1936 19,150	1,204 1,084 548 1,632 2,836	23,186 21,853 13,436 35,289 58,475				
	1935 19,185	1,162 1,044 570 1,614 2,776	23,195 20,879 12,859 33,729 56,924				

(b) Belfast 1936 80 2-1 ... 38-8 ... 11-4 ... 50-2
 & Co. Down 1936 80 2-0 ... 0-6 ... 12-6 ... 40-4 ... 50-8
 (b) Great 1936 543 9-4 ... 9-7 ... 198-2 ... 367-0
 Northern 1936 543 7-9 ... 10-2 ... 181-1 ... 352-1
 (b) Great 1936 2,076 30-7 ... 39-0 ... 69-7 ... 583-1 ... 1,422-6
 Southern 1936 2,124 27-4 ... 36-0 ... 63-4 ... 577-3 ... 1,370-4

COMPARISONS WITH CORRESPONDING PERIODS, 1934 and 1935

(000's omitted)	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year 1934:				
Gross increase or decrease	+ 198	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year 1935:				
21 weeks to May 24, 1936	+ 215	+ 776	+ 506	+ 54
Weekly average first half 1936	+ 10½	+ 36½	+ 24½	+ 2½
Latest week 1936 compared with 1935	+ 6	+ 25	+ 15	+ 14

LONDON TRANSPORT

Week ending May 23, 1936	*Takings (£'000)	Compared with corresponding period of last year
Aggregate 47 weeks ending May 23, 1936	£25,614,700	+ 26,900
		+ 324,200

*For an explanation of the manner in which the figures are made up, see the *Economist*, March 17, 1934, page 610.
 Note.—The receipts for 1936 include receipts of bus undertakings not absorbed by London Transport in the corresponding period of the previous year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available. The receipts for the week are comparable without adjustment.

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week	Gross Aggregate Receipts
				1936	+ or -
				1936	+ or -
INDIAN					
Assam Bengal	4	Apr. 30	1,330	Rs. 15,03,400	+ 31,077
Barsi Lt. Ry.	4	Apr. 30	292	Rs. 14,98,800	+ 5,600
Bengal & N. Western	6	May 10	2,112	Rs. 11,37,057	+ 7,099
Bengal-Nagpur	3	May 20	3,288	Rs. 23,86,000	+ 97,185
Bombay, Bar. & C.I.	7	May 20	3,072	Rs. 34,07,000	+ 10,000
Madras & S. Mahr.	4	Apr. 30	3,230	Rs. 23,60,000	+ 99,573
Rohilk'd & Kumaon	6	May 10	572	Rs. 12,35,298	+ 20,187
South Indian	4	Apr. 30	2,532	Rs. 15,02,478	+ 30,145

CANADIAN

Canadian National	19	1936	May 14	23648	\$ 3,615,386	+ 308,470	\$ 62,404,213	+ 3,704,737
Canadian Pacific	20	1935	21	17237	\$ 2,592,000	+ 393,900	\$ 47,706,000	+ 4,666,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia).....	21	May 24	834	\$ 12,860 + 1,340	\$ 278,610 + 19,090
Argentine N.E.	47	23	753	\$ 164,900 + 27,400	\$ 6,335,600 + 363,200
B.A. and Pacific	47	23	2,806	\$ 9,689 + 1,586	\$ 372,192 + 22,504
B.A. Central.....	45	9	...	\$ 1,544,000 + 74,000	\$ 68,157,000 + 4,449,000
B.A. Gt. Southern	47	23	5,084	\$ 90,717 + 4,628	\$ 4,004,035 + 269,109
B.A. Western	47	23	1,930	\$ 70,200 + 44,100	\$ 4,837,460 + 96,840
Central Argentine..	47	23	3,700	\$ 1,860,000 + 239,000	\$ 104,185,000 + 11,301,000
Central Uruguay	46	16	273	\$ 1,098,283 + 14,406	\$ 6,121,072 + 650,031
C. Urg. (East Ext.)	46	16	311	\$ 46,357 + 11,000	\$ 36,504,000 + 42,000
C. Urg. (N. Ext.)...	46	16	185	\$ 1,111,675 + 32,715	\$ 5,552,735 + 167,592
C. Urg. (W. Ext.)	46	16	211	\$ 1,106,779 + 1,417	\$ 513,109 + 115,353
Cordoba Central	47	23	1,218	\$ 729 + 221	\$ 40,239 + 5,364
Entre Rios	47	23	810	\$ 447,000 + 80	\$ 22,239,000 + 259,000
G. Westn. of Brazil	21	23	1,082	\$ 26,260 + 19,500	\$ 1,306,490 + 9,490
Leopoldina.....	21	23	1,918	\$ 191,300 + 1,116	\$ 8,570,500 + 1,161,300
Leopoldina Termn.	21	23	...	\$ 11,240 + 100	\$ 502,483 + 65,337
Nitrate	47	23	...	\$ 15,221 + 3,923	\$ 354,676 + 18,086
Paraguay Central...	47	23	274	\$ 334,000 + 53,000	\$ 7,001,000 + 997,000
Salvador	47	23	100	\$ 4,384 + 1,055	\$ 58,029 + 2,896
San Paulo	20	17	153	\$ 2,987,000 + 108,600	\$ 102,790,000 + 47,955,000
United of Havana	47	23	1,353	\$ 16,350 + 250	\$ 920,446 + 68,381
				\$ 29,460 + 700,000	\$ 46,666,000 + 8,991,000
				\$ 33,756 + 7,366	\$ 582,158 + 139,634
				\$ 30,689 + 11,535	\$ 1,123,401 + 25,557

* Converted at average official rate during week ended May 16 - 17-02 pesos to the £.
 † Free market rate. ‡ Months. § Receipts in Argentine pesos.
 † Converted at official rate.
 ‡ Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta	6	1936	May 10	825	£ 5,613	+ 567	£ 22,326	+ 1,177
Light Railways	20	21	...	...	£ 1,461	+ 15	£ 37,536	+ 757
Gr. South of Spain	19	16	104	...	Ps. 34,076	+ 14,095	548,993	+ 400,101
Mexican Railway	20	21	483	...	\$ 304,400	+ 22,700	\$ 5,310,300	+ 373,600

SUEZ CANAL RECEIPTS

Suez Canal	20	1936	May 20	... <th>Fr. 122,470,000</th> <th>- 293,000</th> <th>Fr. 343,020,000</th> <th>+ 2,680,000</th>	Fr. 122,470,000	- 293,000	Fr. 343,020,000	+ 2,680,000
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TRAMWAYS WEEKLY GROSS RECEIPTS

TRAMWAYS WEEKLY GROSS RECEIPTS									
	20	1936	May 20	328					
Anglo-Argentine ...	20	May 20	328	\$664,558	+	5,904	12,589,489	+	26,353
B. Aires Lacroze	45	May 10	...	\$668,958	+	2,326	3,216,379	+	66,929
Burnley, Colne and Nelson Jt. Trst	1	23	76	£4,996	+	398	...	...	...
Calcutta Tramways	21	23	...	Rs.1,12,705	+	113	...	...	...
Isle of Thanet Elec.	19	13	...	£2,461	+	124	56,098	+	580
Liverpool Corp.	7	20	...	£28,998	+	1,390	206,355	+	4,115
Madras Electric	47	15	...	Rs. 52,750	+	4,837	4,49,875	+	33,841

MONTHLY TRAFFICS

Company	Months	Ending	Description	Receipts for Month	Receipts to Date
				1936	+ or -
				1936	+ or -
Brazilian Traction	4	Apr. 30	Gross	\$ 2,515,337	+ 63,181
			Net	\$ 1,381,331	+ 73,384
Kalgoorlie Elec. Trams	1	Feb. 29	Gross	£ 2,200	...
Mexican Light and Power	3	Mar. 31	Gross	Can. \$680,832	+ 45,031
			Net	Can. \$219,821	+ 37,104

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distri- bution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
		£	£	£	£	£	%	£	£	£	%
Breweries											
Gartsides (Brookside Brewery.)	Mar. 31	31,110	14,360	45,470	6,781	11,531	10	...	27,158	11,345	10
Electric Lighting etc.											
Edmundsons Electricity ...	Mar. 31	44,577	510,253	554,830	111,760	299,200	8	94,150	49,720	458,682	8
Financial Land, etc.											
Australian Sheep Farms	Mar. 31	Dr. 217007	12,464	Dr. 204,543	...	...	...	...	Dr. 204543	Dr. 6,249	Nil
British and Chinese Corp'n.	Dec. 31	22,571	29,542	52,113	...	12,500	10½	20,000	19,613	34,338	10½
St. Martin's Le Grand Propy.	Mar. 25	3,853	21,532	25,385	...	15,000	5	6,500	3,885	19,135	4½
Trust and Mortgage Co. of Iowa	Feb. 29	14,815	407	15,222	...	...	...	...	15,222	455	Nil
Gas											
Associated Gas and Water	Mar. 31	891	14,138	15,029	3,138	10,301	5	...	1,590	4,344	5
Iron, Coal and Steel											
Shipley Collieries	Mar. 31	35,412	128,166	163,578	10,986	40,000	8	74,641	37,951	75,748	6
Oil											
Anglo-Egyptian Oilfields ...	Dec. 31	117,099	212,342	329,441	...	186,055	10	...	143,386	225,929	10
Anglo-Iranian Oil	Dec. 31	485,674	3,519,183	4,004,857	1071234	2,013,750	15	408,747	511,126	3,183,195	12½
Rubber											
Allied Sumatra	Dec. 31	41,878	38,227	80,105	...	35,000	2½	...	45,105	37,353	2½
East Java	Dec. 31	603	626	1,229	...	1,229	...	...	1,229	7,044	5
Rangoon Para	Dec. 31	...	5,373	5,373	...	43,126	4½	...	2,247	6,718	Nil
Sialang	Jan. 31	42,782	13,083	55,865	...	12,000	4	...	43,865	17,244	5
United Patani (Malaya) ...	Dec. 31	29,920	24,753	54,673	...	25,000	5	...	29,673	31,446	6
Tea											
Derby	Dec. 31	11,887	8,150	20,037	731	4,868	15	2,000	12,438	4,572	10
Kerala	Feb. 29	Dr. 9,699	Dr. 1,898	Dr. 11,597	...	...	...	...	Dr. 11,597	Dr. 2,093	Nil
Isa Bheel	Dec. 31	3,959	12,815	16,774	492	5,092	15	7,000	4,190	5,234	12½
Pabbojan	Dec. 31	28,787	29,974	58,761	...	25,000	20	4,910	28,851	1,178	5
Tara	Dec. 31	40,946	20,268	61,214	600	13,125	25	6,269	41,220	5,135	10
Textiles											
Bleachers' Association	Mar. 31	178,113	176,453	354,566	...	...	...	179,897	174,669	166,532	Nil
Tramways and Omnibuses											
Maidstone & District Motor	Mar. 31	20,192	108,441	128,633	13,000	57,500	12½	37,410	20,723	74,528	12½
Trusts											
Second Guardian Trust ...	May 5	21,930	33,799	55,729	19,219	9,594	2½	5,000	21,916	33,831	2½
Waterworks											
Rickmansworth & Uxbridge Valley Water	Mar. 31	19,448	52,407	71,855	2,410	32,220	{ 11½ 8½ }	10,520	26,705	39,833	{ 11½ 8½ }
Other Companies											
Advance Laundries	Mar. 31	4,298	47,527	51,825	20,800	18,000	10	7,578	5,447	42,488	9
Amalgamated Press	Feb. 29	131,933	555,197	687,130	315,000	132,000	11	100,000	140,130	524,149	11
Brown (Thomas) and Sons	Jan. 31	3,173	18,961	22,134	7,425	3,375	2½	7,500	3,834	15,356	2½
Crystalate Gramophone Rec.	Jan. 31	19,519	Dr. 21,095	Dr. 1,576	12,000	...	...	Dr. 15,000	1,424	30,107	Nil
Froy (W. N.) and Sons ...	Dec. 31	...	12,704	12,704	5,641	5,000	5	617	1,446	(a)	(a)
Glenfield and Kennedy ...	Mar. 31	61,782	84,443	146,225	10,265	24,944	10	44,548	66,468	55,950	10
G.R.A. & White City (Man- chester)	Mar. 31	7,615	14,690	22,305	7,338	...	...	7,000	7,967	3,012	Nil
Hart (Thomas)	Mar. 31	4,172	919	5,091	...	801	3½	...	4,290	4,545	3
Inglis and Co.	May 1	24,504	41,149	65,653	2,075	27,800	20½	11,000	24,778	55,517	25½
Marcroft Wagons	Dec. 31	2,428	3,463	5,891	...	2,288	3	1,539	2,064	3,183	2½
Reed (Albert) E.	Mar. 31	83,419	117,799	201,218	19,500	60,000	9	20,000	101,718	75,434	8
Swan (John) and Sons.....	Apr. 30	14,315	7,658	21,973	...	5,000	10½	2,500	14,473	9,046	10
Yorkshire Dyeware and Chemical	Mar. 31	6,856	23,419	30,275	...	22,938	15	...	7,337	22,775	15

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash * Interim div. † Final div.			Dividend for Whole Years	
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
BANKS					
Bank of Canada (\$50)	\$1.12 ps.	July 2	...	%	%
Bank of New Zealand	5%†	...	Same	10	10
Bank of Nova Scotia	3%†	July 31	Same	3/- p.s.	3/- p.s.
Ottoman Bank	...	...	Same	12	12
Standard Bank of South Africa	7%†	...	...	...	...
INSURANCE					
Sun Life Assurance	11/7½d.*	July 1	Same	...	...
TEA AND RUBBER					
Balijan Tea	...	...	...	5	Nil
Bamgoan Tea	...	...	...	5	2½
Central Perak Rubber	...	...	...	4	5
Chandapore Tea	9%†	June 26	...	14	12
Cranley Tea	2½%*	...	Same	...	...
Doot Doot Tea	10%†	June 19	...	15	5
Elmhurst (Ceylon) Tea & Rubber	2½%*	...	Nil	...	...
Malay Rubber Planters	10%*	June 24	5%*	...	...
Mini Mini (Nyasaland) Tea	10%*	...	...	...	...
Sialang Rubber	...	...	...	4	5
Straits Plantations	...	...	...	6	4
Sungai Rinchang Rubber	...	...	...	2	4
Tijiwangie Tea	...	...	...	10	7½
United Planters of Ceylon	...	June 23	...	4	2
MINING					
Ampat Tin	2½%†	...	...	7½	7½
Clydesdale (Transvaal) Collieries	7½%†	...	Same	12½	12½
Consolidated Gold Fields of South Africa	6½%*	June 18	Same	...	...
Frontino Gold Mines	5%*	July 1	Same	...	...
Globe and Phoenix Gold Mining	11/6 ps.*	May 30	Same	...	...
Hodbarrow Mining	...	...	...	2½	Nil
London Tin 7½% cum. ptg. pref.	3½%*	June 25	...	...	...
Meru Tin	14½%*	...	...	...	...
North Broken Hill	3/6 ps.*	June 26	2s. 6d. p.s.	70	40
Pengkalen preferred and ordinary	5%*	June 4	...	...	...
Tekka-Talping	11%*	June 25	Same	...	...
Tin Fields of Nigeria	8½%†	June 12	...	10	6½
Do.	11%*	June 12	Same	...	...
Zinc Corporation Ord. 10/1	2/6 ps.*	July 1	...	4/6 p.s.	1/6 p.s.
Do. Pref. 1/1	2/6 ps.*	July 1	...	4/6 p.s.	1/6 p.s.
Do. Pref. 1/1 (on account of 1936)	2/- p.s.	July 1	...	...	...
OTHER COMPANIES					
Aberthaw and Bristol Channel Portland Cement	...	June 30	...	7½	7½
Allied Brick and Tile Works	...	...	...	3	3
Amalgamated Press	6%†	...	Same	11	11
Amalgamated Roadstone Corp. Anglo-American Oil	5	...	First	...	...
Anglo-Iranian Oil	10%†	...	...	25	Nil
Argosy and Sundial Laundries	4½%*	...	First	7	12
Army and Navy Investment Trust	3%*	...	Same	15	...
Aron Electricity Meter	10%†	...	Same	15	15
Birkenhead Brewery	4%*	...	Same	...	...
Bluemel Brothers	6d. p.s.*	June 13	Same	...	...
Booker Brothers, McConnell & Co.	3%*	July 1	Same	...	...
Brickwood and Co.	5%*	June 9	4%*	...	...
British American Tobacco	10d ps.*	June 30	Same	...	...
British and Chinese Corporation	...	June 11	...	10†	10†
British Northrop Loom	...	...	Same	...	...
British Tyre and Rubber	3½%*	June 9	Same	...	...
Bullard and Sons	5%*	...	Same	...	...
Cape Asbestos	...	...	...	8	6
Carlton Main Colliery	...	...	...	4	3
Carreras "A" and "B" ord.	15%*	June 19	Same	...	...
Carr's Flour Mills	7½%†	June 6	...	15	17½
Cope Brothers and Co.	10½%†	...	9½%†	13½	12½
Cory (William) and Son	12½%†	...	...	17½	17½
Crompton Parkinson	6%*	...	Same	...	...
Denny, Mott and Dickson	...	...	...	3	6
Dental Manufacturing	...	June 18	...	10	9
Downing (G. H.) and Co.	2%†	June 23	6½%†	5	10
Egyptian Markets	6½%*	Now	Same	11½	11½
First Scottish American Trust	15%*	June 19	12%†	19	18
General Cable Manufacturing	5%*	...	Same	...	...
Globe Telegraph and Trust (£10)	2½%†	...	12%†	24½	23½
Green (J. W.)	4%*	June 3	Same	...	...
Hart (Thomas)	...	June 10	...	3½	3
Henekeys	7%*	June 30	5%*	...	...
Holbrooks	9½%†	...	Same	113½	113½
Investment Trust Corporation	7%†	June 10	Same	12	12
Java Investment Loan and Agency	...	...	...	3	5
Jury Holloway (Stevens)	4%†	...	First	7	...
Manchester Collieries	...	...	...	4	3
Manchester Corn, Grocery and Produce Exchange	2%*	...	2½%*	...	...
Manitoba and North West Land	...	...	...	4½	...
Marston, Thompson and Evershed Mercantile Credit	m 7½%†	...	Same	15	15
Mono Containers	2½%*	June 2	Same	...	...
Montevideo Gas and Dry Dock	5%*	June 30	Same	...	...
Montgomerie and Co.	11½%†	July 8	Same	13	13(p)
Neuchatel Asphalt	10%†	June 5	Same	15	15
New River Co.	...	June 19	...	2½	2½
New Hampshire Brewery	...	July 6	...	7	21(p)
Rasnos, Sims and Jeffries (pref.)	5%*	July 1	Same	...	...
Rio de Janeiro City Improvements	13½%*	...	...	...	...
Rubber Regenerating	Nil*	...	...	12½	Nil
Ruston and Hornsby	...	...	2½%*	...	...
St. Martins-le-Grand Property	2½%†	...	...	5	4½
Selangor Oil Palm	...	...	...	4	Nil
Shipley Collieries	...	...	...	8	6
Short's deferred	2½%†	...	Same	5	3
Spiers and Pond	6%†	...	Same	10	10
Sunlight Laundry (Load and Weston)	8½%*	June 30	Same	...	...
Sussex Brick (deferred)	6%*	June 15	Same	...	...
Symons (S.) and Co.	...	...	...	7½	5
Tate and Lyle	(d) 4½%*	June 15	6%*(c)	...	...
Tyre Investment Trust (pref.)	3%*	June 17	...	10	10
Vitol	...	June 12	...	10	10
Wallarah Coal	...	June 27	...	12½	Nil
Wellcock Brewery	2½%*	June 9	Same	...	...
West London Property Corp.	5%†	...	Same	8	8
West Yorkshire Dyeing and Chemical	12½%†	June 5	Same	15	15

(c) On old capital. (d) Equal to 6 per cent. on old capital. † Free of income tax.
 (e) Also capital bonus 300 per cent.
 (f) Also bonus of one ordinary share for each ten held.
 (g) 1 1/2 per cent. to be paid July 8th and the balance when the cash is available.

HUNDRED SECURITIES TRUST.—The managers announce a first distribution of 5d. net per sub-unit, payable June 15th on all sub-units issued up to and including May 1, 1936. This is in respect of income received in the period from October 28, 1935, when the Trust was formed, to May 1st, inclusive.

BRITISH EMPIRE FIXED TRUST (COMPREHENSIVE SERIES).—Holders of sub-unit certificates of the British Empire Fixed Trust (Comprehensive Series) are notified that coupon No. 2, maturing June 15th, will be paid on or after that date on presentation to the Trustee, Lloyds Bank, 72 Lombard Street, E.C., at the rate of 3d. per sub-unit on all sub-unit certificates purchased on or before May 1, 1936.

COMPANIA HISPANO-AMERICANA DE ELECTRICIDAD S.A.—A final dividend for the financial year 1935 is declared at the rate of 25 Argentine Paper Pesos for the shares Series A, B and C, and 5 Argentine Paper Pesos for the shares Series D and E, free of Spanish taxes. The dividend will be payable on and after June 1, 1936, on presentation of Coupon No. 30 at the offices of the company in Buenos Aires, Calle Balcarce, 184.

ANGLO-IRANIAN OIL.—Profit for 1935, £3,519,183, compared with £3,183,195 for 1934, and £2,643,978 for 1933. Ordinary dividend 15 per cent., against 12 1/2 per cent., absorbing £2,013,750, against £1,678,125. Carry forward increased from £485,674 to £511,126.

SHELL UNION (PREFERRED DIVIDENDS RESUMED).—Shell Union Corporation has declared a dividend of £1.37 1/2 on the convertible preferred stock in respect of arrears, which amounted on April 1, 1936, to \$9,727,300, representing \$26.125 per share. This is the first dividend paid since July, 1931.

TURNER AND NEWALL.—Interim dividend, 3 1/2 per cent., against 2 1/2 per cent. a year ago.

J. LYONS AND COMPANY.—A record profit of £1,010,734 has been made for the past year, against £1,009,272 for the previous year. Reserve again receives £100,000, making a total of £1,900,000. Ordinary dividends are maintained at 2 1/2 per cent. The carry-forward is up from £36,602 to £39,341.

TRANSVAAL GOLD OUTPUT IN APRIL 1936

Month of	1930	1931	1932	1933	1934	1935	1936
January	882,801	914,576	936,784	967,457	907,641	890,875	924,081
February	818,183	839,937	814,012	883,145	826,363	821,246	894,624
March	859,370	810,985	960,055	946,863	874,112	882,309	933,776
April	868,606	882,337	949,796	895,097	865,822	869,956	912,639
May	916,213	910,279	965,644	944,604	898,418	916,033	...
June	887,867	897,750	959,011	918,633	868,129	989,028	...
July	912,652	916,843	931,160	923,671	876,094	827,803	...
August	921,081	916,425	931,322	934,714	881,561	929,331	...
September	903,176	916,024	961,501	901,799	857,442	902,333	...
October	926,561	945,113	974,965	908,888	885,627	931,724	...
November	884,753	900,510	978,716	898,468	873,847	909,550	...
December	908,492	923,353	980,618	894,156	866,037	906,496	...
Total	10,719,760	10,874,145	11,553,564	11,017,485	10,486,393	10,776,684	3,665,120

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

	Aug. 1935	Sept. 1935	Oct. 1935	Nov. 1935	Dec. 1935	Jan. 1936	Feb. 1936	Mar. 1936	April 1936
Gold mines	269,905	269,775	271,416	271,926	276,687	284,034	286,913	288,610	290,690
Coal mines	14,150	14,247	14,131	14,136	14,017	14,026	14,203	14,365	14,596
Total	284,055	284,022	285,547	286,062	290,704	298,110	301,116	302,975	305,286

The following statistics show the outputs, &c. of the individual mines:—

Note.—Value of gold calculated at £7 0s. 6d. per ounce in all cases.

The Johannesburg Group	Tons milled, April, 1936	Estimated Value, April, 1936		Estimated Costs per ton, April, 1936	Estimated Profit, including Sundry Revenue, April, 1936	March, 1936 Profit at £7/0s. 6d. per fine ounce
		Gross	Per ton			
Government Areas (Modderfontein)	209,000	£53,684	43 s. d.	17 10	£27,158	£291,138
Langlaagte Estate	93,000	105,492	22 8	17 4	26,021	27,056
New State Areas	118,000	257,483	43 8	18 9	148,106	154,084
Randfontein Estates	369,000	438,391	24 10	17 0	148,180	146,216
Van Ryn Deep	99,000	137,539	27 9	18 7	46,122	47,624
Witwatersrand	85,000	93,974	22 1	19 6	12,662	13,117
Totals	973,000	1,506,563	...	17 10	651,249	679,215

Anglo-American Corporation Group	Tons Milled, April, 1936	Total Revenue, April, 1936	Working Costs, April, 1936	Profit, April, 1936	Profit, March, 1936	Profit, April, 1936
Brakpan Mines, Ltd.	136,000	£239,837	£135,808	£100,037	£105,775	£104,029
Daggafontein Mines, Ltd.	124,500	237,447	135,062	117,008	120,131	122,385
Springfontein, Ltd.	141,600	294,013	127,997	155,032	162,084	166,016
West Springs, Ltd.	104,000	107,186	74,170	33,037	33,009	33,016

The Central Mining Company Rand Mines Group	Tons Crushed, April, 1936	Yield in Fine Gold Ounces, April, 1936	Value, April, 1936	Profit, April, 1936	Working Cost per ton, April, 1936
City Deep, Ltd.	101,000	19,105	£134,200	£20,052	22 7-2
Consolidated Main Reef Mines and Estrie, Ltd.	147,500	29,830	210,330	57,297	20 9-0
Crown Mines, Ltd.	352,000	83,043	584,012	263,078	18 2-8
Durban Roodepoort Deep, Ltd.	75,700	16,032	112,710	19,966	24 6-0
East Rand Proprietary Mines, Ltd.	195,000	43,237	303,051	91,395	21 8-5
Geldenhuis Deep, Ltd.	83,700	11,937	83,964	14,097	18 8-3
Modderfontein B. Gold Mines, Ltd.	87,000	14,937	105,076	43,736	14 1-2
Modderfontein East, Ltd.	96,000	20,303	142,653	50,257	19 3-0
New Modderfontein Gold Mining Co., Ltd.	192,000	41,284	290,583	156,209	14 0-0
Nourse Mines, Ltd.	78,000	16,528	116,002	28,066	22 6-0
Rose Deep, Ltd.	68,000	11,765	82,760	14,019	20 10-0

THE TRADE OF THE DANUBIAN COUNTRIES

(See page 477)

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that steady conditions rule in the iron and steel markets. Although new business is rather quiet, production is maintained at a high level. It is expected that prices will be increased at the end of the half-year, and transactions for the most part are limited to delivery before that date.

In the pig iron market, demand continues to be in excess of production. In some districts consumers find it practically impossible to obtain material for near delivery, and it has been found necessary to ration supplies. The majority of the important consumers, however, have covered their forward requirements; but there is a considerable inquiry for supplementary parcels. Some producers are unable to accept orders for delivery earlier than the second half of the year.

In the semi-finished steel department the position is less stringent, but output is passing immediately into consumption and some works are behind with deliveries. Recent imports of Continental material, however, have eased the situation, and consuming industries are finding it less difficult to obtain the necessary supplies.

Business in finished steel has been moderately active, and there has been some improvement in the volume of inquiry from overseas markets. The heavy steelworks are operating at capacity and can see their way to maintaining the present rate for some time to come. In spite of the lull in new business, there are no signs of any diminution in the requirements of the home market.

MIDDLESBROUGH.—Demand for all classes of iron and steel is maintained. Cleveland foundry iron is easier owing to the increased production of this quality, and merchants report that they are now getting better supplies for home consumers. The price of No. 3 Cleveland foundry iron is maintained officially at 70s. per ton delivered locally, but this only applies to deliveries up to June 30. As the output until then is sold, new business can only be transacted for later delivery, and it is anticipated that there will be an advance of 5s. per ton on all deliveries after June 30. East Coast hematite production is almost equal to requirements, but makers are well sold at the existing minimum figure of 77s. per ton for No. 1 quality East Coast hematite.

Manufacturers of semi-finished and finished steel in this area continue to be fully employed, but output is still short of requirements. Demand for finished steel for shipbuilding, as well as for structural steel and rails, is good, and the orders received will keep producers busy for some months. Heavy steel scrap is maintained at 57s. 6d. per ton delivered at the works, whilst the demand for good Durham blast furnace coke is strong, the price being 25s. 6d. per ton delivered at the furnaces. New business in foreign ore is limited owing to the difficulties of the freight position, particularly from the Mediterranean.

SHEFFIELD.—The position in the iron and steel market shows little alteration. Demand for forge pig iron is firm and at a good level, while foundry and basic output is virtually at full capacity. At the close of the first half of the year the advance of 5s. per ton on uncompleted contracts comes into operation and in consequence, consumers are pressing for delivery under contract within that time. There is some doubt, however, whether makers can accomplish this. There is little accumulation of stocks of iron at furnaces; the increased output of Derbyshire iron is being quickly absorbed. Lincolnshire iron goes almost wholly into consumption at source, very little coming into this district. Arrears of delivery of East and West Coast hematite are less pronounced. Makers are fully booked for months ahead. Common and marked bars are in good demand and there is some slight improvement in orders for crown iron, though business still remains rather small. It is difficult to meet all the requirements in raw and semi-finished steel. Basic billets remain in heavy demand and acid billets are coming into stronger request. Steel strip and wire rods are good features. Prices generally are unchanged.

WORKINGTON.—The uncertainty whether the advance of the price of hematite pig iron is to be 3s. 6d. or 5s. per ton is responsible for the stagnation of business. Makers demanded an additional 5s. per ton, and users declined to buy as long as they thought the increase might be smaller. Once doubts are resolved next week, there will be an active resumption of business. Although production is at a higher level than since the early post-war years, there is not sufficient iron to go round, and Midland, South Walian and Scottish users will all be anxious to cover their needs for the remainder of the year. Until Thursday of this week prices were at the old rates. Bessemer mixed numbers were quoted at £3 17s. per ton at Glasgow; £4 2s. 6d. at Sheffield; £4 5s. 6d. at Manchester; £4 8s. 6d. at Birmingham, with special brands 2s. 6d. to 6s. per ton extra. Refined iron, malleable iron, at £6 delivered at Birmingham, and ferro-manganese, at £11 5s. home, are all in keen request. Prospects in the steel trade are excellent. Already makers possess orders that will keep their mills engaged for eight months to come. Workington, rolling rails, billets, bars and slabs, last week shipped coastwise 1,500 tons of pig iron and 900 tons of rails; Barrow is on rails, hoops and strip. Local demand for native ore, at from 16s. to 17s. 6d. per ton, is in excess of output, and there are heavy imports of Spanish ore.

GLASGOW.—New business in the heavy trades is a little quieter, but there is no slackening of production. All plants are exceedingly busy and have heavy tonnages of unexecuted orders on books. Although there has been a large tonnage launched within the past week or two, there is a fair amount of work on hand at the Clyde shipyards, an important addition at the end of last week being an order placed by the Anchor Line, Ltd., with the Fairfield Shipbuilding and Engineering Co., Ltd., of Govan, for a motorship. Ship repairs also have a number of extensive repairs on hand. In the sheet trade home business continues satisfactory and provides employment for a large section of the plant. Export bookings of

galvanized sheets show some improvement and include a considerable tonnage for South America. Engineering firms in practically every branch are working to capacity.

CARDIFF.—There has been no material change in the condition of the South Wales iron and steel trades. The heavier branches are active, and production of both pig iron and steel ingots is substantially greater than it was in the earlier months of 1935. Shipments of tinplates last week were slightly better than in the previous week, but about 20 per cent. less than in the corresponding period last year, and current inquiries are disappointing. It is reported that a measure of agreement has been reached over the German application for an increased export quota and the Continental complaints against British competition, and that the International Tinplate Association has been renewed for a period of two years. Prices of tinplates, galvanized sheets, and tinplate bars are unchanged. Stocks of tinplates at the end of last week totalled 71,337 boxes compared with 64,284 boxes the previous week, and 111,436 boxes a year ago.

OTHER METALS

COPPER.—Although the market showed no new features, prices scored a slight advance over the week. Home warehouse stocks have continued to decline, but the view is expressed in some circles that this tendency may be reversed next month, owing to an increase in exports from the United States. Although the New York market remained dull during the past week, the New York export price rallied slightly, probably in response to an expansion of shipments to Japan. If Japanese purchases in the United States are maintained at their recent high level, the expected increase in American shipments to Europe may not materialise.

Sales on the London Metal Exchange: 1,000 tons on Monday, against 1,025 tons last week; 1,600 tons on Tuesday, against 975 tons last week; 900 tons on Wednesday, against 1,300 last week. Domestic spot was quoted at 8.92½ cents per lb. in New York on Wednesday, against 8.87½ cents a week ago and 8.92½ cents a month ago. Wednesday's official closing price for standard cash in London was £36 12s. 6d. to £36 13s. 9d., compared with £36 5s. to £36 6s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 58,893 tons, show a decrease of 1,736 tons, while stocks of roughed copper, at 5,667 tons, show a decrease of 50 tons on the week.

LEAD AND SPLICER.—After early weakness, lead scored a recovery, which was certainly overdue, in view of the excellent statistical position of the metal. Reports of negotiations between the various Belgian zinc producers were responsible for the slight improvement in spelter. Failure to secure the agreement of Belgium was one of the chief obstacles encountered in the recent Cartel negotiations; the discussions now proceeding in that country may therefore be the prelude to the resumption of international negotiations for the renewal of the Cartel.

Sales of lead on the London Metal Exchange: 700 tons on Monday, against 950 tons last week; 900 tons on Tuesday, against 500 tons last week; 250 tons on Wednesday, against 700 last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 11s. 3d. per ton, compared with £15 7s. 6d. a week ago.

Sales of spelter on the London Metal Exchange: 500 tons on Monday, against 300 tons last week; 200 tons on Tuesday, against 125 tons last week; 300 tons on Wednesday, against 500 last week. Wednesday's quotation in East St. Louis was 4.90 cents per lb., against 4.90 cents the week before and 4.90 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipments during the current month was £14 8s. 9d. per ton, against £14 7s. 6d. last week.

TIN.—The easing of selling pressure and the return of American consumers to the market were responsible for the improvement of prices this week. At its Tuesday meeting the International Committee decided to postpone the quota decision for the third quarter of the year until its next meeting in Paris on June 25th. The delay appears to be due to Bolivia's reluctance to agree to the cancellation of her arrears—the fact that decisions must be unanimous enabling her to enforce her views. Despite the benefits of devaluation, Bolivian arrears must now amount to some 9,000 tons and, since the labour problems in that area cannot be removed overnight, the scarcity of supplies on the world market seems likely to continue.

The decision of the International Committee to send two representatives to negotiate with the Government of Siam in connection with the prolongation of the scheme is of considerable interest, for Siam has been demanding a high quota as a condition of its adherence. The agreement of October 27, 1933, makes the co-operation of Siam essential, but the latter—fortified by her experience of the Rubber Scheme—shows no sign of reducing her demands. By way of contrast, negotiations with the Belgian Congo seem to have made considerable progress and the demands of this country are no longer regarded as impossible.

Sales of tin on the London Metal Exchange: 160 tons on Monday, against 150 tons last week; 115 tons on Tuesday, against 235 tons last week; 165 tons on Wednesday, against 300 last week. The New York quotation on Wednesday was 45.87½ cents per lb., against 45.87½ cents a week ago and 46.62½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £201 to £210 10s. per ton, compared with £198 5s. to £198 10s. a week ago.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged

Quicksilver, on the spot, was again quoted at £12 7s. 6d. per flask of 76 lbs. Chinese antimony was quoted at £56 to £57 per ton ex warehouse, duty paid, against £57 last week. Chinese wolfram for May-June shipment was quoted at 33s. to 33s. 6d. per unit, c.i.f., the same as last week. Platinum (refined) was maintained at £7 per ounce.

TEXTILES

COTTON.—Manchester.—There has not been any particular change in market conditions. The general inquiry in yarn and piece goods has continued rather better, and some fair contracts have been arranged. In many sections, producers find it impossible to obtain any relief, and order lists remain very irregular. There has been a scarcity of fresh news of importance with regard to raw cotton supplies. Speculative interest in the futures market has been dormant, but the demand for actual cotton continues encouraging. Mixed weather advices are being received from the American belt and the drought in the Eastern section is causing anxiety.

Varied reports have been received from sellers of cloth concerning the amount of business. There has been more activity in some quarters than in others. The larger inquiry for India has been maintained. Moderate lines have been reported in dyed fabrics for Java and the Straits Settlements. Finishing cloths and sheetings have been sold for South America. Some makers have had an encouraging week in prints for West Africa. Activity for the Dominions has been of moderate extent, and owing to the important revision in the duties there is every expectation of a larger trade in the future with Australia. Dress materials, linings and overall cloths have been in steady request for the home trade. In the yarn market demand has been disappointing. In the American section, however, a slightly better turnover has taken place in coarse and medium counts. Some producers of Egyptian qualities, especially medium numbers, have secured a few more contracts.

COTTON PRICES

	1936				Corresponding Date	
	May 6	May 13	May 20	May 27	1934	1935
Raw Cotton—Mid. American per lb.	6.46	6.51	6.60	6.59	6.32	6.98
Sakellaridis Fully Good Fair						
Egyptian per lb.	8.99	8.97	8.99	8.74	8.50	8.16
Yarns—32's twist per lb.	10½	10½	10½	10½	10½	10½
40's twist per lb.	10½	10½	10½	10½	10½	10½
60's twist (Egyptian) per lb.	15½	15½	15½	15½	16½	15½
32-in. Printers 116 yds., 16 by 16, 32's and 50's s. d.	17 0	17 0	17 2	17 2	18 1½	17 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's s. d.	24 0	24 0	24 3	24 3	22 9	24 3
38-in. ditto, 38 yds., 18 by 18, 10 lb. s. d.	10 0	10 0	10 1	10 1	10 9	10 5½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb. s. d.	9 0	9 0	9 1	9 1	9 7	9 3½

AMERICAN COTTON STATISTICS.—The Department of Agriculture of the United States Government has issued final statistics relating to the cotton crop for the 1935 season, production being given as 10,638,000 bales of 500 lb. gross, against 9,636,000 bales in the previous season. In actual bales the output was 10,420,000 bales. The area picked was 27,335,000 acres, against 26,987,000 acres, the yield per acre being 186.3 lb., against 170.9 lb. The figures have had no effect upon prices, as interest is now centred on the prospects of the new crop. The carry-over at the end of July, 1935, was about 9,000,000 bales, which gives a total supply for the twelve months of about 19,400,000 bales. It is estimated that consumption during the season will be about 12,400,000 bales, leaving a carry-over at the end of July of about 7,000,000 bales.

WOOL.—Bradford.—Since the close of the third series of London wool sales there has been a slight modification in quotations for tops, without any injurious reaction upon the general state of the industry. Except for a slackening in the output of merino tops, machinery is well occupied, and the reduction in output has been partly due to the inadequacy of the wool supply. Before the commencement of the next Australian selling season there may be a slight squeeze for merino wool, for the bulk of wool held in Bradford as well as the wool still to arrive is sold against top contracts. Crossbred wool is a more speculative proposition than merino, particularly medium qualities. Supplies of all descriptions are expected to be sufficient for the trade's needs, but even these wools are well held.

It is too early to anticipate the commencement of the next Australian selling season, and it is recognised that an improvement in conditions on the Continent before the commencement of the next series of London sales on July 7 may easily be reflected in a recovery of prices in that centre. It is observed, however, that prices are undergoing a test, and what happens is dependent upon whether cheap sellers of tops force the hands of others who at the moment are refusing to accept less. Spinners would buy average 64's tops, if they could get them at around 32d., but most makers are demanding 32½d. for standard tops of that quality. Only those who can draw upon wool which is cheaper than anything obtainable during the last series of London sales will accept 32d. It may be possible to find sellers of good tops at slightly less, but in spite of the smaller output from the commission combing machinery, there are still large deliveries to spinners, and this makes firms who are well placed quite indifferent about selling. There is only a small demand for crossbred tops for export to the Continent, and low bids are being made for export, but local consumption of all qualities is maintained, and prices are steady. The approach of the Whitsuntide recess is one reason for the general quietness which has come over the trade. Spinners may be able to buy this week at fairly reasonable prices, but bulk business will probably not develop until later.

GRAIN MARKETS

WHEAT.—The factors responsible for last week's decline have again been operative and quotations on world markets have been further reduced. Canadian selling pressure continued and the possibility of large spring crops in North America and favourable harvest prospects in European exporting areas have caused buyers to exercise caution.

On Wednesday last, "July" futures were quoted in Chicago at 83½ cents per bushel, against 95½ cents the week before and 86½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 30s. 3d. per 496 lbs., against 31s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 30s., against 31s. 3d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,378,000 quarters, against 1,197,000 in the previous week and 1,925,000 quarters in the corresponding week a year ago.

FLOUR.—The easy tone on the wheat markets has affected flour, for which there has been little demand. Prices have consequently been marked down during the past week. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 28s. per 280 lbs., against 29s. a week ago; delivered inner London, 27s. 6d., as compared with 28s. 6d. a week ago. Manitoba patents, ex store, 24s. 6d. to 26s. 3d., against 25s. 3d. to 27s. a week ago. Australian, ex store, 22s. to 22s. 9d., against 22s. to 22s. 9d. a week ago.

BARLEY.—Demand for imported feeding barley is dull and prices have tended to sag. Little business is passing in English malting descriptions. "May" futures were quoted at 36½ cents per bushel in Winnipeg on Wednesday, against 38½ cents a week ago and 37½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 22s. 6d., as against 22s. 6d. a week ago; "English Malting" at farm, 25s. to 40s., against 25s. to 40s. a week ago.

OATS.—The market has shown no new features, but tends rather easy. On Wednesday, "July" futures were quoted at 24½ cents a bushel in Chicago, against 25½ cents a week ago and 25½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 18s. to 19s. per 336 lbs., against 18s. to 19s. a week ago; "English White," at farm, 18s. to 19s., against 18s. to 19s. a week earlier.

MAIZE.—A seasonal slackness of demand produced an easy tone on this market, and prices continued to sag. Unfavourable weather has adversely affected the quality of the Argentine crop. "July" futures were quoted on Wednesday at 60½ cents per bushel in Chicago, against 60½ cents a week ago, and 61½ cents last month. Quotations in London, Wednesday: "Plate," landed, 19s. 3d. per 480 lbs., compared with 19s. 9d. a week ago; "Plate," ex ship, 18s. 6d., as against 18s. 9d. a week ago; "Plate," "May," 18s. 3d., as against 18s. 6d. a week ago; yellow maize meal, ex wharf, was quoted at £5 2s. 6d. per ton, as against £5 5s. to £5 7s. 6d. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following tables give the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to May 23	132,073	148,673	188,578	193,215
38 weeks to May 23	8,109,078	10,018,754	12,314,374	12,454,746
Average price of English wheat per cwt.	s. d. 5 9	s. d. 4 11	s. d. 5 6	s. d. 6 10

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT		
	Wheat	Barley	Oats	Wheat	Barley	Oats
May 21, 1932	Cwts. 120,841	Cwts. 14,694	Cwts. 29,333	s. d. 6 2	s. d. 7 4	s. d. 8 0
May 20, 1933	132,073	48,505	18,811	5 9	6 7	5 9
May 26, 1934	148,673	13,710	27,728	4 11	7 5	6 2
May 25, 1935	188,578	25,052	24,840	5 6	7 0	7 6
May 16, 1936	208,217	29,486	32,649	6 9	9 9	6 2
May 23, 1936	193,215	17,683	42,818	6 10	6 10	6 2

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A SOCIALIST FRANCE?

FRANCE is the birthplace of revolutions, *bourgeois* and proletarian alike, and the cradle of modern Socialism. Yet by the time these lines appear in print Frenchmen will be reading for the first time the list of Ministers who are to form a mainly Socialist Government—a Government, moreover, which has been established as a result of a crushing popular vote against all Fascist tendencies.

France and Paris remain two different entities. The capital nurses all forms of political extremism, from the *Camelots du Roi* to the Communist strongholds in "the red belt" of the *banlieu*. But the country, the rich and sparsely populated provinces which are almost wholly agricultural, has recently shown as clearly as on many other occasions during the last hundred years that it remains liberal, Republican and evolutionary. This is true, even on the eve of a Socialist Government's entry into office. For the swing of the electorate to the Left in the second election a few weeks ago was nothing else than a protest against the *Croix de Feu* (whose minions had visited electors between the two elections, inviting them to vote wisely at the second election!), and against the equivocations of M. Laval, who has been accused by the Press of the Left of having worked in close connection with the *Croix de Feu*. France wanted to get back to fundamentals: to democratic representation of the popular will, to progress and social reform, and to the elimination of that "graft" and corruption which always attends the political rule of financial and industrial oligarchies. The result of the election was a vague protest against a "bought" press, a financial hegemony, and a Parliament manipulated by vested interests. For that reason, the new Chamber, which met formally on Whit Monday, contains a slightly strengthened Right facing an overwhelmingly strengthened Left.

Meanwhile, a working-class movement of apparently spontaneous origin has quickly gathered momentum among the factory and distributive workers of Paris and the chief industrial regions. As a protest against the wage-cuts imposed under the Laval *décrets de misère*, and as earnest of their demands for shorter hours, collective settlement of grievances and paid holidays, workers to the number of at least 250,000 quietly struck work and occupied the factories. As we go to press the Ministry of

Labour, and both the old and new Prime Ministers, have been unable to compose these dissensions. While some affect to see the red hand of Moscow in the demonstrations, it seems more probable—in a country still deeply imbued with the syndicalist traditions of Proudhon and Sorel—that the French Communist Party, in the first flush of electoral victory, is engaged in showing its own zeal for the working class independently of, and more swiftly than, M. Blum and his Cabinet. Thus the Communists may hope to gain electoral credit for concessions to the workers which M. Blum's Government will, in any case, put forward. It is a dangerous game; for, in the meantime, the Communists may precipitate such a political crisis as would break the new Government almost before it took up the reins, restore the shattered morale and forces of the Right, and sweep the franc, which the Communists want to maintain, off gold—to the unfeigned delight of the very industrialists against whose iron hand the present strikes are directed. Nevertheless, it seems likely that, as on many earlier occasions, these syndicalist strikes will turn out to be gestures elicited by real grievances; and the gestures will cease once the grievances are promised effective redress. The French worker is too *bourgeois* to want to "take over" industries, in the Communist sense.

Two further developments, however, have combined to form a new setting for the Sixteenth Legislature of France's Third Republic. First, the notorious "group system" in the Chamber—by which Governments could be made and unmade "off-stage" by manipulation of parliamentary groups—has received its first real blow. There has been a notable concentration of policies and efforts between those various groups which, on and off, in the past have hunted together. The Popular Front comprises two of the only three organised political parties (in the English sense) in France (Socialists and Communists), and part of the third (Radicals). It arose as a parliamentary association of all three Parties in defence of republican liberty against the *Croix de Feu*, and against dubious parliamentarians like M. Laval and M. Tardieu. Moreover, after the recent election, there has been a concentration of the Centre and the Right. Thus, the former Democratic Alliance, on the Left of the Centre, of which MM. Flandin and Piétri are

members, has been reorganised as the Alliance of Left Republicans and Independent Radicals, with 60 members; and M. Paul Reynaud, the cogent protagonist of devaluation, is among them. On the extreme Right, M. Louis Marin has also been forming a compact group.

The second, and more disquieting, innovation in this Chamber is the threatened disintegration of Left policy, as reflected in the Popular Front. M. Léon Blum was at great pains last Sunday, at the Socialist Party's Annual Congress, to remind his supporters that the electoral victory was that of the Popular Front, and that the Government would therefore have to reflect the will of that Front, rather than the exigencies of a Party programme. Unfortunately, M. Blum is not only leader of the Socialist Party in an administrative as well as in an intellectual sense, but also the head of a Government in which the Communists have declined to be represented. No one quite knows why the Communists, who made the greatest proportional advance in the election, are playing a waiting game; nor why they have so precipitately demanded the maintenance of the gold franc. It may be that, as some aver, Moscow has a greater partiality to M. Herriot and the Radicals than to M. Blum and the Socialists. Communists everywhere find Socialists unpalatable, and M. Herriot is the ardent architect of the Franco-Soviet Pact. Again, apparently the Communists fear a runaway rise in retail prices if devaluation comes, and they ignore the possibility of control by the abolition or modification of import quotas, which would enable prices to be kept within control by permitting a greater volume of imports. If M. Bonnet remains Minister of Commerce, and if devaluation takes place, this instrument will almost certainly be used. In any case, the new Government of the Socialist and Radical members of the Popular Front, supported (or "controlled," as the Right declare) by the Communist members, can be sure of a majority in the new Chamber as long as their programme commands Communist support, or—in the event of some measure proving insufficiently "Left" for the Communists—the support of the Democratic Alliance on the Left Centre.

But what is the new Government's programme? M. Blum's speech on Sunday, and the Socialist Congress resolution on Tuesday, were alike vague. "To destroy Fascism, defend public liberties, to fight against industrial and financial oligarchies, to wipe out unemployment, to stimulate the national economy, to restore the Republican spirit in the higher ranks of the Civil Service"—all these are features of the Popular Front's demands as a whole. They are all Socialist formulas; but most Radicals would agree with them in principle. No Communist could disagree with any measure calculated really to effect any of these reforms. But how are they to be achieved?

The difficulties of M. Blum and of the Popular Front will begin when definite measures are tabled. For example, M. Blum is now in high favour with the bankers owing to his appeals for the re-establishment of "confidence" and for belief in his "good faith." But can he allow the Regents of the Banque de France—those representatives of *les deux cents familles* that still rule France—to draft the statute of their own reform? Can he really envisage the maintenance of the gold franc by embargoes on the flight of the small men's capital (the big men's is already outside France) without envisaging a prodigious apparatus of control and intervention in industry, finance and foreign trade? Such a system would be utterly repugnant to most of his own supporters, and would eventually involve France in difficulties no less pressing than those of Dr. Schacht. Or is M. Blum, astutely enough, preparing to bide his time during the easy summer months, and build up a political *mythos*—a confidence in Blum? Upon that basis he might, in October or November, when the Budget problem recurred, feel strong enough either to disavow the Communists, or to devalue the franc and still remain in power as head of a Left Government which had moved far enough to the Right to secure the adherence of MM. Flandin and Piétri. Will he, however, be permitted to bide his time? M. Blum has importunate friends, but no effective opposition. And that, paradoxically enough, is his danger; for it demands from him the one thing he has not yet given: a clear and concise programme of social and economic reform.

THE BUDGET•LEAKAGE

THE Judicial Tribunal appointed to investigate "a definite matter of urgent public importance"—namely, whether any unauthorised disclosures were made of information relating to the Budget and used for the purpose of private gain—has issued its report with exemplary promptitude. The tribunal consisted of Mr Justice Porter, a judge of the High Court, and of two King's counsel, Mr Gavin Simonds and Mr Roland Oliver. Its public hearings occupied eight days between May 11th and 20th, and its findings are unanimous. After a careful analysis of the evidence they report that the Right Hon. J. H. Thomas, Secretary of State, disclosed the secrets of the Budget to two friends—one of them an M.P.—who used the information for their own gain. That is the verdict and, startling though it is, no one who followed the evidence or heard the unmistakable perjury of some of the witnesses can doubt its justice.

Mr Chamberlain's unexpected and sensational Budget announcement, that, owing to the re-armament programme, income tax would be raised by 3d. in the £ and the duty on tea raised by 2d. per lb. was made on April 21st. In the week after Easter, i.e. the week before the Budget, there came to Lloyd's, to be placed in what is known as the "spec." market, a number of orders to insure against a rise in income tax. The market in which these orders were placed is not a separate entity like a market on the Stock Exchange, or even so clearly marked as the fire market or the time market at Lloyd's. It consists of whatever underwriters are willing to back their judgment on some coming event, and it is largely dominated by one skilful and experienced broker, whose reputation is such that other brokers, when they receive orders of this kind, entrust such orders to him. When, therefore, the time came for the policies to be prepared and the claims collected, he saw almost all of them and noticed one peculiar fact—that orders for several different people with different brokers had a common source in an office in Fleet Street, belonging to a Mr Bates. At the same time, information came to him about other insurances, done on the morning of Budget day, in which he had not been concerned. He was so much impressed by the unusual nature of the transactions that he passed his information to the committee of Lloyd's and an inquiry was set on foot.

Two men were found to be immediately concerned: Mr Alfred Cosher Bates, newspaper proprietor, and Sir Alfred Butt, Member of Parliament for Balham and Tooting. Inquiry proved that Mr Bates was an old friend of Mr J. H. Thomas, then Secretary for the Colonies, and had spent the Easter holiday with him on the South Coast, immediately after the Chancellor had told the Cabinet what his Budget would contain. Returning to London, Mr Bates at once began negotiations to insure against a rise in income tax. His reason, according to his own evidence, was that he disliked the financial situation, though there was no satisfactory explanation why the state of the country's finances which had not disturbed him before Easter looked so black to him immediately after Easter. He did not take the obvious course of getting into touch with a Lloyd's broker, but preferred to approach several different people—a solicitor, two stockbrokers and a banker—to start negotiations in his place. By a stroke of almost incredible stupidity he chose as one of his intermediaries Mr Thomas's son, who was a member of a highly reputable firm of stockbrokers, and thereby involved him—an innocent party rightly exonerated by the Tribunal—in the scandal that was to follow. The insurances were effected in several different names—one the married name of Mr Bates's lady secretary and one her maiden name. The whole procedure was so tortuous that the exact amount placed was in dispute before the Tribunal, which, against Mr Bates's oath, found that one considerable insurance which was said to be for a third party was actually for Mr Bates's own account.

Among the men whose names were used by Mr Bates was a Mr Waterton, who was naturally excited by the good thing he had got hold of and mentioned it to several friends, telling them not only that income tax would go up but that it would go up by 3d. The evidence that he did so is too strong to be rejected, and the fact that he anticipated so

correctly the details of the rise indicates the fullness of knowledge which lay behind the instructions given to him. Once admit that Mr Waterton knew that the tax was going up by 3d., and it is impossible to believe either that Mr Bates, from whom the orders came, or his solicitor, Mr Eves, through whom they came, was speaking the truth in the witness box. Almost every detail of this unwholesome story points to foreknowledge in Mr Bates and to a deliberate effort to deceive the Tribunal.

Sir Alfred Butt, himself a member of Lloyd's as well as a Member of Parliament, made an even worse figure in the box than Mr Bates, and his laboured explanations probably had more effect on the mind of the Tribunal than anything else in the case. His transactions were as follows: On the day before the Budget he wrote at 12 per cent. a risk to pay a total loss if there were a rise in income tax, and thereby made himself liable for a considerable sum if the rate of income tax were raised. On the morning of Budget day he entertained a suggestion that he should accept further liability of the same kind at 15 guineas per cent.; and according to the evidence of an unimpeachable member of Lloyd's he actually did accept it. Later on in the morning—the exact sequence of events was in dispute—he did three things. He got out of the liability he had accepted; he had a talk with Mr Thomas; and he speculated heavily on the other tack. Consequently, he put himself into the position of winning several thousand pounds out of a rise in the tax instead of losing several thousands as he would have done if his book had remained unchanged.

Why this sudden revolution? Sir Alfred Butt's answers were confused. He had been impressed, he said, by the Budget article in the *Economist*. (That article, incidentally, suggested that a rise in income tax might be advisable, but could hardly be expected this year.) On Sir Alfred's showing, the article—if it is to serve as an explanation—must have been read and digested in the middle of a busy morning's work, including a visit to the House of Commons, a visit to Mr Thomas, the sale of a great block of securities, messages to his son and his stockbroker and a sandwich lunch with the two of them in his private office. He had been impressed, too, by what his son, employed at Lloyd's, told him about the market and he was incensed by the thought that the rate paid him on the previous afternoon was not the market rate. His mind (at the moment when he laid nine to one against a rise) was, he declared, in a state of flux; and at noon on Budget day his mental tide turned so strongly that he not only paid up to forty guineas per cent. instead of receiving twelve or fifteen guineas, but arranged things in such a way that his orders were to be given to five or six different brokers without his name being mentioned. He also included a rise in the tea duty with the rise in income tax.

At more than one point the evidence of the Butts, father and son, had an unpleasant flavour; and by a tactical blunder Sir Alfred Butt so challenged the evidence of a Lloyd's broker that the Tribunal was forced to decide which of them was telling the truth. As things turned out, this did his case the maximum of harm. It was combined, moreover, with his own admission that he had concealed a vital fact from the Treasury Solicitor (a) because he did not realise its relevance and (b) because—strange contradiction—it might raise imputations against Mr Thomas. Sir Alfred's son also made the damaging admission that, in a statement to his employers at Lloyd's, he had lied in order to keep his father's name out of the transaction. Little doubt remained that Sir Alfred was not a reliable witness.

The sequence of facts, indeed, was damning both to Sir Alfred and to Mr Thomas. Sir Alfred's certainty on Monday that there would be no rise; the creeping doubt of Tuesday morning; the escape from liability; the talk with Mr Thomas; the hurried call to his son and his stockbroker; the violent change of mind; the feverish haste to get cover before the Budget speech and in the name of nominees; the lame explanations; and the concealment. All in all, it was a terrible and a devastating exposure.

Little is to be gained by moralising on this tragic story. But one solid reason for satisfaction it does provide in the clearance of the Civil Service and the Government printers from all suspicion of wrong-doing. It is a dreadful thing that a Cabinet Minister should do what Mr Thomas has

CHRISTIANIA BANK OG KREDITKASSE OSLO

Established 1848

Paid-up Capital and Reserve Funds,
Kr. 40,000,000.—.

Oldest Norwegian Private Joint Stock Bank.
Direct correspondents throughout the country.
Offering complete services to banks and firms
doing business on Norway.

Correspondence invited

been found to have done. But here, at least, is no Stavisky scandal.

The story is a reminder of the temptations that all knowledge of Government secrets carries with it. Civil servants are, in general, not men of wealth, and printers are very far from being men of wealth. Year by year they are given this knowledge, on which they could speculate with certainty, but they do not betray their trust. And on that fact we may congratulate both ourselves and them. Their honour, indeed, stands so high that we take their integrity for granted and, so taking it, perhaps we appreciate it not enough. Let us at least pay to the servants of the Government this tribute of respect, and commend the commissioners of the Tribunal for their courage, thoroughness and public spirit. These are the only reassurances which emerge from an unpleasant, though salutary, public washing of dirty linen.

THE EFFECT OF SANCTIONS

How powerful an effect are economic sanctions exerting on Italy? The answer to this question must vitally affect the answer to two further questions: What is likely to happen in Europe in the next few months, and what action ought to be taken by this country now? It is consequently of the greatest importance to discover, so far as is possible, the actual facts of the situation.

The sanctions imposed last autumn, apart from the prohibition of financial credits, were of two main kinds: an embargo on the export of certain war materials to Italy, and an embargo on all imports from Italy. Among the war materials banned the chief were rubber, tin, nickel, iron ore, scrap iron and aluminium. These sanctions, which were imposed by 50 nations, came into effect on November 18th. The following table, compiled from the League report of April 30th on Italian trade, shows the imports of these commodities into Italy from all sources during the first months of sanctions and during the corresponding period of the previous year:—

EXPORTS TO ITALY
(in metric tons)

	November		December		January		February	
	1934	1935	1934	1935	1935	1936	1935	1936
Rubber	578	1,601	942	10	826	4	377	...
Iron ore	17,790	36,655	34,505	...	8,998	...	28,693	...
Scrap iron and steel	37,602	68,100	43,295	819	43,752	246	31,861	...
Aluminium ..	7	42	22	43	4	48	219	...
Nickel	155	134	95	26	173	14	293	16
Tin	10	257	25	1	61	...	34	...

NOTE.—These figures apply to 45 countries for November, 44 for December, 44 for January, and 38 for February. They include Germany, Austria, Hungary, and Switzerland.

It is apparent from these figures that when the embargo on the export of war materials to Italy had actually been adopted, it was extremely effective. But time had previously been given to Italy to import heavy stocks, and in November in particular, when sanctions were known to be coming into effect, very heavy imports of these materials occurred. Other figures compiled by the League incidentally show that Italy imported petrol on an enormous scale during November and December while talk of the oil sanction was going on.

In any case, however, since military operations are over, the exclusion of war materials can exert little pressure on Italy. But the second class of sanction is still crucial: the embargo on Italian exports. The purpose of this sanction was to reduce Italy's exports and so deplete the reserves in gold and foreign exchange which she needed to pay for the imports required to maintain her economic efficiency. How far is this sanction proving effective? The total of imports from Italy into a large group of countries which have supplied information to the Secretariat at Geneva has been, as follows during the sanctions period compared with a year previously:—

IMPORTS FROM ITALY (Thousands of "old" gold dollars)		
	1934-35	1935-36
November (58 countries)	21,550	25,808
December (57 countries)	21,521	17,155
January (66 countries)	19,661	10,158
February (61 countries)	19,190	8,649
March (37 countries)	17,570	9,281

From this table it appears that the fall in Italy's exports did not become severe in December, on account of the fulfilling of orders in process of execution on November 18th; but that since December the fall in exports has been of the order of 50 per cent. Italy, that is to say, has not succeeded in making good the fall in her exports to sanctionist countries by exporting to non-sanctionist countries. Imports from Italy (and Italian colonies) into Germany, Austria, Hungary and Switzerland have been as follows:—

IMPORTS FROM ITALY INTO COUNTRIES NAMED. (Thousands of "old" gold dollars)										
	November		December		January		February		March	
	1934	1935	1934	1935	1935	1936	1935	1936	1935	1936
Germany*	3,641	3,675	4,395	4,905	4,205	3,513	3,959	3,419	3,066	3,672
Austria	442	455	587	478	460	428	455	454	550	550
Hungary	657	471	685	750	431	577	545	607	505	533
Switzerland	1,588	1,478	2,096	1,282	1,221	746	1,421	852	1,677	950

* The figures represent the approximate value of the chief commodities only.

Germany, it will be seen, has shown some tendency to increase her purchases from Italy, but not nearly to the extent which might have been expected; Austria has continued to buy on about the normal scale; Hungary has increased her purchases somewhat; and Switzerland has reduced hers to about half the normal volume. Yugoslavia, 30.6 per cent. of whose exports went to Italy in 1934, has reduced her purchases from Italy to practically nil, and has lost about 80 per cent. of her exports to Italy. Albania, 63 per cent. of whose exports went to Italy in 1934, has also reduced her purchases very heavily and lost exports as a result—but in the case of Albania the process seems to have been reversed after February.

How far has the halving of Italy's exports affected her trade balance and gold reserve? The merchandise import surplus in recent months cannot be estimated with complete accuracy. There are, first, the figures given by the Minister of Finance in a speech on May 10th. These figures suggest an import surplus averaging about 210 million lire a month between December, 1935, and March, 1936. A further estimate may be made on the basis of the figures published by the League. Italy's import surplus, however, can only be estimated at all accurately from the foreign trade figures of other countries if various adjustments are made. To allow for the difference between f.o.b. and c.i.f. figures, for instance, 10 per cent. may be

added to the value of exports from other countries to Italy, and 10 per cent. deducted from the value of imports into other countries from Italy. This adjustment gives figures for the import surplus between November, 1934, and March, 1935, which are very similar to those in the Italian trade statistics for those months.

The correspondence is not so close, however, for the sanctions period November, 1935, to March, 1936. During this period the Italian Finance Minister's figures are, curiously enough, larger than those obtained by the other estimate. Since this discrepancy may be due to the time lag between the date of dispatch of goods from an exporting country and their arrival in Italy, and *vice versa*, a further estimate may be made by assuming this lag to be on the average equal to one month. In the following table the estimate in Column A is that given by the Italian Finance Minister; that in Column B consists of the League figures adjusted for the difference between the c.i.f. and f.o.b. values only; and that in Column C consists of the League figures adjusted both for that difference and for this time lag.

ITALIAN IMPORT SURPLUS (Million lire)			
	A	B	C
December, 1935	302	162	511
January, 1936	289	153	331
February, 1936	112	207	170
March, 1936	149	174	...

The adjustment for the time lag makes the League figures even less consonant with those in the Finance Minister's speech. Since, however, the Italian figures are at least less favourable to Italy than those in Column B, they may perhaps be accepted as not far from the truth. In that case the import surplus has averaged something like 210 million lire a month since sanctions began. This is actually less than the import surplus of a year earlier; and we must consequently conclude that Italy's imports of commodities other than war material have been very heavily reduced indeed in the last few months. Such a reduction must have impaired her ordinary industrial life very seriously, if it has not in some instances (e.g. normal motor-car and textile production) actually brought it to a standstill. The fact that the merchandise import surplus has actually been less than normal in the last five months, while the gold reserve has been rapidly falling, suggests that Italy's "invisible" receipts from tourist traffic, emigrants' remittances, shipping, etc., must have fallen heavily since last autumn.

The crux of the matter, however, is Italy's reserve of gold and foreign assets. For it is only out of this, as long as the embargo on exports remains in force, that she can pay for essential imports. It is consequently here that the pressure will in the end be felt. The Governor of the Bank of Italy on March 31st stated that the gold reserve of the Bank had fallen between October 20th and December 31st from 3,936 million lire to 3,027 million lire, a fall of about 25 per cent., and that its foreign exchange reserve remained about the same at 370 million lire. During the first quarter of 1936 gold imports from Italy and Italian Colonies into the countries which have replied to the League questionnaire amounted to 1,092 million lire. This further outflow suggests that the Bank must have lost about half its gold reserve in the five months October to March, and that it had a reserve of only about £33 millions left at the end of March. These figures do not include, however, the gold collected internally by the Italian Government, which has been fairly reliably estimated at about £10 millions, or the foreign assets requisitioned by the Treasury, which are estimated at between £20 millions and £30 millions.

In so far as these figures can be relied on, therefore, it would appear that Italy now has a total reserve of gold and foreign assets amounting to about £70 millions, and that it is being depleted at the rate of about £6 millions a month. How long Italy can stand this drain, must of course partly depend on the extent to which "leakages"

occur in the embargo on her exports. In general, "leakage" means the purchase of goods by sanctionist countries through Germany and Austria; but the figures suggest that this form of leakage has not so far been great. In the coming six months Italy's demand for foreign military materials will naturally fall, but her demand for ordinary raw materials, stocks of which must have been depleted, will as certainly grow. The available evidence consequently seems to indicate that the present pressure on Italy, if resolutely maintained, would begin to become critical from next autumn onwards.

THE ADVERTISING INDUSTRY—I

In a perfectly organised world, demand would doubtless follow hard upon the heels of increased supply. In the world as we know it, technical knowledge has rapidly increased, but intelligence is unequally distributed, and prejudices die hard. So long as new products are being devised and old products improved, extensive advertising must supply the indispensable link with the consumer.

Like all business expedients, advertisement is open to abuse. But in the long run it carries its own corrective. If a manufacturer attaches his name, as he must, to advertised wares, it is as likely to be avoided if the articles are bad as to be respected if they are good. Nor is advertisement designed merely to sell one article. In so far as it is informative, it quickens demand for the products of a whole industry, and may yield a return many times greater than its own cost. For example, the manufacturers of a new chemical product or solvent not infrequently use the technical Press merely to advertise its properties. New uses for industrial products have often been opened up in this way. During the last five years the fixed trusts have obtained between fifty and sixty million pounds of subscriptions from investors for an expenditure of half a million pounds on Press advertisement. To-day, the great majority of business firms accept the inevitability of a process which, even a few years ago, would have been dubbed risky by many, undignified by some, and unnecessary by most.

A highly ramified advertising industry, in short, has grown up, with producers and distributors as its clients, the newspapers as its most important media, and the entire adult and adolescent population of the country as its objective. A few significant figures may serve to indicate the extent of this "industry's" operations. It has recently been calculated that total newspaper sales in Great Britain for every 100 families are equivalent to 95 morning, 57½ evening, and 130 Sunday journals. A typical penny "national" daily newspaper obtains 0.6d. per copy from sales and up to half as much again from "display" and "classified" advertisements. The London Press Exchange has calculated the amounts spent, last year, in "display" advertisement of branded goods in some 151 publications, comprising all the principal national and provincial morning, evening and Sunday newspapers, monthly magazines and weekly papers. This shows a total expenditure of £16,770,000, of which £1,704,000 was spent on advertisements for foodstuffs, £1,412,000 on toilet preparations, and £993,000 on soaps. A total of £1,066,000 was spent on drinks (of which beer and stout accounted for £359,000) and £463,000 on the advertising of "food-drinks." Cigarettes accounted for £1,222,000 and patent medicines for £2,560,000. Lower down in the list, gramophones, radiograms and wireless sets accounted for £415,000; but the advertisement of records—curiously enough—for only £32,000. Despite the joint marketing arrangements of the "combine" petrol companies, as much as £768,000 was spent on advertising petrol, oils and tyres under the names of individual brands.

The advertising industry has certain well-defined characteristics. It is subject to pronounced seasonal fluctuation, which is greatest in the daily and Sunday Press, and corresponds, broadly, with the seasonal movement of retail trade. For most of the year the daily Press (morning and evening) carries about 34,000 columns of advertisements each month. A seasonal rise, however, brings up the aggre-

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gate to a peak of about 38,000 columns between March and May. The "close season" for advertisement occurs mostly in August, when the total falls to 23,000 columns, and is followed by a recovery to the highest point of the year, which is reached in October with 42,000 columns. Newspaper advertising, incidentally, probably represents something between 75 and 85 per cent. of the whole national advertising expenditure. About two-thirds of the residuum, it has been estimated, is expended on poster advertisement, and the rest on direct circularisation, advertisement films, and broadcasting from foreign stations. In the 1931 census, over 18,000 persons reported themselves as occupied in advertising, compared with 10,000 in 1921. These figures understate the importance of the industry from the viewpoint of employment. A large share of the work involved in conducting market investigations, preparing and illustrating advertisements, and setting them up in type is done by "field investigators," commercial artists, photographers, blockmakers, compositors, and other persons who are almost certainly not included in the census total. There are 129 separate firms engaged in the practice of advertising within the Institute of Incorporated Practitioners in Advertising alone. These are firms which, within limits in some cases, are prepared to submit themselves to the rules of a governing body, and to contribute to the expense of mutual protection.

The practice of advertising is much less of a showman's business than in its earlier days. The clever "slogan" and the ingenious "stunt" are no longer the sole preoccupation either of the advertisement practitioner, or of the advertiser. Modern advertising practice at its best is exemplified by a recent publication, "The Home Market," written by the managing directors of the agency to which reference was made earlier in this article. This volume was reviewed in the *Economist* of March 28, 1936, page 708. It does not deal with such technical matters as advertisement writing or illustration, or with the processes of blockmaking or typography. It is concerned rather with basic questions such as changes in regional areas and population, the present and future age and sex composition of the population, and the present and future numbers and sizes of families. It includes an analysis of the population in social grades, gives indices of purchasing power, discusses the distribution of incomes and wealth, and sets out figures of earnings in the principal industries, etc. Successful marketing to-day depends upon knowledge of such matters, and not, ultimately, upon arresting pictures and "catch" phrases.

It is not surprising, therefore, that, to-day, few commercial firms (other than big retail shops), themselves employ the necessary staffs of specialists to conduct their own advertising. Even big combines, like Imperial Chemical Industries, who maintain an advertising department, use advertising agents, in addition. Other large firms which, like them, enjoy wide public goodwill, also retain advertising agents. In a concluding article, we propose to describe the methods followed in composing and "placing" a typical advertisement.

AFTER FOUR YEARS

"A slowing down of the rate of building might in the ordinary way lead to considerable unemployment in the building trade, but do not let us forget the enormous defence programme which the Government are going to launch, which will occupy all the available labour in the building trade."—Mr Neville Chamberlain in the House of Commons, May 26, 1936.

"WELL," said the British Foreign Minister, "the purposes of this meeting are clear enough. As you all know, the armaments programmes have done the trick as far as the economic problem is concerned. None of us, I think, can report unemployment greater than 2 per cent. But with the disappearance of economic grievances most of the political trouble has vanished as well; and the pacifists are already agitating for sweeping reductions in military expenditure which will let the whole thing down. We must keep the pot boiling and that means a fresh process of exacerbation. I suggest for a start that our esteemed German colleague should compose a few bellicose speeches and . . ."

"Now, why in heaven!" burst out the German Chancellor. "I beg your pardons, but why should I get the sore throat every time?"

"Come, come, my dear Adolf," said the British chairman, "you know you do that sort of thing so much better than the rest of us."

"Well, without false modesty, I'll admit that. But a man's entitled to some relief."

"My dear Chancellor," said the French Premier, "I suggest that you make a demonstration on the Austrian border."

"How you would like to land us with that place!" retorted the Chancellor.

"Well, bother it, you don't expect our banks to finance them up to the day of judgment. The place is German all right and naturally in your sphere. You used to howl enough about that in the old days."

"Good!" cried the chairman, delightedly, "that's the right spirit of recrimination. Now that's precisely the sort of row we ought to have in public."

"Look here!" said someone, "can't we all switch over to roads. To me a battleship is a floating platform on which a number of men spend their time saluting a lot of other men. A road is a fixed platform on which the same men, dressed as automobile scouts, could salute the other lot as they go by in cars."

"Now, for heaven's sake, don't let's go into that," said the chairman. "I posed the same problem myself a few years ago and foolishly passed it on to the Economic Advisory Board. I got fourteen different reports. And

the diagrams! They looked like the blueprints of a new pocket battleship. One fellow proved that if you dropped sixpence down a drain and failed to report the matter to the Central Bank, you set up a cumulative process of deflation which ended with everybody out of work. I was so intrigued that I sneaked out one night and threw half a crown into the Thames, just to see what would happen."

"Well! what did happen?"

"We had the best year on record. No, let's stick to armaments. They're the only public works that go over. Everyone agrees that building roads and houses is extravagant, but building battleships stimulates business. I can't understand why. But there it is. Life's good all round at the moment, and particularly so for us leaders. Why, even rear-admirals purr like cats nowadays."

"Yes," said the German Chancellor, "and they like to take all the credit. Von Schlacht of the Staff tried that with me the other day. 'Look here,' I said, 'I can easily put out a sequel to 'Mein Kampf' and call it 'A Recantation.' Where would you be then? Out on the back of your ears.' That shut him up."

"Well, then, Chancellor," said the chairman, "can't we have a real contribution from you?"

"What can I do?" expostulated the Chancellor. "I can't tell the people they're starving. They're fairly oozing with butter."

"That's precisely the point," said the chairman. "They will be starving unless we keep the munitions going."

"All right, then," said the Chancellor. "I don't mind doing the heavy stuff while you English put out the cant, which is your particular forte. But you ought to work at it. You're such a lazy crowd. Look at Baldwin. He cleared out at the first opportunity, and sends me a postcard every spring, blethering about apple blossom in the Evesham Valley. Don't forget that Benito and I had to do the whole thing off our own bat in '36."

"I think we are in fundamental agreement," said the chairman. "What about you, Duce? You haven't said anything."

"I don't talk," said the Duce, "I act. And whenever I act, more has to be spent on armaments. Malta, Cyprus, Egypt, Sudan, Palestine, Somaliland, Aden, Kenya! They've all had their fortifications doubled in the last four years."

"Splendid!" said the chairman. "Well, that's all settled. We'd better go out separately and put on a grave face before the reporters. By Jove! I can see our Sunday papers. You talk about cant, Herr Kollege. Wait till you see the leader which starts off 'Let us clear our minds of cant,' and then empties out three columns of it on the public. Well, then, till to-night. We can all slip up to the little restaurant on the lake and celebrate."

NOTES OF THE WEEK

Parliamentary Prospects.—The publication of the Budget Tribunal's report (discussed in a leading article on page 540) has monopolised political attention during the Whitsun recess, and a debate is to be held on the report after Parliament has assembled next week. The debate will presumably contain personal statements by Mr J. H. Thomas and Sir Alfred Butt, but it is not yet clear what the attitude of the Government and the Opposition will be. Such loss of prestige as the Government may have suffered from the whole affair has been partly mitigated by the prompt manner in which the Tribunal was instituted and the thoroughness of the subsequent investigation. Any decision on possible further legal proceedings is, of course, a legal question for the Law Officers of the Crown and not a political one for the Cabinet; while the future Parliamentary status of Mr Thomas and Sir Alfred Butt will presumably depend on the sentiment of the House and of their constituents. After the leakage debate is over, the House will turn to a substantial list of less spectacular and more solid business. The Education Bill, in a still unsatisfactory state, has gone to the House of

Lords; and the Coal Mines Bill, unless the Government again changes its mind, has been postponed till the autumn. There remain, however, large sections of the Finance Bill to be debated; and these should afford Mr Chamberlain an opportunity to give a fuller account of his views on the economic outlook, the comparative importance of housing and defence expenditure, and the proper role of British monetary policy in the coming months. Even more important are the long-awaited unemployment assistance regulations. Mr Ernest Brown's promise to introduce the regulations "in the spring" has now been explicitly abandoned, and it is believed that the Government is engaged in "trying out" the new scales in various parts of the country. This may in itself be wise; but the long postponement, following a hasty decision, eighteen months ago, is highly undesirable. Indeed, if the Government tackles this problem resolutely and equitably at last, it will do much to retrieve its waning reputation. Meanwhile, Mr Baldwin has to appoint a new First Commissioner of Works to succeed Mr Ormsby Gore, and a new First Lord of the Admiralty to succeed Lord

Monsell, whose resignation is understood to be imminent. It is widely rumoured that Sir Samuel Hoare is to receive the latter office. We cannot see, however, why such an appointment at this stage should enhance the Government's popularity.

* * *

The Nation's Defences.—An interesting debate on national defence took place in the Commons on the adjournment for Whitsun. Sir Edward Grigg, in a forceful opening speech, proceeded to examine the uninformative statement of Sir Thomas Inskip in the earlier debate on national defence (described in an article in last week's *Economist*). Sir Edward voiced the general disquiet over the principles on which the Government's programme was based, and over the degree of co-ordination effected: "I believe the time has come to tell the country the truth, and the truth has been too long withheld from them." He thought that Sir Thomas Inskip's speech had "not only discouraged our friends and the friends of peace in Europe," but feared it had "done something to encourage those whose interest in peace is not so great." Sir Edward urged Mr Churchill's earlier plea for a Ministry of Supply for all the Services under a special Minister with overriding powers in all matters of defence. (It is interesting to note that he continually put forward his pleas in the first person plural.) Sir Robert Horne, another of the Conservative Cave of Adullam, followed by urging the Government to adopt a firm and unequivocal foreign policy. Mr Cary reminded the House that "the next war" would come as a thief in the night, speedy and unannounced; and he, too, asked for swift and effective co-ordination of all our defence services. In replying, Sir Thomas Inskip had to face continuous questioning of his reassurances, especially on the reason for delays. He stated that he did not conceive that a Ministry of Supply would be in the country's interests; and his conception of his duties was merely to try to "keep abreast of the performance of the different Departments and of their programmes, to help them not to get in each other's way, and to stimulate the production as far as possible." These, said Sir Thomas, "are exactly the duties which a Minister of Supply would perform." The House did not seem convinced by what Mr Churchill, concluding, called "Parliamentary arts." It separated for Whitsun with an uncomfortable feeling that Mr Churchill's rôle of Cassandra was nearer reality than Sir Thomas's rôle of Pippa.

* * *

The Coal Tangle.—It is becoming every day more apparent that the Government's surrender over the Coal Mines Bill is causing widespread confusion. The Bill was part of a long-standing three-cornered bargain between the owners, the miners and the public. The bargain began with the Coal Mines Act of 1930 by which the miners were to get shorter hours, the owners price-fixing and quota-fixing powers, and the public a concentration of production on the more efficient pits. Amalgamations, however, which were to secure this concentration and so pay the owners' debt to the public, never became general; and the Reorganisation Commission reported to the Government last February that compulsory powers were necessary. Meanwhile the miners had been induced not to strike for their full demands by promises, first, of selling organisations designed to raise the price of coal, and, secondly, of the nationalisation of royalties. To allow the selling organisations to lapse would be plainly to break faith with the miners. But to impose a higher price on the public—who have already submitted to a "voluntary" rise—without conceding the *quid pro quo* of more efficient production would be to break faith with the public. And this week the big coal-consuming interests have been protesting against the proposed selling schemes. With these protests in themselves we have little sympathy. For, notoriously, gas and electricity companies have long been in the position of semi-monopoly buyers, and the collieries that of highly competitive sellers. This anomaly has been one among many causes of depression and low wages in the mines; and its correction is desirable and necessary. But its complement should be compulsory amalgamation; for without this there would be some

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* * *

The Argentinian Move.—On May 29th it was announced at Geneva that the Argentinian Government, through their delegate Señor Ruiz-Guinazu, had made a verbal request that a special meeting of the League Assembly should be summoned to be held either concurrently with the forthcoming meeting of the Council or immediately after it. The Assembly should be asked to consider the present state of the Italo-Abyssinian conflict—particularly in relation to sanctions, to the status of the Abyssinian Empire, and to the future of Abyssinia's membership of the League. It seems certain that the Argentinian move is not directed towards playing Italy's game, by promoting the removal of sanctions. For one thing, Argentina has been distinctly on the side of firm measures during the past nine months. Señor Ruiz-Guinazu himself last autumn played a prominent part, as President of the Council, in the finding that Italy had broken the Covenant; and at the last Council meeting in May when two Latin-American States Members of the Council, Chile and Ecuador, declared themselves in favour of abandoning sanctions, the representative of Argentina objected, not to the provisional maintenance of sanctions, but to the prorogation of the date for taking any decisions at all for another five weeks. Again, the Italians have not concealed their displeasure at the latest Argentinian *démarche*. This Italian displeasure clinches the argument for summoning the Assembly this month. And constitutionally the step is simple, since the Assembly has remained officially in continuous session ever since September 1st, and accordingly a meeting can be called at the shortest notice. At the moment, it seems probable that, instead of the Council alone meeting on the 16th of this month, the Council and Assembly will both meet at the end of June. One of the first questions which they will have to consider is the evidence—on which we comment in this issue of the *Economist*, in another column—how sanctions have worked up to date and how long it will take, if the present sanctions continue without being reinforced, to make the pressure on Italy really effective.

* * *

The Week in Palestine.—The Arab upheaval in Palestine rises and falls in waves, and towards the end of last week there was a lull. But instead of being the harbinger of calm, this lull was followed by a fresh outburst of violence over the week-end. Day by day the situation in Palestine grows more like that in Ireland when Sinn Féin was on the war-path against the Black-and-Tans. Indeed, if any of those Black-and-Tans who were literally sent to Jericho after the signature of the Anglo-Irish Articles of Agreement are still on active service in the Palestinian police, they

must feel that their present experiences are quite like old times. In the urban areas, Jaffa is the storm-centre, and it looks as though the police were losing control over the old-fashioned part of the city. In the countryside, the main storm-centre is still Nablus; with a subsidiary one tending to form at Hebron. One of the new features is a guerilla warfare against Jewish motor omnibus services, which are now having to be convoyed by police or troops in armoured cars. Another new feature is the strike of Arab municipalities. It is clearly a spontaneous Arab movement which is stimulated by a lively fear that, if the building up of the Jewish national home in Palestine goes any further, the Arabs will find themselves outnumbered by the Jewish immigrants and will be reduced, as a community, to the position of under-dog, even if all Palestinian Arabs individually are secured by the Mandatory Power in the continued possession of their civil and religious rights. Meanwhile, the Permanent Mandates Commission, now in session at Geneva, has been trying without success to obtain some information about the present state of affairs from the Mandatory Power's accredited representative, the Attorney-General of Palestine, Mr. Trusted. Acting, no doubt, on instructions from Downing Street, Mr. Trusted has declared that he can only speak about events covered by the last annual report, and that he must be silent about the present crisis—on the ground that it will remain *sub judice* until the prospective Royal Commission has reported. In fact, Mr. Baldwin is once more saying "My lips are sealed." We should have thought that this notorious phrase had served the Prime Minister's turn so badly that he would have been shy of repeating it in any context, even by proxy.

* * *

"Italian East Africa."—Signor Mussolini's present policy stands revealed in a recent sequence of events. On May 27th the head of the Italian State gave a reassuring interview to a correspondent of the *Daily Telegraph*. In London, on the 28th, similar assurances were conveyed to Mr. Eden by Signor Grandi, and the gesture of friendship was repeated—for the third time—to Sir Eric Drummond by Signor Suvich in Rome on the 29th. On Monday, June 1st, it was announced in Rome that the Italian Cabinet had approved an organic law dividing "Italian East Africa," inclusive of Abyssinia, into five provinces under the supreme authority of a single viceroy and governor-general, who is to be resident at Addis Ababa. Again, on June 3rd, Signor Grandi saw Mr. Eden and repeated the assurances given earlier. Taken together, these gestures make Signor Mussolini's meaning clear. "On condition," he says to us, "that you now drop sanctions and recognise my title to hold all that I have conquered, in violation of the Covenant and of the world's judgment of the rights and wrongs of the case, I should prefer to be on friendly terms with you again for just as long as this may suit me." Obviously what Signor Mussolini would like, as the next phase, would be a restoration of the Stresa Front—whether with or without a "Mediterranean Pact of Mutual Assistance"—only now with Abyssinia as an Italian province instead of as an independent State-member of the League. A renewal of the Stresa Front would increase Italy's chances of borrowing foreign money for the development of the conquered territories in Italy's own interest. Already, on May 30th, it was being hinted in Rome that a new autonomous branch of the Italian Public Works Consortium, which is being organised for the financing of the exploitation of Abyssinia, may issue bonds abroad. If the British Government goes on capitulating to Signor Mussolini, hands down, the Duce can make good use of British financial support in Africa and diplomatic support in Europe, without being in a hurry to get on with the next stage in the reconstruction of the Roman Empire. For the rest, the British public is asked to trust the word of an Italian statesman who has been so scrupulous to keep true to his pledges under the Covenant of the League, the Chemical Warfare Protocol, the Kellogg-Briand Pact and the Italo-Abyssinian Treaty of Amity and Arbitration. On the surface it seems that British public opinion is speaking with two voices. In *The Times* of Tuesday Lord Rennell advised us that "the balance of advantage lies in concession." But in *The Times* of Wednesday Sir Abe Bailey argued that to remove sanctions

"provides no solution, but merely the respite which postpones the day of reckoning to a date chosen by Italy and not by us." And on Thursday, in the same place, Mr. Wickham Steed warned us that the dropping of sanctions would mean dropping the League and collective security—to the great embarrassment of British defence policy. For our part, we stand with Sir Abe Bailey and Mr. Wickham Steed, and we believe they correctly interpret British public opinion.

* * *

Japan and China.—In a scientific age when one believes in the uniformity of nature, this week's Japanese report of an innocuous outrage on a Japanese train in Chinese territory ought to mean that, within the next few days, weeks or months, the Japanese Army is going to overrun at least four hitherto unoccupied Chinese provinces. The Japanese military occupation of the Manchurian provinces of the Chinese Republic outside the Great Wall in and after the autumn of 1931, was the effect (so the Japanese tell us) of an abortive Chinese attempt to wreck a Japanese train travelling on the South Manchuria Railway. An equal effect—say, the occupation of Hopei, Shansi, Shantung and Honan—ought now to follow from the latest Japanese report. Truly, some one has lost no time in giving the Japanese their pretext for a new act of aggression as soon as the Japanese High Command has assembled the necessary Japanese forces. The British, too, have been equally obliging, if we are to believe the Japanese once again; for last Sunday the Japanese military authorities in Peking declared their belief that, on the previous Tuesday, a Japanese officer named Sasaki had been set upon and murdered in Peking by British soldiers belonging to the Legation Guard. Such an outrage as that would surely justify the confiscation of the Sino-British coal mines at Kailan and the annexation of the British Concession at Tientsin, and would thereby relieve Japan, at the outset, from the awkwardness of having to put up with alien enclaves in a new dominion of the Japanese Empire. (Marshal Graziani might care to copy this precedent, for he has just such another obnoxious British Legation Guard under his nose at Addis Ababa.) At the moment of writing, effect has not followed cause again, as yet. But the Japanese are a scientific people. They will not easily allow the law of causation to lapse.

* * *

The "Queen Mary."—The Cunard-White Star Company well deserves the congratulations it has received on the brilliant beginning of the career of the "Queen Mary." That she is fast, comfortable and manageable is clear beyond a doubt (writes a correspondent), and she will certainly prove to be a popular boat with trans-Atlantic passengers. It would seem, too, that the management of the company, which must have watched with an anxious eye the bill of costs in running her, is so far satisfied with her performance and regards her, for her tonnage and speed, as an economic proposition. The final test under this heading will come, of course, if and when her sister ship is put into service and the scheme, which the directors had in mind when they decided to build her, is in operation. If two boats making the voyage each way in less than five days, can do the work hitherto done by three slow boats at a cost that is less than that of the three boats, then the scheme will have proved a commercial success; and perhaps the most interesting thing about the history of the "Queen Mary" will be the line taken by the company in providing her with a younger sister. How much value is to be given to the question of prestige and the blue riband, it is most difficult for a layman to guess; but of the publicity value of these giant ships there can be no doubt, and the interest taken in her first voyage has been extraordinary. The writer of this Note made the trip with the "Lusitania" on her first voyage when she was as great a marvel as the "Queen Mary" is to-day. The contrast between this week's course at Southampton and the twilight flitting of the "Lusitania" from the quay at Liverpool in 1907 reminds one that if the science of shipbuilding has progressed in twenty-nine years, the science of publicity has not lagged behind.

Increased Steel Prices.—For many months British heavy steel producers have been demanding an increase in the official prices of their products. They have maintained that the advances in coke and scrap prices have narrowed profit margins so that the economies achieved by the working of plants at full capacity have been entirely offset. Until about a year ago, higher costs were balanced by higher effective prices, thanks to the elimination of the margin between actual transaction prices and the official schedules, which had become considerable during the depression. This resource having been exhausted, the industry was compelled to ask for an increase in the official price lists, which the Executive of the British Iron and Steel Federation were unwilling to permit. When the tariff was imposed in 1932 the industry gave the Government definite guarantees that there would be no undue price increases. The demand for constructional steel, moreover, is known to be elastic. But the rapid advance of raw material costs, together with the rise in the prices of pig iron and semi-finished steel (intensified by the appearance of bottle-necks at certain parts of the industry's structure), left the Federation no alternative. At the end of last week new advances were announced in pig iron and semi-finished steel, together with increases of 12s. 6d. per ton in the prices of heavy plates, joists and sections and of 10s. per ton in medium plates. These advances are equivalent to about 7 per cent., and include virtually all steel for the constructional and shipbuilding industries. Whether they are justified by the extra raw material costs is uncertain. There have been sharp rises in the open market prices of many intermediate materials—East Coast hematite pig iron, for example, has risen by 17 per cent. in the past year—but these prices are not necessarily representative for companies which combine the whole series of processes from coke ovens and blast furnaces to steel works. Moreover, the increases vary in different parts of the country. On the whole, the advance may fairly represent the extra material costs of average concerns, together with the wage increases which will become due under the sliding-scale arrangement. There is little sign yet that the higher prices will check the unprecedented demand for steel at home. They may well, however, deter exports, and—more important—may affect the "indirect" export of steel. The rises, though substantial, are not serious, but they call attention, once again, to the danger that the steel industry may be entering a spiral of increasing costs and prices, which must needs affect demand sooner or later.

* * *

The Port of London.—It is welcome news that the Port of London Authority has decided on a £12 million development plan to provide for increasing traffic. Last year a record was created not merely for the tonnage of shipping entering and leaving London, but actually for the tonnage of goods carried. Shipping tonnage reached 60,597,315 n.r.t., an increase of 57 per cent. over 1907, when the Authority was created; and the tonnage of goods carried was 40,888,825. Evident as is the present liveliness of London seaborne trade even to the casual eye, many will be surprised to learn that the volume of that trade is now above the 1929 level. The explanation is, of course, first that the volume of international trade in the sterling area is not far from the pre-depression level; the volume of British imports in the first quarter of 1936 was (average of 1930 = 100) 100.6 and of British exports 90.6. Secondly, much of London's seaborne trade is coastal rather than international, and the relative importance of London in internal trade is steadily growing. For these reasons the Port of London Authority seems thoroughly justified in introducing a comprehensive programme of development at this time. The programme is to include the construction of electric cranes; the rebuilding of warehouses; the development of the north side of the Royal Victoria Dock, the north side of the Eastern Dock, London Dock, and the south side of the West India Import Dock; the building of new bridges; and the electrification of quays. The programme is to be carried out "in as short a time as financial considerations permit." As a whole the P.L.A. scheme is an admirable example of the sort of semi-public works

which should not only give an immediate stimulus to trade, but should also permanently enhance the nation's productive powers.

* * *

Slump in Tin.—Since the beginning of May the price of tin has declined by more than £20 per ton. During the past week the downward movement gathered momentum, and the price for "spot" tin fell by £14 to £187 per ton. The slump in prices is due to the fact that confidence in the tin market has been completely undermined by recent events. The postponement of the decision about output quotas for the third quarter until the end of June suggested disagreement among the signatory countries in the tin scheme. Moreover, the prolongation of restriction after the end of this year now appears somewhat doubtful, largely owing to Siam's apparent unwillingness to accept a reasonable quota. It is understood that Siam is holding out for a quota of over 20,000 tons per annum, compared with her minimum quota of 9,800 tons under the present scheme. The acceptance of Siam's demand would involve further sacrifices on the part of the other members of the scheme. And it is hardly surprising that Malayan producers are becoming somewhat restive. Both Malaya and Nigeria, being low-cost producers, might be able to view a possible lapsing of the scheme with more equanimity than certain other countries. It would obviously be against their interests to accept a further substantial reduction in their share of world production under a new scheme. They are well aware that the present scheme, like the Stevenson rubber plan, has reduced the share of British areas in world production. To accept yet a further cut, lowering their relative status, would seem to be too high a price to pay for the continuance of "regulation."

* * *

Russian Timber and British Shipping.—The annual report of the Baltic and International Maritime Conferences, in the course of a review of the working of the minimum freight scheme established in the Baltic and White Sea timber freight trades, makes special reference to the attitude of the Soviet Authorities. The latter (writes our shipping correspondent) are in process of acquiring a large fleet of steamers specially adapted to these trades, and are endeavouring to reserve for them as large a share as possible of Russian timber exports, to the exclusion of foreign—including British—shipping. The Soviet authorities have openly opposed the minimum freight scheme and have consistently endeavoured to charter tonnage below the minimum rates. The report disclaims any lack of sympathy with the U.S.S.R.'s desire to become a maritime power. The effect, however, is unfortunate to British owners. The tonnage of British vessels employed in this trade has fallen by 10 per cent. between 1927 and 1935, while Russian tonnage has increased from 301,000 gross tons to 1,350,000 gross tons. It appears that last year only 201,000 tons of Russian wood were carried in British ships, against 353,000 tons in 1934. It is understood further that no British ship whatever is included in the 130 voyages which have so far been arranged for this season's White Sea trade. It is clear that Great Britain, more than any other country, is vulnerable to every new development in the endless process of economic nationalism.

* * *

Industrial Production in 1934.—Volumes VII and VIII of the preliminary reports of the limited census of production taken under the Import Duties Act of 1932 in respect of 1934 were issued with recent numbers of the

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Board of Trade Journal. The two volumes cover the engineering and vehicle industries and the non-ferrous metal trades. The following summary shows the gross output of production in these industries, as well as the net output (gross value of output less cost of materials and payments for work given out) and the net output per employee, together with comparable figures for 1933:—

ENGINEERING, VEHICLE AND NON-FERROUS METAL TRADES

Trade	Gross Output (selling value of goods made and value of work done)	Net Output	Average number of Persons Employed	Net Output per Person Employed
	(In thous. £)	(In thous. £)		(In £'s)
(a) Engineering and Vehicle Trades				
Mechanical engineering ... { 1933 1934	105,240 133,943	61,508 77,080	315,700 360,486	195 214
Electrical engineering ... { 1933 1934	74,734 87,554	40,925 46,425	195,450 209,204	209 222
Aircraft ... { 1933 1934	7,439 8,963	4,811 5,811	20,401 23,775	236 442
Railway carriage and wagon building ... { 1933 1934	3,684 5,583	1,500 2,251	9,095 12,255	165 184
Total ... { 1933 1934	191,097 236,043	108,744 131,567	540,646 603,720	201 217
Motor and cycle † ... { 1933 1934	109,697 117,193	45,380 47,645	195,281 200,639	232 237
(b) Non-ferrous Metal Trades				
Copper and brass (smelting, rolling, etc.) ... { 1933 1934	14,475 17,995	4,958 6,287	22,568 25,744	220 244
Aluminium, lead, tin, etc. (smelting, rolling, etc.) ... { 1933 1934	23,139 27,883	7,202 8,714	21,616 24,808	333 351
Gold and silver refining ... { 1933 1934	39,228 41,427	1,083 1,233	1,937 2,094	559 589
Finished brass ... { 1933 1934	8,827 10,261	5,054 5,865	27,980 31,571	181 186
Plate and jewellery ... { 1933 1934	7,630 8,007	3,937 4,110	23,113 23,731	170 173
Total ... { 1933 1934	93,099 105,573	22,234 26,209	97,214 107,943	229 243
Watch and clock † ... { 1933 1934	855 888	449 458	2,354 2,637	191 174

† These trades were not included in the Inquiry for 1933.

All these industries show increases in the value of gross and net output and in the output per employee and all of them recruited additional labour between 1933 and 1934. But as the metal trades have been in the vanguard of recovery, the widespread improvement is not surprising. Incidentally, it is noteworthy that the output of aeroplanes with and without engines increased only by six between 1933 and 1934, from 1,102 to 1,108. The number of aeroplane engines produced, however, increased from 1,444 to 1,685.

* * *

Incomes and Tax-evasion.—In a most erudite and elaborate paper read before the Royal Statistical Society recently, Sir Josiah Stamp discussed the effect of changes in the price level on the distribution of incomes. Unfortunately, owing to the absence of complete statistics, he was only able to examine incomes of over £2,000 a year. Some most interesting conclusions, however, emerge from the investigation. In the first place, it appears that the very rich gain from the moderately rich when the price level is high, and lose when it is low. Their incomes, in fact, are more sensitive to changes in the price level. This is presumably because the larger a man's capital is, the larger proportion of it is likely to be invested in variable dividend securities. Sir Josiah hazards the opinion that if statistics were available for the middle incomes, below the surtax level, they would also show a tendency to change less with the price level than higher incomes. A still more interesting conclusion from Sir Josiah Stamp's investigation is that the number of incomes in all the surtax ranges has declined in recent years. He attributes this to the following four causes:—

- (1) The incompleteness of the assessments for recent years.
- (2) The extent of the trade depression from 1930 to 1933.
- (3) The successful adoption of legal methods of avoidance and arrangement of income resources so as not to "attract" taxation.
- (4) The degradation of the taxable *corpus* under the influence of the heavy duties themselves over a long period.

The last cause, he points out, however, has not been as important as some opponents of the death duties have suggested. As Messrs G. W. Daniels and H. Campion have also recently shown,* the number of the large estates has not been falling over the last 15 years. Sir Josiah therefore concludes that "we must look to the second cause—legal avoidance—for the main reason for the disproportionate fall in the incomes assessed to surtax." We trust that Mr Chamberlain will take due note of this conclusion.

* * *

"The Anatomy of Employment."—In recent leading articles under this title (see the *Economist*, May 9 and 16, 1936) we discussed changes in the employed labour force of individual British industries during the last seven years. We showed that, between July, 1929, and July, 1932, the total employed in all trades declined by 1,029,000, while during the succeeding three years of recovery, to July, 1925, it rose by 1,179,000. It is of interest to inquire which industries moved against the trend. Some fortunate trades actually employed more insured workers in the depression year, 1932, than in 1929, the year of prosperity; while a select number, less happily circumstanced, employed fewer workers in the recovery year, 1935, than in 1932. Their identity is revealed by the following tables:—

INDUSTRIES WITH MORE EMPLOYED IN 1932 THAN 1929

Group	Nos. Employed (thousands)		Percentage Increase
	1929	1932	
Public works construction	133.3	175.2	31.5
Professional services	118.1	129.1	9.4
Distributive trades	1,587.9	1,724.9	8.5
Electrical trades	186.5	201.7	8.2
Road transport	314.5	335.4	6.6
National and local government	364.2	387.5	6.5
Recreative industries	391.2	416.7	6.4
Laundries and dry cleaning	130.1	136.3	4.8
Commerce and finance	223.0	229.7	3.1
Printing, publishing and bookbinding	251.1	256.2	2.1
Gas, water, electricity	153.3	155.2	1.4
General food trades	332.6	333.2	0.2

INDUSTRIES WITH FEWER EMPLOYED IN 1935 THAN 1932

Group	Nos. Employed (thousands)		Percentage Decrease
	1932	1935	
Public works construction	175.2	152.2	13.1
Tobacco	43.6	39.2	10.0
Shipping and docks	220.7	212.5	3.4
Cotton textile	347.1	342.6	1.2

The industries which enjoyed apparent immunity from depression in the earlier period were, broadly, those which showed the biggest increase in their labour force during the entire six years' period 1929-35. Those which dismissed workers while others were taking them on during the period of recovery were, similarly, among those which lost most heavily during the entire period. The most striking exception to the latter generalisation is provided by the figures of the Public Works Contracting group, which increased its employed labour force by nearly one-third between 1929 and 1932, but lost 13 per cent. of its workers in the next three years, after the onset of the "economy campaign." It is clear that, during the depression, unskilled workers displaced from their jobs in other trades crowded for shelter into this industry. In 1929, one in every five of its workers were unemployed. By 1935 the proportion was nearly one in every two.

* "The Distribution of National Capital." By G. W. Daniels and H. Campion. Manchester University Press. 62 pages. 3s. 6d.

OVERSEAS CORRESPONDENCE

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UNITED STATES

THE PRESIDENT AND THE LEAGUE

ONLY the professional organisations dedicated to foreign affairs, like the League of Nations Association and the Foreign Policy Association, are contributing any specific suggestions for the reform of the League. The subject is being ignored, no doubt wilfully, by newspaper editors and public speakers. It is thorny; it brings up unpleasant memories; it raises dire forebodings. The League of Nations Association proposes a new League based on the Kellogg-Briand Pact, and though this meets the chief American objections to the League in years gone by, the proposal disappeared from view after a subordinate place in one day's news. This is not a year for a dispassionate and reasonable discussion of increased American collaboration for the maintenance of world peace. Certainly spokesmen for the Administration wish to say as little as they can about it, however urgent they may know the problem to be. This is the time to stress friendship only on the Western Hemisphere and to confine "good neighbourliness" to those near by.

The Buenos Aires conference of the American republics is expected to produce substantial gains in improving the relations between Washington and Latin America, and the President will be content if he can blot out the memories of finance imperialism which were so vivid when he entered the White House. The long search for a new definition of neutrality has also been deferred until after the election. Here the conflict is between a vague desire of the many not to be drawn into another war, and the belief of a few, with an appreciation of history, that the United States has always fought for the freedom of the seas and must not reverse its position lightly. Here the Administration is taking middle ground, and ultimately expects to maintain neutral rights as between neutrals, while surrendering the rights of neutrals trading with belligerents.

It is well to note a marked change in public temper since the beginning of Italy's invasion of Abyssinia, which in itself is responsible for the disinclination to discuss foreign policy. Last autumn, after the harvest of sensations brought in by the Senate Munitions investigation, came one of those rare moments of clear national agreement on an over-simplified thesis. Briefly: It was that the United States had entered the World War in defence of commercial interests, and must never do so again. When Italy invaded Abyssinia, the pacifists joined forces with the isolationists, and for a few weeks sent the United States on the way toward co-operation with the League, in forbidding the sale of munitions to both belligerents (in effect only Italy) and in frowning on trade in essential war materials. The President was able to anticipate the League in discovering the war in Abyssinia, and might have kept the American course parallel to the League's in the matter of sanctions.

The Hoare-Laval peace proposals put an end to this. In the disillusionment which followed, League opponents quickly rallied. Oil interests, acting through the influential Texas delegation in Congress, quietly awakened the desire for such profits as could be legally earned in Italian trade. And a cry went up against abandoning the freedom of the seas. When the Senate came to vote on an extension of the neutrality principle, only thirteen members could be mustered by the Munitions Committee leaders, Nye, Bone and Clark. This was before the Italian victory in Abyssinia. When Marshal Badoglio marched into Addis Ababa, the now very aloof observers in America remarked that the League was finished. Most of them also believed that war in Europe was inevitable. And all of them agreed that the United States must not be drawn in. Indeed, if

there is any single proposition about which unanimity exists in the sprawling American Republic, it is this. The wise may know that foreign policy cannot simply be abandoned because of such a public opinion. But they want nothing said or done which could be conceivably misrepresented as a will to co-operate with anyone overseas.

It is against this background that public men in Europe must measure anything they have to say to America about co-operation in revising the League. If practical considerations impose restraint on the public utterances of Americans during the campaign, the restraint, it would seem, ought to be still greater on foreigners. It may be galling to Europeans to be warned at stated occasions not to speak frankly to America "because of the impending election." Plain speaking, however, will have only one consequence. It will drive candidates for office into pledges against any form of co-operation whatever. Silence, on the other hand, may allow the year to pass without fixing foreign policy for another four years.

MR HEARST ON MR BALDWIN

Even such mellifluous words as M. Blum's, regretting the misunderstanding about the debt, cannot change America's mind. Many Americans found it only natural that with Hitler fortifying the Rhineland, and with war on the horizon, France should think at last of her economic defences in the coming struggle. But M. Blum's remarks were rated higher than Mr Baldwin's at the Albert Hall, or Lord Dickinson's in the House of Lords. These at once gave Mr Hearst's *New York American* a streamer headline, seven columns wide, on the leader page, entitled, "A New British Campaign to Entice America into Europe's War Trap." Extensive passages of that leader deserve quotation, if only to remind public men how thoroughly they can be misunderstood abroad:—

The speech of Prime Minister Stanley Baldwin on the League of Nations in the Albert Hall, London, was nothing but part of another concerted attempt on the part of England to force the United States to become a party to this society for the fomenting of wars and for the further aggrandisement of the British Empire.

That this attempt is a new concerted drive at us is proved by the fact that at the same time that Mr Baldwin was making his plea to America, Lord Dickinson, former British delegate to the League of Nations' Assembly, told the House of Lords that he believed "the moment has arisen when it might be possible to induce the American people to reconsider their attitude toward the League. If the election in America gives Mr Roosevelt a new mandate, he may find it possible to lead the nation to accept its share of the responsibility in the international life of the world."

How brazen this propaganda has become to tie us up with England in the Geneva mudpuddle is further brought to light by the fact that the speeches of Premier Baldwin and Lord Dickinson follow on the heels of the visits to this country of the Archbishop of York and the Rt. Hon. George Lansbury, both of whom told us, in not very polite language, how blind we were not to get into England's League for the control of the Mediterranean and all points east and west.

Lord Dickinson is franker than Mr Baldwin. He is already on his knees praying for Mr Roosevelt's re-election so that we may share our "responsibility in the international life of the world." Our share so far in the "international life of the world" may be seen by the rows of crosses in France, a quarter of a million incapacitated soldiers at home, and \$12,000,000,000 worth of repudiated debts, a good share of which England owes us.

A child can see from this editorial that Mr Hearst is hoping that the unwitting Mr Baldwin and Lord Dickinson will help defeat President Roosevelt. And anything of the same sort said during the campaign will be used in the same way, with an undeniable influence on readers of any newspaper which quotes them.

WASHINGTON, May 21.

FRANCE

THE STRIKERS' CLAIMS

THE political situation has been far from clarified by the outburst of "stay-in" strikes, which after succeeding in the iron and steel factories have spread to various other industries. The claims of the workers are mainly for increased wages, better conditions, recognition of trade unionism, etc., and in general they have been conceded and the occupied factories evacuated. But in numerous cases the workers decided not to give way until the principle of collective bargaining and the forty-hour week had been granted. The Minister of Labour, however, with the aid of M. Blum, Socialist leader, and M. Jouhaux, leader of the General Workers' Federation, finally obtained an agreement that these latter claims should be regulated by the Government.

Public opinion was surprised by the strikes. The claims of the workers were known; but strikes were not expected, since it was thought that the new Government would impose new regulations as soon as it took office. But it appears that the strikes have been provoked by the Communist organisations in order to reap the fruits of a success which otherwise might have benefited the Socialist Government. The losers in this affair are perhaps less the employers than the Socialists, who control the new Government.

This first experience proves that in the future the position of the Socialists will become very delicate between the incitements of the Communists and the resistance of the Radicals, who have already shown some impatience at this week's strikes. The same impatience was perceptible at the Socialist Congress on Sunday last. One leader protested against the wild promises of the Communists and the reticence of the Radicals. M. Blum declared that he intended to make a last attempt to act within the present regime; but the goal, he said, was to try to lead the country to the regime of the future through calm and peaceable ways. This speech was not only addressed to his Socialist audience but also to the capitalists, whose confidence M. Blum will need for launching his new loans. "We shall have to be audacious," he said, "but also prudent."

THE POLICY OF THE RIGHT

The first consequence of the Communist strikes has thus been, on the one hand, to provoke soothing declarations by the Socialist leader, but also to arouse certain reflections in the minds of employers and Conservatives. Until now the game of the latter seemed to be to keep quiet whilst the men of the "Popular Front" were fighting their own battles against economic and political difficulties. After the strikes, however, Conservatives appear to think that if they let things slip, coming events may rob them finally of the direction of the country and the independence of their enterprises. Their idea therefore seems to be that the best policy is to support the efforts of a Blum who promises to act with daring but at the same time with prudence.

For the time being, the success obtained by the iron and steel strikes is encouraging other workers to join in; and this is precipitating the appearance of the Blum Government, which should announce its programme to the Chamber on Saturday or the Tuesday following. On the other hand, the increased wages, which were fairly easily accepted by the monopolised industries which work for rearmament and can raise their prices at once, will not be so easily accepted by other industries such as the export trades, which must face the competition of foreign producers, or agriculture, where there have long been protests about the margin between agricultural and industrial prices.

PARIS, June 4.

GERMANY

MORE DRASTIC EXCHANGE RESTRICTIONS

LAST week produced new restrictions on the international movement of cash and of precious metals; and also the repudiation of Reich coins which have been held abroad.

The ostensible design is to eradicate abuses, or to stop gaps, in the existing restrictions. It seems, however, that the shortage of foreign exchange, though not shown in recent Reichsbank returns, is being even more severely felt. The military demand continues to be heavy. Mainly for seasonal reasons, recent export surpluses have been meagre; and deliveries of Russian gold, which were very considerable and very useful in former years, cannot be counted on now that the old Russian export credits have been repaid. For the moment the new export credit to Russia is merely a liability in the balance of foreign payments. The import of Reich coins is henceforth prohibited (in form, made subject to permission) by applying to it the prescriptions about the import of Reichsbank notes of December 1, 1935.

It is henceforth also illegal to circulate for internal payments coins which have been imported in defiance of the prohibition. It is officially complained that coins which went abroad legally in single small sums for travel purposes have been re-imported in large sums for commercial and capital transactions. Sixty marks in coins may still be brought in by travellers, and coins which have legitimately left Germany in travel, frontier communication and river traffic are allowed to return under conditions, and may then be credited to a free mark account, i.e. used for payment within Germany.

TOURISTS' RIGHTS CURTAILED

Moreover, all coins brought or sent into the country without permission or without fulfilment of the proper formalities will, at the sender's wish, either be returned to him or booked to his credit in a blocked account, in both of which cases they become useless to him. The old right to send abroad Rm. 10 per person per month is restricted. This sum may still be sent abroad for support of relatives, and may be taken by travellers, but cannot be used for the payment for foreign goods, including books and journals. It is alleged that commercial payments have been made by letting the permitted Rm. 10 marks per month accumulate abroad or by using it for payments by instalment. In future the old prohibition against the export of precious metals will apply to manufactured articles containing such precious metals as are normally made of less valuable materials. It is asserted that gold curtain rings and name plates have been specially manufactured for the purpose of exporting capital.

The Reichsgericht has made two important decisions about foreign currency credits and loans. One decision treats the present exchange legislation as transitory and as of emergency character, and consequently (while recognising the temporary impossibility of fulfilment) upholds contracts by Germans to pay debts in foreign currencies. The refusal of an official permit to fulfil such a contract does not, it is decided, definitely free the debtor from payment in exchange. The creditor retains his right to compel such payment whenever the restrictions and prohibitions are removed. Consequently, a German bank that has borrowed pounds in England and has re-lent these pounds to native borrowers cannot, on mere ground of the prohibition against internal foreign currency payments, be compelled to accept repayment marks at the day's exchange.

The other Reichsgericht decision, which is more important, declares that German holders of dollar bonds have a right to repayment by the German borrower at the exchange rate of Rm. 4.20 per dollar. This decision differentiates German holders from American; for the latter receive, or are credited, at the current exchange of around Rm. 2.50. The decision refers to "certificated" dollar bonds, and only to such as passed into German hands before June 5, 1933, the date of the United States Joint Resolutions. Thereby the German dollar bond holder is put into a better position than the American; and the German bond debtor is forbidden to make at a German's cost the "depreciation profit" which he is allowed to make at the expense of an American. The effect will apparently be to create two classes of certificated dollar bonds, the "old-held" and the "new-held"—to borrow terms used in the similar distinction between German mark loans acquired before and after June, 1920.

In purely internal lawsuits the Reichsgericht has usually ruled that the dollar still counts at Rm. 4.20. These law-

suits concern German domestic loans in which either the gold dollar or simply the dollar, assumed to be impregnable, was taken as the standard of value, though actual payment in marks was contemplated. The express intention in such contracts was to guard the lender against loss from possible exchange depreciation. The Court has held that this aim would be vitiated were the creditor forced to accept mark payments at the depreciated dollar rate. In its new decision the Reichsgericht declares that a native debtor cannot plead the American exchange legislation of 1933, since otherwise the legal principle that a debtor is bound by his word would be nullified.

The official cost-of-living index for May was 124.3, unchanged. A shortage of eggs has again emerged, as a result, it is believed, of preparations for supplying Olympic Games visitors and of storage for the winter. The fats-card system has been extended until the end of September.

The Minister of Economy has now prescribed that economically depressed districts shall have preference in the granting of public contracts. The districts named are the formerly demilitarised zone, Saxony, Silesia, East Prussia and Hamburg. The number of persons employed at the end of April, according to the sickness insurance returns, was 17,038,000, and exceeded the highest number of 1935, which was 16,700,000 in August. The percentage of occupied working places in all industry in April was 67.3, as against 65.4 in March. All the listed industries, except the food preparations, show improvement, which is only marked, however, in the building and vehicles (mainly motor car) trades. The capital goods trades are occupied to 71.3 per cent., consumption goods to 62.2 per cent.

Reich revenue from taxation in April, the first month of the new financial year, was Rm. 780 millions, against Rm. 685 millions in April, 1935. The month-end money market developed normally. The demand for cash was considerable, but there were substantial repayments of Gold Discount Bank promissory notes. The day loan rate rose to 3½ per cent. at its highest. The Reichsbank enters June with swollen credits, only 70.5 per cent. of its April month-end credits having been repaid in the first three weeks of May.

BERLIN, June 2.

SPAIN

CONFUSION AND CONFLICT

CONFUSION remains the keynote of the Spanish situation. Endless labour conflicts on one hand, and on the other the sabotage of Government efforts in the civil service, armed forces, diplomatic corps and administration of justice, make it difficult to advance quickly. Nevertheless, as over three months have passed since the victory of the "United Front," the Republicans still seem half-hearted about fulfilling the conditions included in the joint pact with the labour parties.

One sector of Socialism, which is led by Don Indalecio Prieto, feels that without Socialist collaboration the Republicans will fall. By this he means collaboration in the Cabinet; the Republicans have the Parliamentary support of both Socialists and Communists. Señor Largo Caballero leads the group opposed to collaboration. They affirm that they are not inclined to repeat the experiment of 1931, and consider that with a big Parliamentary majority behind them the Republicans have every facility they need for swift legislation. These differences should have been threshed out at a national congress of the Socialist Party which was to have been held in June but which has been suspended by the executive committee. Those supporting Señor Caballero are endeavouring to obtain the convocation of an extraordinary congress.

The social situation leaves much to be desired. Some of the labour demands are justified; others are quite exorbitant. Some of the employers are not helpful. As always happens in Spain under any Government with Liberal tendencies, the anarchist labour union, the Confederación Nacional del Trabajo, has sprung up with mushroom growth. Unknown leaders manœuvre in the background; no accounts are ever published; and efforts are made to

stampede the workers. It has been said in authoritative circles that there is reason to believe that Fascist money is being paid to this organisation. Madrid has been plagued beyond all reason by strikes during the last month. In the countryside there has been a slight improvement on the whole. But the incident at Yeste (Albacete) is lamentable, in view of the severity of the repression by the Civil Guard. There is much unemployment and misery in Yeste owing to the cessation of important irrigation works. Labour unrest grew. An attack was made on the Civil Guard and two were killed, but the final death roll showed sixteen peasants dead and over twenty injured. Complete details are still lacking.

THE MONETARY POSITION

There was a full dress Parliamentary debate on the economic situation last week which brought neither constructive proposals from the Opposition nor any hint of the Government's plans for the near future. The peseta has been pegged to the gold franc at 48.40 francs to 100 pesetas since 1934. On the "Black Bourses" the rate is from 56 to 58. If the franc goes off gold, the peseta will presumably fall to its normal level. Pegging to gold has hindered exports and encouraged imports. A further sum of £1,000,000 in gold has been transferred to Paris. It is not clear if this is the sum referred to in the Law declared "urgent" by the Cabinet and rushed through Parliament last week authorising the Treasury to borrow £1,000,000 in gold from the Bank of Spain "for intervention in the exchange question." The Finance Minister threw no light on the probable use of this money. It is specified in the Law that the gold shall continue to count as part of the legal gold reserve backing the note circulation. Of the 2,456 millions of gold pesetas held by the Bank of Spain about 100 millions are tied up in exchange operations. The increase in note circulation has brought the legal reserve necessary for a note issue of 5,490 millions up to 2,345 millions gold; hence if the 100 millions involved in the exchanges should be deducted, the gold reserve would be very near the legal border line.

MADRID, June 1.

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HOLLAND

DEVALUATION MOVEMENT GROWING

There are no signs of revival in trade or industry. Unemployment shows a slight decline in the last two months. But this is seasonal, and the total of unemployed is greater than in the corresponding months of last year. The latest return gives the percentage of insured persons unemployed as:—

31.6%	in the week from May 4 to 9, 1936.
32.1%	" " " April 20 to 25, 1936.
30.0%	in the first week of May 1935.
25.1%	" " " " 1934.

The ever-growing evil of unemployment and the constant decline of business have greatly increased the number of people who support devaluation, and advertisements are being displayed in the leading newspapers designed to win further public support for the movement. A special propaganda committee has been set up; and recently a petition, signed confidentially by about 250 prominent persons in Dutch banking, industry, shipping, commerce and university life, was submitted to the Government. This petition sets forth the urgency of currency adjustment in the Netherlands, and emphasises the following points:—

The general state of business in the Netherlands forms a striking contrast to that prevailing in the rest of the world. Unemployment is at an unprecedented level, and shows an alarming tendency to increase. Industry and commerce are still declining. They are working, generally speaking, at a loss, and under artificial circumstances which are becoming increasingly difficult to endure. The equipment of Dutch industry is becoming obsolete, and cannot be properly maintained. The craftsmanship of Dutch artisans is deteriorating through lack of work. Unemployment and other relief measures constitute an intolerable burden on the State finances. Equilibrium in the Budget situation is impracticable as long as deflation maintains the decline in incomes. The mortgage system is being dislocated. The financial tension is great, and it threatens to become greater. Finally, the clash of interests between the Netherlands and the Netherlands Indies is being accentuated by the failure to devalue.

The foreign trade returns show some advance in exports as compared with January and February, 1936, and a slight rise compared with March, 1936; and they are nearly 14 per cent. above 1935. The following are the full figures:—

	Imports			Exports		
	1934	1935	1936	1934	1935	1936
	(Million guilders)					
January	100	76	79	56	55	50
February	81	70	74	51	51	50
March	94	80	79	61	54	55
April	85	78	81	54	50	57
May	87	78	...	57	58	...
June	89	73	...	59	51	...
July	86	76	...	58	54	...
August	87	76	...	69	61	...
September	78	76	...	69	59	...
October	87	94	...	62	70	...
November	88	86	...	60	60	...
December	75	73	...	56	52	...
Jan.-April	361	304	314	222	210	213

Imports of gold and silver in April, 1936, amounted to 1,736,705 million guilders, and exports to 6,237,613 guilders. Exports of gold have again been increasing in the last few weeks, and gold is going not only to America, but also to Belgium. The Netherlands Bank has declared that it is again prepared to release gold for export to Belgium when such is warranted by the belga rate in Amsterdam. After the devaluation of the belga, the Bank first adopted the view that Belgium was not a country where the gold standard applied by law, although the National Bank of Belgium actually continued to give gold or *devisen* in exchange for bank notes. Now that the gold parity of the belga has become definite, and that the National Bank of Belgium has apparently stated to the Netherlands Bank that it will release gold for export to Holland when such is warranted by the guilder rate of exchange in Belgium, the Netherlands Bank evidently sees no objection to regarding Belgium as a gold standard country once again.

The negotiations recently conducted in Berlin about the transfer of interest on capital and such-like payments have resulted in an agreement in principle, to which the approval

of both Governments has since been given. The agreement is on similar lines to that hitherto in force, and it will apply from July 1, 1936, to June 30, 1937. The interests of Dutch subjects residing in Germany, who want to travel in the Netherlands, have been taken into account.

The tendency on the Amsterdam Stock Exchange remains dull. It is true that State loans are inanimate and that the tendency on the entire investment market is depressed; but on the share market there is no sign at all of anything like devaluation sentiment.

State revenue yield continues to be a depressing factor. The return for the month of April shows a drop, compared with April, 1935, to 28.7 million guilders from 28.9 millions. Compared with the estimate, the April, 1936, return was 2,255,000 guilders down. The total yield of revenue in the first four months of 1936 was 115,017,700 guilders, compared with 119,990,500 in 1935 and an estimate of 123,841,700 guilders.

AMSTERDAM, June 1.

[The renewed exchange crisis and the raising of the Bank rate in Holland are discussed in a Financial Note on page 556.]

ARGENTINA

THE FALL IN EXPORTS

The export figures for the first four months of 1936 are as follows:—

	Volume in Tons		
	1935	1936	
Live stock	441,101	459,656	+ 4.2
Agricultural products	5,023,269	3,637,261	-27.6
Total (all products)	5,631,697	4,256,532	-24.4
	Value in pesos		
Live stock products	201,338,218	236,906,228	+17.7
Agricultural "	347,364,073	254,090,025	-26.9
Total (all products)	573,342,128	515,134,504	-10.2

Hides and wool show an increase in value, compared with last year's figures, of 42.6 per cent. and 30.8 per cent., respectively.

These figures show a very large falling off, compared with last year. The reduction in volume for the first four months amounts to some 24.4 per cent., or over 1,250,000 tons. Fortunately values do not show such a large decline, as prices on the whole are firmer, particularly in the case of meat, wool and hides. The fall in exports this year, which was foreseen, has not so far been accompanied by a corresponding decline in imports.

The Ministry of Agriculture has issued a decree ordering the constitution of a committee to report on the petroleum industry in the Argentine. From the wording of the decree it would appear that the Ministry of Agriculture wish still further to protect the State petroleum industry from "unfair" competition by certain private companies.

BUENOS AIRES, May 26.

INDIA

SIR O. NIEMEYER ON DIRECT TAXES

SIR OTTO NIEMEYER's report on Indian finances which was required by the British Government as a prelude to Orders-in-Council establishing provincial autonomy next April has, of course, met with criticism. All the Provincial Governments complain about it, but privately they all realise that the report will be taken as it stands. If any one particular grievance was met, there would be a case for considering all. Consequently one has to admit that most of the official and ordinary public comments on the report are of rather academic interest. The thing particularly approved by the business community about the report is its insistence on the need to make the Indian State Railways once again self-supporting and able to contribute their share towards general revenues.

But the business community is complainingly loudly about Sir Otto Niemeyer's suggestion that the remaining surcharge

on income tax and super tax should be retained. Sir Otto justifies the retention on the following grounds:—

The present rates of income tax and super tax (he says) are by no means excessive. The general scheme of Indian taxation, Central and Provincial, operates to relieve the wealthier commercial classes to an extent which is unusual in any taxation scheme; and there would be no justifiable complaint if a slight correction of this anomaly were maintained.

It may be true that the wealthier commercial classes in India are not overburdened with taxation; but there seems also a case for the view that if any enhancement of income tax on any particular section of the community is justified, it should be done as a separate measure, and not mixed up with the emergency surcharge.

DEMANDS FOR MORE PROTECTION

Demands for more and more protection are becoming increasingly insistent among the Indian commercial classes. The Indian Chamber of Commerce, Calcutta, has addressed a long communication to the Finance Department of the Government of India on the subject. The document reads almost as though there were no disabilities in protection at all; and the theme is that protection should be given by the Government "less haltingly, and in a more whole-hearted manner than has been done hitherto." The demand really boils down to a request for the abandonment of the policy of discriminating protection recommended by the Indian Fiscal Commission and the substitution for it of indiscriminate protection.

One of the essential principles laid down by the Fiscal Commission was that any industry to be favoured by protection should enjoy ample domestic supplies of raw materials. There is now a cry for protecting industries even if they have to import raw materials. The time seems ripe for the Government of India to investigate how far protection has already proceeded beyond the principles laid down by the Indian Fiscal Commission, and how far this departure has had a damaging effect upon the country. An investigation is desirable not only on economic grounds in order to meet some of the economic heresies being promulgated, but also to clear the path for Federation. There is, for instance, a distinct cleavage of opinion about the virtues of protection between the Presidencies of Bombay and Bengal. It is highly desirable that this question of a new protectionist policy for India should be cleared up.

BOMBAY, May 21.

LETTER TO THE EDITOR
INDUSTRIAL ORGANISATION

TO THE EDITOR OF THE ECONOMIST

SIR,—The coal strike threat has happily passed, at any rate for the present, but all that took place last winter points conclusively to the fact that if we are to avoid grave troubles in the future it is absolutely necessary that industry should be thoroughly organised.

I venture to think that the time is getting ripe for some practical scheme to evolve, and I make the following suggestion for the organisation of industry on the basis of co-operation

between Capital and Labour, while at the same time safeguarding the interests of the consumer:—

- (1) The particular industry should be treated as the unit not the individual business.
- (2) Every manufacturer, therefore, should be in his trade association and every worker in his trade union.
- (3) All staple industries should be governed by industrial councils on the Whitley lines, but provided with statutory powers making their decisions binding on the industry as a whole.
- (4) These councils should be co-ordinated in a central council, each industry being represented by an employer and an employee.
- (5) In order that Labour may be fully acquainted with all the facts, and also for the protection of the consumer, each manufacturers' association should deposit an annual certified statement with the Board of Trade for publication showing—
(a) The average percentage of net profit on the turnover of the industry as a whole; (b) the average ratio of turnover to capital; (c) the average earnings per hour of skilled, semi-skilled and unskilled labour.

If the average profits made exceed the figure that can be looked upon as reasonable, it will become a question whether this should go to Labour in the shape of increased wages or to the community in the shape of reduced prices. No agreements, therefore, between Capital and Labour in any industry for an increase of wages should become operative until ratified by the Central Council, which, being representative of all industries and having all the data available in the various trades as regards wages, etc., will be in a position to give a just decision.

Industries thus organised would have control of production at the source and could control the prices of staple commodities to the ultimate consumer, allowing by way of discounts reasonable profits to the distributors, both wholesale and retail, as has been done for many years with great success in the tobacco trade. By this control of prices based on the cost of production the consumer would be fully protected against profiteering on the part of the distributors as well as by the producers.

When once industries were organised on the lines indicated, a fair and square deal between Capital, Labour and the consumer would become possible, for under such a system—

- (1) Economic security and the best wages the industry could afford would be ensured to the average worker.
- (2) Economic security and a reasonable return would be afforded to the average manufacturer.
- (3) The consumer would eventually pay the price he ought to pay, neither less nor more.
- (4) Initiative and enterprise would not be interfered with in the least, rather would they be encouraged.

The enterprising manufacturer who introduced new methods or new processes which increased his profits would obtain the reward of his enterprise, the increased profits which he made going to swell the average profits of the industry. As the new machine or invention or new process became more and more general throughout the trade, so the average profits of the industry would tend to increase and thus eventually go to Labour in the shape of increased wages or to the community in the shape of reduced prices.

The above may seem Utopian, but it is not. It is eminently practicable. The only thing that is vital is that the Industrial Councils should have statutory powers making their decisions binding on the industry as a whole.

T. B. JOHNSTON.

BOOKS AND PUBLICATIONS

SOCIAL SECURITY IN AMERICA

With the death of the N.R.A. and the A.A.A. the Social Security Act remains by far the most important of the legislative accomplishments of the New Deal. When President Roosevelt started his programme of radical legislation, he seemed for a time to be pursuing a very different course from that of social reformers in other countries; but whether from force of circumstances, or whether because of difficulties inherent in the American Constitution, he has been finally compelled to legislate on much the same lines as European progressive statesmen, that is, by providing for better health and for better security against old age and unemployment among the mass of the population.

Professor Douglas has long been an ardent advocate of social insurance; and he has rightly thought it necessary to trace in detail the growth of efforts for its establishment and the actual political controversies which took place in and out of Congress before the present legislation was finally passed. His book* is therefore of particular value to foreign readers, because it makes clear the reasons for the very different types of insurance legislation which exist side by side in the Social Security Act itself. As might be expected, these differences arose mainly from constitutional snags or because of the ever-present conflict between Federal and State rights.

* "Social Security in the United States." By Paul H. Douglas. McGraw-Hill Publishing Co. Ltd. 384 pages. \$3.

Only one section of the Act lays down any all-embracing national schemes—the section establishing old age annuities. Federal help for mothers' pensions, maternal and child welfare, pensions for the blind, certain public health grants—there is no scheme for health insurance—and supplementary old age assistance are given by a system of grants in aid which usually have to be matched by similar grants from the States. But the actual operation of all the schemes will be a matter for the States under the general supervision of the Social Security Board. Unemployment compensation will also be dependent on State action, though the setting up of State schemes is encouraged by the "tax offset" method, by which employers are relieved of up to 90 per cent. of their Federal taxes under the Act if they already contribute to State unemployment insurance funds. All these types of Federal action may, of course, meet with trouble when the question of their constitutionality arises. Professor Douglas gives an excellent summary of the various precedents on either side, and on the whole takes an optimistic view of the Supreme Court's probable verdict. As the chapter was written before the handing down of the A.A.A. decision, his views may now be rather different, though it seems that the system of grants in aid will in any case pass the test.

The old age annuity and the unemployment insurance schemes are, it is to be noted, "self-sustaining," and are not financed out of general taxation. There is therefore no attempt to redistribute income by means of social services of this kind. Payroll taxes are imposed on employers and employees for the former, and on employers for the latter; and the final burden, as Professor Douglas points out, is likely to fall mainly on the workers themselves either as wage-earners or as consumers. The old age annuities are, in fact, little more than a system of compulsory saving, which is calculated to create by 1980 a reserve fund equal to nearly twice the present total Federal Government Debt. As this fund grows, it will certainly raise some nice problems of banking and monetary policy.

Though Professor Douglas severely criticises much of the Social Security Act, his memory of the traditional American hostility to all social legislation makes him thankful for small mercies. Mrs Burns, in her shorter and less detailed work,† confines herself to a general description of the provisions of the Act, and to an analysis of its probable consequences; and her verdict is apt to be rather more critical. Her book will be useful to the general reader who wants to know why social insurance is necessary in America, and what the shortcomings of the present legislation are. For the student of social insurance, however, Professor Douglas's longer study will be essential, because it lays bare those fundamental weaknesses of the American social and political system which made these shortcomings inevitable.

Professor Douglas's book contains the full text of the Social Security Act and a very full bibliography, while Mrs Burns's gives all the essential clauses of the Act in full.

SHORTER NOTICES

"The Anti-Drug Campaign." By S. H. Bailey. Allen and Unwin. 264 pages. 12s.

In the course of its campaign against the abuse of opium and dangerous drugs, the League is planning to convene in Geneva early this month a conference which is to deal with the suppression of the illicit traffic in narcotic drugs. Mr Bailey's book gives an illuminating survey of the history of the anti-drug campaign, based on much original material.

The key-stone of international regulation of the traffic in narcotics is the Convention on Limitation of 1931. Its main object is to throttle the illicit traffic while permitting the satisfaction of the legitimate medical and scientific needs of the world. While formerly the East was flooded by narcotics manufactured in the West, the author can now rightly state: "The East is no longer seriously threatened with supplies of manufactured drugs from the West." Nevertheless, the ideal of complete control of the production, manufacture, traffic and consumption of drugs is far from being reached. A serious proof of this is the terrible extension in the trade in opium and narcotics which is taking place in the Far East, where not

only opium smoking and eating, but also drug addiction, is still very much in vogue. The author is of opinion that the fatal loophole is not to be found in the method of limitation, but in the lack of its effective application. The most important loophole is secret manufacture in countries where the raw materials are produced and therefore easily made available. Unfortunately, experience has proved that the overflowing of dangerous drugs from a country with established centres of abundant manufacture into other countries cannot in practice be prevented.

The author also ventures to tackle the thorny problem of limiting the production of raw materials. The necessity of such control has already been recognised by the Hague Convention, but tremendous difficulties of an economic, social and technical nature have so far prevented its being achieved. In spite of the great decline in the price of opium by one-fourth between 1929 and 1932, the world's opium production—not taking into account the illicit production in China—was in 1933 still 1,800 tons, while the legitimate needs of the world are estimated at 1,000 tons. All things considered, one cannot help being sceptical about the possibilities of effectively limiting the production of drugs.

"Managing the People's Money." By J. E. Goodbar. (New Haven) Yale University Press. (London) Humphrey Milford. 578 pages. 20s.

This very large volume is described as "an analysis of banking policies and banking control and their relation to economic stability." It is written by a lawyer, who suggests that it may appeal to readers of widely divergent interests.

The book falls naturally into three sections, discussing respectively theory, history and law. Much of the theoretical section is based upon Mr Keynes's Treatise on Money, but little account is taken of the important criticisms made of the "fundamental equations" by Mr Hawtrey and others. The two chapters on English banking history are perhaps of least value to English readers, since this field is being dug very thoroughly nowadays; nevertheless, the comparison of English banking experience of the nineteenth century, before amalgamation became so prominent, with American experience in the twentieth century is both interesting and informative.

Dr. Goodbar's most valuable contribution is undoubtedly in the chapters on American banking law. In one chapter he explains the working of the banking system before 1932 in the matter of affiliates, lending, and related problems. In another chapter he discusses the Banking Acts of 1933 and 1935. In this part of the work he had the benefit of consultation with Senator Carter Glass, who was largely responsible for the original Federal Reserve Act and for its subsequent amendment to meet new problems.

The thread that connects the three divisions of the book is the attempt to interpret the facts in terms of the theory. But as the theoretical analysis is the least satisfactory feature, the connection is slender.

BOOKS RECEIVED

Report of the Director, 1936. (Geneva) International Labour Office. 91 pages. 1s. 6d. net.

Ways and Means: A Study of the Economic Structure of Great Britain To-day. Twelve Broadcast Talks. By Geoffrey Crowther. (London) Macmillan and Company, Ltd. 207 pages. 4s. 6d. net.

A Second Primer. By Samuel Crowther. (New York) The Chemical Foundation, Inc. 60 pages. No price stated.

A Pageant of the Spice Islands. By R. H. Crofton. (London) John Bale, Sons and Danielsson, Ltd. 131 pages. 5s. net.

Out of the Night. By H. J. Muller. (London) Gollancz. 160 pages. 4s. 6d. net.

Policing the Saar. (London) The New Commonwealth. Thorney House, Smith Square, S.W.1. 31 pages. 3d.

Walks and Talks Abroad. By Sir Arnold Wilson, M.P. (London) H. Milford. 292 pages. 6s. net.

The Directory of Directors, 1936. (London) Thomas Skinner and Company, 330 Gresham House, Old Broad Street, E.C.2. 1,844 pages. 25s. net.

The 1936 edition of this invaluable guide to both private and public companies includes some 31,600 entries. In order to facilitate reference alphabetical index "tabs" have been included this year.

Key to Income Tax and Surtax, 1936-37. (London) Taxation Publishing Company, First Avenue House, High Holborn, W.C.1. 3s. 6d. net.

Atti Dell' istituto Nazionale delle Assicurazioni. Vol. VIII. (Rome) Istituto Nazionale delle Assicurazioni. 205 pages. L.50.

The People's Food. By Sir Gilbert Jackson. (London) Liberal Free Trade Committee. 14 pages. 2d. net.

MONEY AND BANKING

BRITISH MONETARY POLICY

Our policy of maintaining cheap and plentiful credit at home and using the Exchange Equalisation Account to smooth out fluctuations in sterling abroad has worked so unobtrusively and so successfully that to-day it is almost taken for granted. From time to time, however, minor inequalities arise as a warning that our policy does not operate automatically, and a week or two ago doubt arose of the permanence of cheap money. One cause of doubt was the May contraction in bankers' deposits at the Bank of England to an unusually low level. But it is also common knowledge that defence expenditure will entail fresh borrowing, and that in particular it may involve an increase, possibly temporary, in the floating debt. The immediate consequence has been a rise in the Treasury bill tender rate and a firmer tone in the discount market. The renewed franc crisis has also called in question our external as well as our internal monetary policy.

Nevertheless, it is clear that there has been no change in our official policy of cheap money. The Financial Secretary to the Treasury had no difficulty in explaining this to the House last week. The truth is that the recent drop in bankers' deposits was due to two definite causes, namely French hoarding of British currency and the normal May preparations for the half-year's War Loan dividend. A cursory examination of recent Bank returns establishes the second point. During May, while bankers' deposits fell from £104.7 to £78.3 millions, public deposits rose from £7.5 to £19.8 millions. This week the June War Loan dividend was paid, and public deposits have receded to £8.2 millions, while bankers' deposits have risen to £89.7 millions. Moreover, as is shown by the table below, the floating debt increased during May by only £18.4 millions, which is a perfectly normal movement.

The effect of French currency hoarding on our internal credit position is of greater interest. It throws new light upon the consequences of gold purchases by the Exchange Equalisation Account to offset the influx of French funds. To elucidate the sequence of events, we may take first the simple case of the purchase by French interests of £1,000,000 sterling in exchange for francs, and its subsequent deposit in the British joint-stock banks. The Exchange Account buys these francs, to support the exchange, and uses them to buy £1,000,000 of gold from the Banque de France to finance this transaction. The Exchange Account has to dispose of £1,000,000 of Treasury bills, and these have to be placed in the London market. In fact, they are either bought by the joint-stock banks or are lodged at the banks as collateral for fresh loans. The result is that the banks gain £1,000,000 in both deposits and earning assets, and nothing in cash, so that their cash ratio is reduced. Next, let us assume that, as has happened in recent weeks, the French interests prefer to hold British currency. It follows that in these circumstances the French interests withdraw their new deposits from the British joint-stock banks in the form of currency. The British banks thus lose cash and only gain new earning assets, for their deposits recede to their former size. In this case the contraction in their cash ratio is intensified.

To see the whole picture, let us set out certain statistics for the past six weeks:—

	Apr. 29	May 6	May 13	May 20	May 27	June 3
<i>Bank of England</i>						
Gold	202.7	203.7	204.3	205.4	206.4	207.3
Note circulation ...	416.9	422.6	424.8	423.1	426.1	433.5
Reserve	46.6	41.8	40.3	43.1	41.2	34.7
Public deposits.....	7.5	9.2	13.3	21.0	19.8	8.2
Bankers' deposits...	104.7	88.3	83.2	80.1	78.3	89.7
<i>Floating Debt*</i>						
Tender Treasuries...	518.0	528.0	538.0	548.0	558.0	568.0
Floating assets	250.2	250.7	247.4	238.2	223.5	218.6
Total floating debt	768.2	778.7	785.4	786.2	781.5	786.6

* Four days earlier than date of each Bank return.

The rise in public deposits up to the end of May, and

their subsequent decline on the payment of the War Loan dividend is apparent from the figures. The increase in the note circulation, due to French hoarding, and, latterly, to the Whitsun holidays, is also clearly revealed. As the Exchange Equalisation Account ranks as a public department, its gold purchases are largely responsible for the fall in floating assets. This fact, in turn, explains much of the £50 millions increase in tender issues of Treasury bills, most of which have either been bought by the banks or lodged at the banks as collateral for new call and short loans, which have added to the bank's earning assets. Finally, the contraction in bankers' deposits, due to the above causes, symbolises the banks' loss of cash, which by the end of May had created slightly less easy conditions in the money market.

When the Exchange Equalisation Account was established, the Government in effect took power to buy gold or foreign exchange up to the statutory limit of the account, and to borrow from the banking system (by issuing fresh Treasury bills) in order to pay for its purchases. Now, when the Government borrows from the banks for any purpose whatever, either to pay for new gold or new battle-ships, and does not supply the banks with fresh cash, credit is bound to become more stringent. Briefly, if bank loans (and therefore bank deposits), rise while bank cash remains unchanged, the banks' ratio of cash to deposits is reduced and this forces the banks to call in other loans or to contract their holdings of bills or securities. The only remedy is for the authorities to expand the supply of bank cash.

A fortnight ago we suggested that, valued at the current market price of about 140s. per ounce, the total gold reserves in the hands of the British authorities amounted to about £600 millions sterling. The Bank of England, however, holds only just over £200 millions, at the statutory price of 85s. an ounce, at which the Bank necessarily values its gold. If the authorities so desire, it would be a perfectly simple operation to transfer gold from the Exchange Equalisation Account to the Bank in such a manner as to augment the joint-stock banks' cash. One method would be for the Bank to take over gold from the Exchange Account in exchange for Treasury bills, and then to make good the reduction in its bill portfolio by buying Treasury bills in the open market. That operation would automatically increase bankers' deposits, i.e. the banks' cash. The process, indeed, may well have been in operation, on a small scale, during recent months, for the Bank, since last August, has added about £15 millions to its gold stocks.

How much gold, it may be asked, could safely be transferred from the Exchange Account? If and when the franc is devalued, there may be a reflux of funds to France. The Exchange Account must keep enough gold in hand to cover this reflux. This, however, is a bridge to be crossed in due time. Meanwhile, even if the Bank itself were required to part with a small amount of gold, no serious harm would be done. It would be short-sighted policy to risk present stringency for an indefinite future contingency. Any eventual reflux of funds to France, indeed, will be limited, since fears of penal taxation in France may persist even after the franc has been devalued. The transfer of only a small quantity of gold from the Exchange Account to the Bank, again, would be sufficient to neutralise any stringency arising from possible British Government borrowing during the next few months.

The inference would seem to be that the authorities, if they choose, can keep money plentiful and short-term rates low. They may have excellent reasons for refusing to commit themselves, in advance, to any precise measures. Nevertheless, the time seems peculiarly opportune for a clearer statement of the broad objectives of our monetary policy. An unfortunate suggestion appeared recently,

clothed in semi-official language in an august contemporary, that the function of the Exchange Equalisation Account was to minimise fluctuations in the gold value of sterling. It would be well if the Government would make it clear, beyond peradventure, that they are thinking in terms of the stability of sterling in general, and not of the relation of sterling to gold. As we pointed out last week, the main justification for our support of the franc exchange is that it prevents the pound from becoming increasingly over-valued against the dollar.

In these circumstances there is an assurance which the Government could helpfully give to France and the world: that if the franc were devalued there would be no competitive depreciation of sterling. Indeed, we should set on record our willingness, provided the devaluation of the franc were sufficient to restore equilibrium between the franc and dollar, to concentrate on keeping sterling, in its turn, in equilibrium with both. It is in our own interest to avoid both over-valuation and under-valuation of the pound.

Whether or not the authorities have formed any idea about the proper rates between the three currencies, we understand that the British and American Governments have already concluded an informal agreement to take common action in the event of the franc going off gold. This, of course, is not an agreement for stabilisation at any particular figure, but for co-operation to prevent undue fluctuations. In other words, the operations of the British and American Exchange Funds are to be concerted. It may be assumed that this understanding is known to the French authorities; for obviously it could not function except in conjunction with them.

Two further observations can usefully be made. First, the Government should state that for the time being neither Government borrowing, nor foreign hoarding of currency, will be allowed to interfere with the present policy of cheap money. Next, it should be made clear that while the operations of the Exchange Equalisation Account, made to off-set movements of panic or floating funds, will not be permitted to affect the internal supply and cost of credit, conditions may arise which will call for an internal rectification. For example, if there is a sharp rise in the internal price-level, then the proper correction is a contraction of credit, such as, in the days of the gold standard, was caused by a loss of gold by the Bank. Beyond this it is unwise to plan amidst the current uncertainties, but Government assurances of this character would be of definite value and assistance both at home and abroad.

FINANCIAL NOTES

The Franc Crisis.—The French strikes have precipitated a new crisis, and there have been heavy offerings of francs all the week. The British Control has only intervened intermittently, and on Thursday afternoon the spot Paris rate was Frs. 76 $\frac{1}{4}$, with three months' francs at Frs. 6 $\frac{1}{2}$ discount. The Banque de France's return for May 29th shows gold losses of Frs. 437 millions, a big increase of Frs. 1,451 millions in rediscounts and an expansion of Frs. 1,367 millions in the note circulation. It is estimated that the Banque de France lost another Frs. 200 millions of gold on June 2nd and Frs. 350 millions the following day. All these movements indicate a renewed flight of funds from France, coupled with fresh hoarding of currency and further borrowing at the central bank. The week's expansion £7.4 millions in the British note circulation points to a recrudescence of French hoarding of British currency, and there have been numerous transfers of small balances to England. The remaining gold *bloc* currencies and the dollar have weakened in sympathy with the franc, and the spot New York rate is now up to \$5.03 $\frac{1}{2}$, thereby accentuating the over-valuation of sterling. Three months' Swiss francs, in particular, have weakened to 48 centimes discount, equivalent to over 12 per cent. per annum. The general feeling is that the strikes in France have forced M. Blum away from devaluation towards exchange restrictions, and it is possible that restrictions will be announced

either during this week-end or early next week. Once restrictions begin it is difficult to see how their extension can be avoided, together with the growth of a "grey" or "black" market in francs in London. This will create grave problems, both for French trade and for the Paris market in international securities, and it is even possible that the franc will depreciate heavily, as it did just over ten years ago. Also it may prove necessary to prohibit the export of currency from France, and this may stimulate internal purchasing of commodities, leading to a rise in prices and even to unregulated inflation. These dangers render all the more essential the co-operation between France, England and the United States, discussed in the previous article. If France imposes restrictions the gold *bloc* will break up at once, but both Holland and Switzerland are not likely to impose restrictions as well. Opinion in both these last two countries is coming to recognise the need for devaluation, and this is the most likely consequence of a breakdown of the franc. With reasonable equilibrium established between the pound, the dollar and the gold *bloc* currencies, there would also arise an obvious opportunity for the revaluation of the Reichsmark. Thus the immediate future is fraught with heavy possibilities for good or for evil, but the next overt move must be in Paris.

M. Blum and the Franc.—The decision of the 72 Communist deputies to demand maintenance of the gold franc, and at the same time to urge strike action for higher wages and better working conditions, has gravely embarrassed M. Blum in his efforts to cope with France's economic problems. To the Right of the Communist *bloc*—which is, technically, still part of the Popular Front—direct interest in devaluation increases in proportion to distance travelled. The majority of the Socialists are reconciled to devaluation, as are most of the Radicals. Farther to the Right come the groups which represent the richer classes; and their supporters, the "big men" and the big concerns, already have sufficient of their funds outside France to nurse a considerable expectancy of profit upon repatriation after devaluation. Naturally, however, everyone wants the Socialists to carry the responsibility for the act of devaluation itself. This may explain why M. Blum is, for the time being, opposed to *dévaluation à froid*; for he has to consolidate his Government, allay Socialist and Communist fears of devaluation profits and of a rapid rise in prices, and, finally, establish a programme of co-operation with the Banque de France. The latter is necessary owing to the inability of the Government to raise the funds required for the current year's £200 millions total deficit (re-armament, railways, etc.) in the short-term market. The limit on the issue of Treasury bonds, raised from Frs. 15,000 millions to, roughly, Frs. 21,000 millions just over two months ago, will have again to be raised for this purpose; and, as the short-term market is constricted and bank deposits continue their long decline, the Banque will have to finance the new Government direct. This implies a tug-of-war between the Governor, M. Tannery, and the new Finance Minister, M. Vincent-Auriol. The industrialist Regents of the Banque are now more interested in devaluation, and see in it the only safeguard against the wage increases now demanded on all sides. It may therefore be that the Banque is already working out plans, not only for its own innocuous "reform," but also for devaluation itself. Devaluation, however, may not officially come until the autumn pressure on the ordinary Budget sets in. Nevertheless, the interim period, while plans are prepared, must be one of stringency, embargoes, and, possibly, centralised control of purchases and sales of foreign currencies.

New Guilder Weakness.—The difficulties of the franc have been accompanied during the last week or so by fresh uncertainty about the future of the guilder. As is well known, there is a large and vocal body of opinion in Holland in favour of devaluation, and the general lack of confidence is illustrated by the rapidity with which the crisis has arisen almost from the blue. A fortnight ago, apart from a slight weakening of the guilder, there was little to

presage the rapid developments that ensued. By May 28th, however, the guilder had moved to the export gold point against both the belga and the dollar, and large shipments of gold followed. A strong devaluation atmosphere developed on the Bourse and there were heavy purchases of various leading equities. On May 29th, the Netherlands Bank official discount rate was raised to 3 $\frac{1}{2}$ per cent., after having remained at 2 $\frac{1}{2}$ per cent. since February 4th. This proved ineffective, largely because the private discount rate remained at 3 $\frac{1}{2}$ –3 $\frac{3}{4}$ per cent. The gold flow continued unabated, and there was no surprise at the further raising of the discount rate on Wednesday by 1 per cent. to 4 $\frac{1}{2}$ per cent. The weekly return of the Netherlands Bank shows that gold stocks fell during the week ended June 2nd by Fl. 43,600,000, which was more than had been anticipated. Even more drastic measures may be expected if the higher Bank rate proves inadequate. Although the situation has deteriorated, devaluation does not appear to be imminent, and the most that can be said is that the case for devaluation is gaining ground. Holland is likely to remain on gold at least as long as France.

The Money Market.—In spite of the War Loan dividend payment, money remains less plentiful. The clearing banks again called small amounts on practically every day of this week, and one bank at least has raised its buying rate for August Treasury bills from $\frac{1}{2}$ to $\frac{3}{4}$ per cent. There is also a greater readiness to sell bills, which indicates a general impression that discount rates are likely to become firmer. The grounds for this impression are discussed on a previous page.

	May 14, 1936	May 21, 1936	May 28, 1936	June 4, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short loan rate :—				
Clearing banks	$\frac{1}{2}$ –1*	$\frac{1}{2}$ –1*	$\frac{1}{2}$ –1*	$\frac{1}{2}$ –1*
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates :—				
Treasury bills	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ – $\frac{3}{4}$
Three months' bank bills	$\frac{1}{2}$ – $\frac{3}{4}$	$\frac{1}{2}$ – $\frac{3}{4}$	$\frac{1}{2}$	$\frac{1}{2}$ – $\frac{3}{4}$

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

The rate for three months' bank bills is also firmer, and at least one purchase is reported of clearing bank bills at $\frac{3}{4}$ per cent. The new Australian loan is thought to have attractions for the money market. The banks have not yet formally decided their attitude, but will no doubt accept it as collateral for one per cent. loans. As its yield is 2.78 per cent., it should give holders a useful margin.

The Bank Return.—This week there has been an increase of £7.4 millions in the note circulation. Part of it is due to internal currency demands over Whitsun and the end of the month, but at least four millions of it must be due to renewed French hoarding. The Bank has acquired another £900,000 of gold, while the reserve is reduced by £6.5 millions.

	BANK OF ENGLAND				
	June 5, 1935	May 13, 1936	May 20, 1936	May 27, 1936	June 3, 1936
Issue Department :—	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Gold	192.7	204.3	205.4	206.4	207.3
Note circulation	395.9	424.8	423.1	426.1	433.5
Banking Department :—					
Reserve	57.6	40.3	43.1	41.2	34.7
Public deposits.....	7.6	13.3	21.0	19.8	8.2
Bankers' deposits	102.6	83.2	80.1	78.3	89.7
Other deposits.....	36.1	37.0	36.8	36.7	37.1
Government securities ...	90.0	89.9	91.2	91.8	98.5
Discounts and advances	5.4	8.8	7.1	6.7	6.2
Other securities	11.2	12.3	14.3	12.9	13.3
Proportion	39.3%	30.1%	31.2%	30.5%	25.7%

The payment of the War Loan dividend explains the reduction of £11.6 millions in public deposits and also the increase of £6.7 millions in Government securities—the latter probably representing Ways and Means borrowing.

Bankers' deposits, however, have only risen by £11.4 millions, as the release of the War Loan money has been partly neutralised by French currency hoarding. That is why money is less plentiful than it usually is immediately after a War Loan dividend payment.

INSURANCE NOTES

Equitable Life: Valuation Method.—Founded in 1762, the Equitable is the oldest life assurance office, but its great prestige does not depend on mere antiquity. On the contrary, the society is in the van of progress in its adaptation of practice to modern conditions. In the valuation of the society's liabilities in 1930 a very important breach was made with tradition. Much actuarial discussion crystallised in action by the abandonment for the participating class of policy of the net premium method of valuation and its replacement by the now not unfamiliar bonus reserve method. At the quinquennial valuation as at December 31st last this method has again been employed. The actuary's report is informative regarding the bases used. In the participating section the Eastern Counties (Rural Districts) table, as in 1930, was adopted; the actuary states that, although not formed from life assurance statistics, this table represents more nearly than other published tables the mortality experienced in this section. The future rate of interest assumed is 4 per cent., and a reserve is held for future bonuses on all existing policies at the rates now declared. It is no part of the bonus reserve valuation to guarantee these future rates of bonus; in the absence of serious adverse influences, however, the actuary expects that the rates now declared will be maintained. In the non-profit class the net premium method is used, and as regards mortality, the A 1924-29 table has been selected as the most appropriate. On this occasion, however, the rate of interest is 3 $\frac{1}{2}$ per cent. instead of 4 per cent. It is interesting to learn that, had the whole of the society's assurances been valued on the net premium method on the basis of A 1924-29 at 2 $\frac{1}{2}$ per cent., the liability would have been approximately £200,000 smaller than by the methods used.

Equitable Valuation Results.—Results of the past quinquennium and the previous four-year period are given below. In each case the trading surplus is arrived at after meeting the increased cost of the valuation basis. The amount carried forward is stated to be sufficient to meet the cost of a reduction to 3 $\frac{1}{2}$ per cent.—which in view of the fall in the rate of interest may be necessary—in the basis of valuation of the participating contracts at the next valuation in 1940 :—

	1927–1930	1931–1935
Trading surplus	335,821	652,259
Profit from investments	14,603	780
Brought forward	215,517	50,324
	565,941	703,363
Allocations :—		
To Policyholders	515,617	521,641
Cost of Pensions.....	...	39,000
Carried forward.....	50,324	142,722
	565,941	703,363

In the whole-life class the rate of reversionary bonus is 15s. per cent., calculated on the sum assured, multiplied by the number of years a policy has been in force—with the proviso that no policy shall receive a smaller addition than 30s. per cent. for each year of the past quinquennium. Thus a policy forty years in force receives, in respect of the past quinquennium, an addition of £30 per cent., while a policy one year in force receives a bonus of 30s. per cent. of the sum assured. In the endowment assurance class the rate of bonus is, for each completed year since 1930, 30s. per cent. per annum compound, payable at death or survival, plus 15s. per cent. per annum simple, payable on survival only. During the year new sums assured fell from £1,460,000 to £1,337,000, and there was a fall of 11d. per cent. in the net rate of interest to £4 5s. 6d. per cent.

THE STOCK EXCHANGE

TURNER AND NEWALL

TURNER AND NEWALL epitomises the qualities of leadership. Its paramountcy in the asbestos industry, like that of Courtaulds in rayon, derives ultimately from a single inspired decision which first induced a textile concern to produce packings for the engineering trade. Like Imperial Chemical Industries, the company is an integrated undertaking armed *cap-à-pie* at every point from mine to consumer, whose products subserve many branches of British industry. Like Wiggins Teape, it publishes annual accounts which are models of clarity and wealth of detail.

The present company took shape, as a private concern, as recently as 1920, when it amalgamated three old-established concerns—Turner Brothers Asbestos Company, of Spotland, Rochdale, founded in 1871; the Washington Chemical Company, with its headquarters in County Durham, established in 1840; and Newall's Insulation Company, founded in Newcastle in 1908, but now of County Durham. In 1925 the company became public, and its accounts on September 30, 1925, showed a total paid-up capital of £2,567,204. To-day, the total issued capital is £6,288,202, with approximately four-fifths in ordinary stock.

The results of the company's rapid evolution can best be studied in the table below, with its accompanying chart, on the opposite page. These display the capital, industrial activities and inter-relationships of the parent company and its subsidiary and associated undertakings. The group's interests range from asbestos mining to the textile, building and chemical trades. Some of its mining properties, which are situated in South Africa and Rhodesia, were purchased outright on profitable terms in the early years after the war, but the equally successful Rhodesian and General Asbestos interests were acquired by a share exchange in 1929. The group is more than self-sufficient on the raw materials side, and a significant part of its crude asbestos is sold to outside manufacturing concerns. The asbestos textile manufacturing side of the business is concerned with a variety of products ranging from engine packings, belting, jointing and asbestos cloth materials to brake linings. The original Turner Brothers Asbestos Company (which now maintains only a nominally separate "legal" existence as a £100 company, owned as to one hundred per cent. by the parent concern) operates generally in this branch. The manufacture of various friction linings is carried on by Ferodo, Limited (of which Turner and Newall obtained control in 1925-26) with its associated concern in America and separate companies, operating under agreement, in France and Germany. The distribution of insulation products is now concentrated largely in Newall's Insulation Company, another £100 "nominal" subsidiary, which is itself an amalgamation of nine companies, effected three and a half years ago. The same process of technical and financial co-ordination has concentrated in another "branch" subsidiary the asbestos cement side of the business—which includes a wide range of goods such as switchboard panels,

pressure pipes, boards for the ceilings and internal partitions of buildings, slates for roofing, fittings for the gas industry and rainwater goods. The £100 company which heads this branch is an amalgamation of the original Turners Asbestos Cement Company with three other concerns. The production of asbestos cement in India, under a concern separately registered under Indian law, started two years ago.

The manufacture of chemicals (magnesia carbonic acid gas, etc.) and heat insulation materials and bricks is organised under the aegis of the Washington Chemical branch subsidiary, the successor of one of the three companies in the original amalgamation of 1920. The Western Chemical Company (Paisley), Limited, acquired seven years ago, produces a variety of chemicals including carbonate of ammonia, dry ice, etc. The Carbon Dioxide Company was formed in 1928, to market the carbonic acid gas output of Turner and Newall and Distillers jointly, with a forty-sixty share interest. One of the newest branches—and one of the most promising—is represented by the Quasi-Arc company, founded in 1911, which was acquired by a share exchange six years ago. The company produces a steel electrode (i.e., welding rod) covered with blue asbestos yarn, which is obtaining a rapidly increasing market in the shipbuilding, engineering, electrical and building industries, where welding, as a competitor with the older method of riveting, is effecting far-reaching changes in constructional technique. Finally, the company, which from its earliest days has had important American connections, recently acquired a two-thirds interest in the Keasbey and Mattison Company, itself an amalgamation of two Pennsylvanian concerns.

This brief sketch of the group's structure and activities omits, perforce, detailed reference to such progressive sides of a many faceted business as the production of acoustical materials, and makes no mention of numerous companies, like Bells United Asbestos, which have been completely merged into the parent undertaking. On even a cursory survey, however, three conclusions of prime investment significance stand out. First is that Turner and Newall is concerned mainly with the manufacture of "producer's goods"—the raw materials of other industries such as the engineering, electrical, building, motor, locomotive, marine, and film trades. In the long run, the trend of consumption of Turner and Newall products must necessarily be upward, for their market lies in the "new" as well as the "old" industries. In the short run, however, profits may be susceptible to cyclical changes in the tempo of general industry. The second conclusion is that, despite the wide variety of its products and their uses, the organisation of the entire undertaking is remarkably close and compact. Its resemblance, in this respect, to Imperial Chemical Industries appears to be more than accidental. Both combines have shown a preference for one-hundred-per-cent. control, wherever possible, of their subsidiary undertakings; and both, having obtained such control, have proceeded to integrate

TURNER AND NEWALL GROUPING

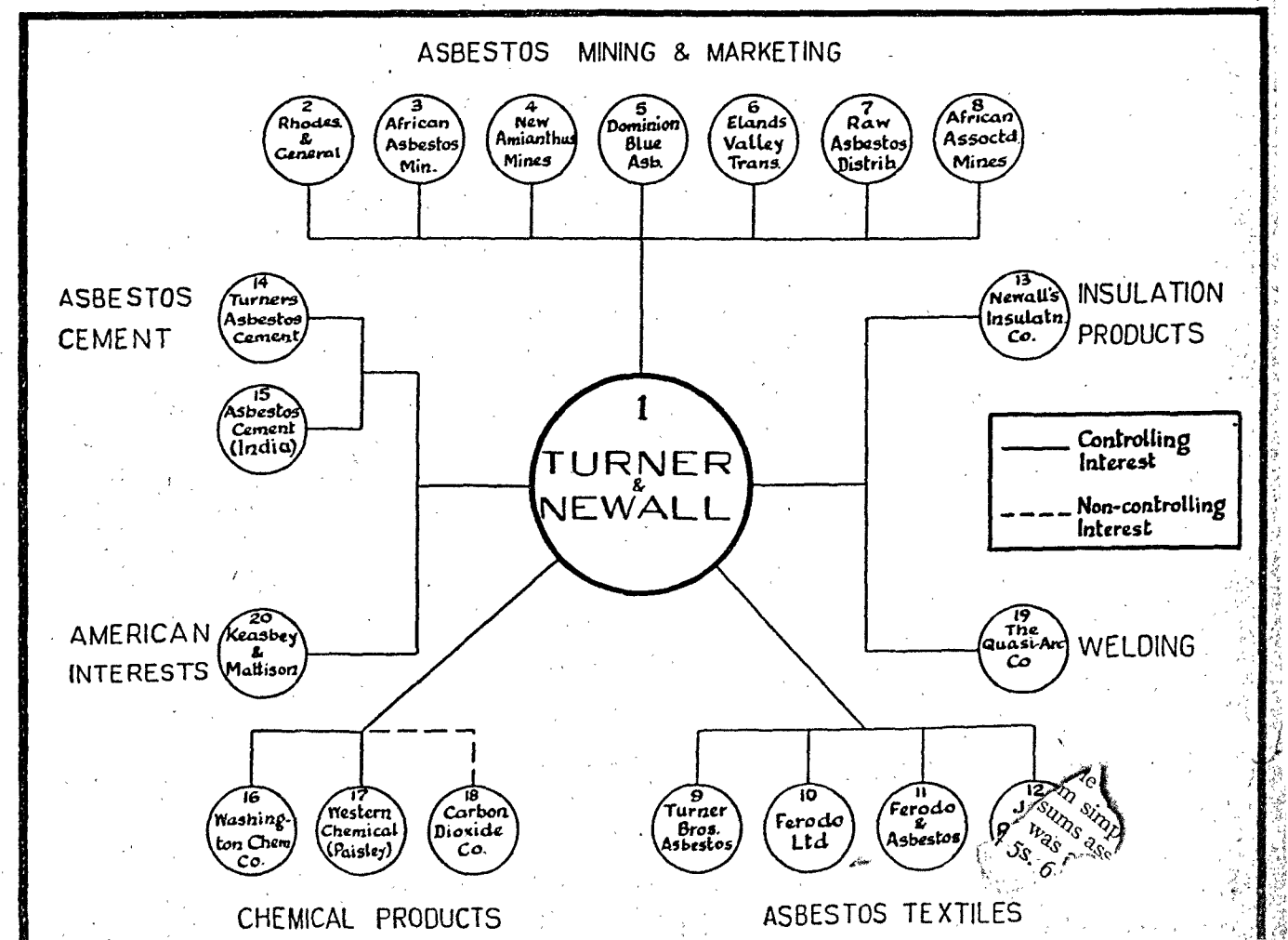
Ref. No.	Group and Companies	Issued Capital (Ord. unless stated)	Held by T. and N. (%)	Ref. No.	Group and Companies	Issued Capital (Ord. unless stated)	Held by T. and N. (%)
1	TURNER AND NEWALL, LIMITED	£1,444,269 Ord. 4,843,933	100	12	ASBESTOS TEXTILE MANUFACTURERS—cont.	100	100
2	ASBESTOS MINING AND MARKETING	1,050,000	Over 99†	13	INSULATION PRODUCTS	100	100
3	Rhodesian and General Asbestos Corporation	19,500	100	14	TURNERS ASBESTOS CEMENT	100	100
4	African Asbestos Mining Co.	215,124	100	15	Asbestos Cement, Ltd., India	Ord. Rs. 10,00,000 Def. Rs. 1,50,000 Ster. Ln. £63,997	100
5	New Amianthus Mines	30,000	100	16	CHEMICALS	100	100
6	Dominion Blue Asbestos Mines (Pty.)	29,750	100	17	The Washington Chemical Co.	125,000	100
7	Washington Chemical Co. (Pty.)	195,000	100	18	The Western Chemical Co. (Paisley)	146,000	40
8	Washington Chemical Co. (Pty.)	35,000	100	19	WELDING	400,000	100
9	Washington Chemical Co. (Pty.)	50,000	100	20	AMERICAN INTERESTS	No par shares	66.5
10	Washington Chemical Co. (Pty.)	1,500	100		Keasbey and Mattison Co.	25,005	66.5
11	MANUFACTURERS	100	100				
12	MANUFACTURERS	75,000	97.27				
13	MANUFACTURERS	Ord. 225,858	100				
14	MANUFACTURERS	Shares £500,100	100				
15	MANUFACTURERS	Mort. Bds. £250,000	100				

SUMMARY OF COMPANY'S ACCOUNTS

Years to September 30	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
TURNER AND NEWALL											
ISSUED CAPITAL:—											
7% cum. preference	714,066	806,285	806,285	902,407	1,327,436	1,444,269	1,444,269	1,444,269	1,444,269	1,444,269	1,444,269
Ordinary	1,853,138	1,995,147	2,029,862	2,232,848	3,096,505	4,840,219	4,843,858	4,843,933	4,843,933	4,843,933	4,843,933
PROFITS AND DIVIDENDS:—											
Total profits (1)	287,935*	341,014	502,369	682,469	852,236	1,040,898	431,731	312,475	458,586	745,605	814,739
Income tax provision	...	53,934	62,055	110,245	47,438	170,160	70,851	11,804	61,930	41,377	44,114
Preference dividends (2)	39,363	45,152	45,152	47,997	92,920	101,099	101,099	101,098	101,098	101,098	101,098
Ordinary	248,572	241,928	395,162	524,227	711,878	769,639	259,781	199,673	295,558	603,130	669,527
Ordinary Paid (2)	129,446	159,537	202,986	264,905	541,906	544,544	242,192	181,647	242,197	484,394	605,492
Ordinary Paid (%)	16.7	15.2	24.3	29.7	24.4	17.2	5.0	4.2	6.5	13.2	12.1
Retained in business (3)	119,126	82,391	192,176	259,322	169,972	345,095†	17,589	17,926	53,361	118,736	64,035
Total carried forward	19,127	15,162	10,339	3,156	13,128	17,252	34,840	52,766	106,126	130,513	94,548
BALANCE SHEET ITEMS:—											
Land, buildings, plant	1,600,674	1,633,430	1,678,541	1,720,608	2,003,620	2,182,088	2,189,436	2,178,471	2,314,588	2,983,921	3,262,085
Less deprec. res.	347,386	398,502	447,216	493,756	543,469	601,193	677,621	758,169	821,541	1,064,554	1,154,548
Machinery and plant	1,253,288	1,234,928	1,231,325	1,226,852	1,460,151	1,580,895	1,511,815	1,420,302	1,492,747	1,919,367	2,107,537
Total invested in subsidiary and associated companies (4)	708,656	959,978	1,039,739	1,242,143†	2,449,441†	4,161,635†	4,830,072	4,710,979	4,306,154	3,663,384	3,514,331
Goodwill	419,030	350,000	250,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
General reserve	279,694	300,000	400,000	650,000	750,000	900,000	900,000	900,000	900,000	900,000	1,000,000
Net floating assets (5)	606,410	713,973	910,288	1,568,122	1,788,413	1,812,614	1,052,727	1,286,334	1,737,624	2,159,808	2,305,824
of which—											
Stock-in-trade	415,077	558,550	646,605	671,837	862,643	809,540	624,480	518,978	551,831	750,120	830,375
Cash	69,149	8,355	154,390	573,929	534,561	768,554	284,188	420,684	567,014	585,628	700,003
Liquid investments	...	...	...	59,869	106,351	...	...	...	453,644	462,076	409,998
CONSOLIDATED FIGURES (6)											
Land, buildings, plant	...	...	...	...	...	...	6,239,027	6,195,065	6,289,039	6,301,823	6,694,611
Less deprec. & amort.	...	...	...	...	...	...	1,525,561	1,726,880	1,917,120	2,115,800	2,366,212
Mining properties	...	...	...	...	...	...	4,713,466	4,468,185	4,371,919	4,186,023	4,328,399
Invested in "less than 75% co.'s	...	...	...	...	...	...	115,642	126,213	130,789	463,935	478,370
Goodwill, patents and trade marks	...	...	...	...	...	...	233,352	246,640	226,569	226,569	226,569
Net floating assets (5)	...	...	...	...	...	...	2,238,793	2,615,196	2,809,679	2,943,154	2,986,806
of which—											
Stock-in-trade	...	...	...	...	...	...	1,649,825	1,324,522	1,247,516	1,174,238	1,270,807
Cash	...	...	...	...	...	...	383,429	892,157	854,597	966,026	882,029
Investments	...	...	...	...	...	...	271,274	574,918	583,350	531,272	531,272

(1) Including profits (less losses) of subsidiary companies, after providing (inter alia) for management remuneration and expenses, bad and doubtful debts, mines amortisation, depreciation, directors' fees, and pension fund (£5,000 in 1932, and £10,000 annually, 1933 to 1935). (2) Gross amounts from 1929 onwards. (3) Including amounts allocated, from time to time, to general reserve, writing off goodwill and amalgamation expenses, and (in 1934) a special appropriation of £94,349 to write down book value of subsidiaries' assets; plus or minus any increase or decrease in total "carried forward." (4) Including amounts owing to and from subsidiary companies. (5) Total floating assets less "creditors and provisions." (6) Including assets and liabilities of subsidiary companies in which Turner and Newall hold not less than 75 per cent. of issued share capital. Consolidated balance sheet not published before 1931. * Income tax provision not disclosed. † After deducting investment reserve. ‡ Includes £120,000 balance on purchase account of Bells United Asbestos Company.

TURNER & NEWALL GROUPING



their properties and run them as "branches" of a centrally organised undertaking. The third conclusion is that a very large part of this development has been quite recent. Much of it, in fact, has been concentrated within the last ten years.

This last consideration has a material bearing on the financial record of Turner and Newall, which is summarised, in the table on the preceding page, for every year of the company's existence as a public concern. Two tendencies have been operating, side by side. One is the process of expansion, symbolised by the growth of nearly 150 per cent. in the parent company's issued capital within a decade; by the rise, within the same period, in the net book-value of its directly-owned fixed assets from £1,253,288 to £2,107,537 and in that of net interests in subsidiary and associated companies from £708,656 to £3,514,331; and by the increase in its net floating assets from £606,410 to £2,305,824. This period of intensive development, however, has coincided with a series of severe fluctuations in contemporary economic conditions over which the company itself has had no control. That the company's activities, as a whole, are sensitive to cyclical changes in general industry is strongly suggested by the fact that earnings on the ordinary capital fell from nearly 30 per cent. in the best year (1928) to under 4½ per cent. in the worst year (1932), with a subsequent recovery to a little over 14 per cent. last year.

It follows, therefore, that the ordinary units, which at 76s. 3d. yield 3½ per cent. on last year's dividend and 3½ per cent. on earnings, have a dual equity to-day. In one sense, an investor in Turner and Newall buys a unit in a fixed trust embracing all the constructional trades, whose dividends will be a function of the continuance of general recovery. In this connection, the probable duration of the present trade revival, and the effect, e.g. of the Government's re-armament programme, on the one hand, and the possible falling-off in building activity on the other, are all relevant matters for a stockholder's consideration. Behind all this, however, is the fact that the company has yet to reap the full fruits of the policy of extension, consolidation, and financial reorganisation of the last decade. Its strategy has been conceived on broad lines, and its financial position is strong. During the years shown in our table, it has ploughed back some £1½ millions of profits into its business. Its own goodwill has been completely written-off. Its general reserve stands at the round million. Total depreciation and amortisation reserves are equivalent to more than a third of the "cost" figure of consolidated fixed assets, and the group, as a whole, has nearly £1½ millions of cash and liquid investments. The present price of Turner and Newall ordinary reflects the view that the company should be in a position to meet any foreseeable increase in demand, and that the next ten years should see the fruition, in earnings, of the constructive work of the last ten.

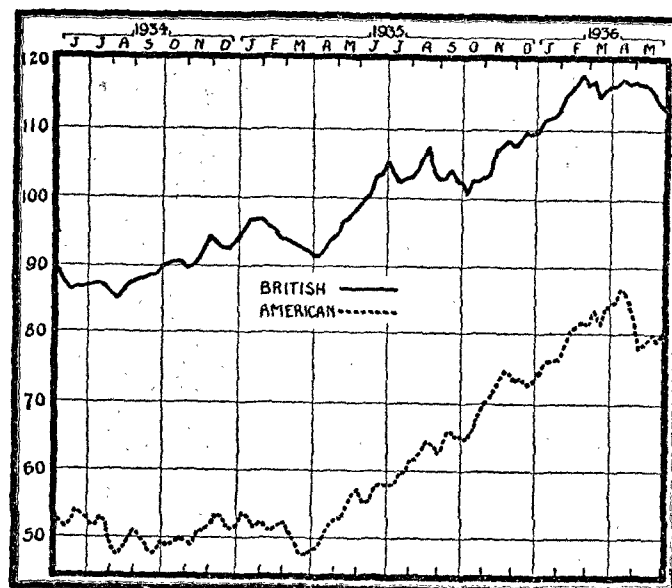
INVESTMENT NOTES

Course of Share Values.—The month of May, for investors, has scarcely earned its traditionally cheerful adjective. Both in London and New York (as our customary chart shows) equity share prices have been reactionary. British share values are back approximately at the level at the end of January, and the same remark applies in the case of Wall Street, though in some instances American prices have been recently below any recorded since the beginning of 1936. For the first time for a number of months, market opinion is divided on ultimate and not merely on proximate possibilities. The view of the majority is that, although the present setback may endure, possibly, for some weeks—during which prices may oscillate without any definite tendency either way—the outlook for continued industrial activity is sufficiently good to promise a resumption of the upward movement in due course. A minority, however, whose numbers are slowly increasing, questions whether the long-continued bull market has not raised ordinary share prices to a level which leaves them vulnerable to the effects of a possible hardening of interest rates or a slowing-off in

the pace of increased profits, or both. Although the cloud on the market's horizon may be no bigger than a man's hand, its appearance, in a period of political unsettlement, has been sufficient to reduce the volume of business and to give the markets an air of "drifting." The reaction, indeed,

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

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



has depressed the price index for 178 industrial shares, computed by the Actuaries (December 31, 1928 = 100) from a high level of 83.9 on April 28th to 81.9 on May 26th, with a slight recovery to 82.2 on Tuesday last, the corresponding figures of average yield being 3.64, 3.75 and 3.75 respectively. The behaviour of various groups of shares is shown by the following table:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yields (%)		
	Five Weeks Ago (Apr.)	Last Week (May 26)	This Week (June 2)	Five Weeks Ago (Apr.)	Last Week (May 26)	This Week (June 2)
Insurance co.'s (24).....	134.4	130.7	130.1	3.15	3.25	3.26
Coal (7).....	98.7	92.6	92.8	4.13	4.45	4.43
Motors (5).....	59.1	55.1	55.0	3.99	4.27	4.29
Oil (5).....	84.8	85.8	85.7	2.61	2.89	2.89
Electric supplies (10).....	137.9	134.7	134.3	3.59	3.84	3.85
Home rails (4).....	72.9	68.8	68.1	1.57	1.59	1.61
Miscellaneous (56).....	75.8	74.4	74.8	4.00	4.09	4.07

The decline during the last five weeks has been fairly general. It has ranged from "money" shares, like those of insurance companies, to engineering and other "home industrial recovery" shares.

Another Australian Conversion.—Next week Australia will launch her twelfth refunding issue in London. The new stock will carry 2½ per cent. interest and will be offered at a point below par. Its life, however, will be definitely short, for the loan will be repayable at the earliest in 4½ years and at the latest in 6½ years. The proceeds will be used to fund just over £16½ millions of existing State securities, namely £10,954,000 4½ per cent. New South Wales 1935-45, £2,368,141 3½ per cent. South Australian 1926-36, £2,631,165 4½ per cent. Western Australian 1935-65, and £597,497 3 per cent. Western Australian 1916-36. The operation brings the total Australian conversions since October, 1932, close to the £200 millions mark—actually to £198,513,276—representing a total annual interest saving of £3,174,000 sterling, or £3,979,000 in Australian currency. Here is a substantial reward for courage and good faith, which suggests that the psychology of overseas investment is better understood by the statesmen of the Commonwealth than by those of certain Canadian provinces, who appear to have studied the wrong

text-books. A complete list of Australia's conversions is given below:—

Date of Prospectus	Amount	Old Rate of Interest	New Rate of Interest	Issue Price	Date of Maturity of New Loans
October 3, 1932.....	£12,360,959	5½	3½	97½	1936-37
February 24, 1933.....	9,621,846	4	4	100	1955-70
May 30, 1933.....	11,409,965	6½	3½	99	1937-38
July 15, 1933.....	17,221,191	6	4	99	1943-48
September 14, 1933.....	20,951,226	5½ to 6	3½	98	1948-53
December 6, 1933.....	16,647,349	5 to 5½	3½	99	1946-49
February 21, 1934.....	21,636,550	5 to 5½	3½	97	1954-59
November 8, 1934.....	14,801,806	3 to 5	3½	99	1964-74
January 17, 1935.....	22,384,000	5	3½	100	1956-61
July 23, 1935.....	13,469,981	3 to 5	3	100	1939-41
January 3, 1936.....	21,657,000	5	3	95½	1955-58
June, 1936.....	16,551,403	3 to 4½	2½	99	1941-43
Grand total.....	198,513,276	...	...	...	...

Although the latest operation is the cheapest of the entire series, it is fairly safe to say that the Commonwealth authorities, given the opportunity, would have preferred a more distant maturity, even at the cost of a slightly higher interest rate. The loan, however, must, of necessity, accommodate itself to the exigencies of the British authorities' new issue time-table. The results of recent home corporation offers have not been encouraging, and it is evident that the market must either have a substantial concession in "offered" interest rates, or a respite from new operations. Australia, herself, will not be in the market again for twelve months or more, for she has no further maturities, either optional or compulsory, before November, 1937. There is, further, in this instance, a certain virtue in necessity, for, as our table shows, no other loan in Australia's present conversion series has a maturity date falling within the limits of the present offer. Actually, of the £198 millions which has been converted in the last four years, some £37 millions now has a final redemption date before 1943, £71 millions between 1943 and 1953, and £90 millions between 1953 and 1974. The "spacing" has been well planned, and those concerned may be complimented, in general, on the skill with which they have handled a complex and protracted series of operations. Is Australia likely to re-emerge as a *new* borrower in the next few years? If the question were even tentatively raised, it is probable that an appreciable difference of view might be revealed, between Canberra and London, as to the precise lengths to which tangible recognition of financial orthodoxy should go.

Alberta "Converts."—It is reported that the removal of the three securities of Alberta from the Stock Exchange Official List this week has caused the Treasurer of that Province "no concern." This action followed reports, since confirmed by Order-in-Council, that the Provincial Government would impose a 50 per cent. cut in interest rates. Mr Aberhart's method of conversion, in fact, honoured the principles elucidated by the Mayor of Vancouver in January last year, which met a similar reception and an effective protest in London. But the treatment of Alberta's creditors is the more serious since it follows, not merely bankruptcy, but financial obduracy. Alberta has dismissed the proposed Loan Council of Mr Dunning with one hand, while making suppliant gestures for Federal assistance with the other. The discussions, however, have been unavailing, and, by her default on certain dollar maturities, this year, Alberta has gone down to history as the first Canadian Province to default. Canadian stocks have, inevitably, suffered a reaction on the news, although far-sighted bondholders may well feel sympathy with the Federal authorities not merely in their attempt to assist the Western Provinces, but also for their refusal to submit to inordinate pressure. It would be intolerable, on a long-term view of Canadian finances, if an appeal by any Province to avert default were to push bargaining to the point of blackmail. Mr. Aberhart has declared that "if bondholders will not take what we can give them they will get nothing." Creditors will refuse to consider such propositions in any settlement of the debt position. They must regret, however, the evident resistance to the introduction of the Provincial Loan Councils. The example

THE NATIONAL CITY BANK OF NEW YORK

Incorporated with limited liability under the National Bank Act of the U.S.A.



Founded 1812

Head Office: 55 Wall Street, New York

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of Australia, whose twelfth conversion in four years is discussed in the preceding Note, is evidently unheeded in the prairies.

Building Societies' Co-operation.—The desirability of co-operation within the building society movement has been repeatedly stressed in these columns, and was discussed at some length on page 24 of the special Survey of the movement published with the *Economist* of April 11th. Sir Harold Bellman's statement at the conference of the National Association this week is the more welcome and opportune in view of the possible extension of competition for mortgage business which might follow any serious check to house building activity. A large number of societies have decided to adopt a policy of co-ordination, aiming at the prevention of inordinate competition and intended to cope with external exploitation of the movement. The scheme has been devised to keep lending within prudent limits, and will cover, *inter alia*, such factors as borrowers' minimum personal stakes and vendors' collateral security deposits (discussed on page 22 of our Survey), the maximum repayment terms for advances and minimum rates of mortgage interest. No details of the code have, as yet, been made public, and it may be noticed that regional competition is not specifically referred to. After several years of negotiation and patient adjustment of detail to ensure that local practices and the interests of the large number of smaller societies should not be prejudiced—and after a disappointing breakdown last year which threatened to shake the confidence of the movement in the possibility of negotiation—the Association and its leading personalities may be congratulated on the successful conclusion of the scheme. It appears at a time when the movement has achieved new records. The order of magnitude of last year's advance was suggested by the analysis of the results of 98 societies for 1935 and earlier years which appeared in our Survey on page 12. It is confirmed by the return issued by the Chief Registrar recently, from which the following "key" figures are extracted:—

	1934	1935
Number of societies.....	1,007	999
Number of accounts open.....	3,620,144	3,881,259
Mortgage advances during year.....	124,558,507	130,676,119
Total mortgage assets.....	476,205,394	529,279,825
Total assets.....	555,590,610	601,632,323
Shares outstanding.....	424,276,199	446,925,889
Deposits outstanding.....	104,091,137	124,130,867

These record figures provide their own commentary on the wisdom of the Association's new policy.

New Issues in May.—Last month saw a further increase in the amount of new capital raised for home purposes. The result has been to swell the total new issues for May to a round £17 millions on the old basis and to £30,821,000 on the new basis of computation which

was outlined on page 29 of the *Economist* of January 4th. Figures for the first two months of the year were given in the issue of May 9th:—

(000's omitted) Including Conversions				
Monthly average (Old Basis)	United Kingdom	British Possessions	Foreign Countries	Total
1932	13,589	2,129	24	15,742
1933	17,520	2,429	449	20,398
1934	11,474	2,494	125	14,093
1935	18,388	1,270	21	19,679
Monthly Total (Old Basis)	Govt.	Other		
March, 1935	550	4,753	450	6
March, 1936	200	9,808	1,058	Nil
April, 1935	Dr. 450	3,156	467	Nil
April, 1936	Dr. 350	10,321	280	30
May, 1935	Dr. 150	15,716	1,102	Nil
May, 1936	Dr. 300	15,078	2,014	208
(New Basis)				
March, 1935	550	25,272	Nil	160
March, 1936	200	17,762	1,203	820
April, 1935	Dr. 450	10,292	660	Nil
April, 1936	Dr. 350	22,447	1,495	1,993
May, 1935	Dr. 150	24,508	1,690	184
May, 1936	Dr. 300	28,442	2,387	292

The home issues are increased, roundly by £5½ millions, by the surplus of corporation borrowing during the month which was not specifically attributable to conversion purposes. Large issues have again been uncommon during the month—apart from County of London Electric and United Steel Companies—and a number of aircraft concerns have raised new capital from shareholders. The market recession and Whitsun preparations do not, however, appear to have daunted those responsible for the smaller type of industrial issue.

COMPANY NOTES

Textile Machinery Companies.—In the generally accepted view the textile machinists depend for their profits largely on the export trade. Home business, though useful and potentially important, has for many years been affected

William Preston, chairman of Platt Brothers, recorded in his speech two years ago that compared with only £5 millions spent on textile equipment in this country since the war some £95 millions had been spent abroad. Exports of over £11 millions per annum in the late 'twenties were of the first importance to the industry, and even enabled it, in some cases, to ward off the effects of Lancashire's decline. The fall in exports during the depression to less than half the 1929 level involved a severe break in prices in an industry where financially weak units became urgent sellers. Only the formation of the Textile Machinery Makers' group (after at least one abortive attempt in 1931) saved the industry from extreme distress. This group does not include such important concerns as Mather and Platt or Tweedales and Smalley, but since 1933 it has succeeded in restoring some orderliness to prices. Meanwhile exports, having expanded to £6.9 millions in 1935, are running slightly behind last year's level with £2.0 millions for the first five months. The 1936 average prices are higher; but it is reasonable to assume that, for the present, profits cannot rise very fast in the absence of export revival. It would seem likely, however, that the old view of the machinists' dependence on exports may have to be revised in the next decade. The facts quoted above give the measure of the large potential market for textile equipment which must ultimately become effective if Lancashire is to survive under internal or external initiative. Two years ago Sir William Preston claimed that with modern machinery Lancashire could meet Japanese prices in India and make a profit. The claim was hotly contested; but, as was recorded at Platt's meeting last week, experiment has proved the greater part of Sir William's thesis. Problems of capital financing and overhaul of organisation will have to be solved before re-equipment becomes extensive, but impoverishment need not mean that capital resources cannot be found for proper ends, once the ends are clear. The home market may then emerge to a position of dominant interest for the textile machinists, and may offer them substantial prosperity. That the industry does not lack long-term possibilities is to some extent confirmed by the successive offers which have been made for the shares of Textile Machinery Makers to the smaller and less affluent members of the group.

Shipbuilding Results.—Two announcements, this week, bring the investor a taste of the uphill recovery in shipbuilding. The *John Brown* dividend, announced when the "Queen Mary" was in mid-Atlantic, was, in fact, a more generous helping than the market had anticipated. The distribution of 1s. tax free per 6s. share—the first since 1924-25—has effectively set aside any doubts regarding profitability to the company of the "Queen Mary" contract. The dividend is equivalent to 5 per cent. tax free on the ordinary shares, before the reconstruction and writing-down of 1930, and explains the 6s. advance in the shares on Tuesday to 25s. 9d. Market expectations of an impressive report are based on the progress of the shipbuilding and engineering works, while apart from the question of a sister ship to the "Queen Mary," the long-term equity in naval shipbuilding is recognised. The *Harland and Wolff* results are still a promise of things to come. For the first time since 1930 a trading profit has been earned, amounting to £42,934. This compares with a loss of £112,940 for the previous year, both figures being shown before provision for depreciation. After the inclusion of dividends and amounts received on the indebtedness of associated concerns for previous years, the amount carried forward is raised from £50,054 to £117,874. The report claims a world record for tonnage launched during 1935, and several vessels were not completed before the end of the year. Prices, however, are still at a competitive level. The new joint interest in a new aircraft construction concern with Short Brothers was announced last week, but interests in this direction do not, of themselves, support a case for a substantial improvement in the earnings prospect, which is at present subservient to a reorganisation of the assets. The directors have recognised that interests in subsidiary concerns and general investments are in excess of present values, and the Assets Realisation Account has been charged with over £1,000,000

during the year, following the disposal of the Greenock shipyard and the David and William Henderson liquidation. Five years' depreciation have accrued on property assets valued at £8,895,597. Investments in subsidiaries, which come under the directors' reservation, total £3,990,018. The Royal Mail liquidation has reduced the indebtedness of associated concerns by some £171,000 to £663,874, but on the liabilities side the amount of deferred creditors' certificates remains at £4,332,687, while matured bills and guarantees, with accrued interest, total £6,607,949. In all, therefore, the balance sheet remains a contingent document, and the 6 per cent. £1 preference shares, *cum* six years' arrears, are rather dear option money at 9s.

Guest Keen and Nettlefolds.—The profits and dividend of this concern for the year to March last have disappointed market forecasts. Profits before debenture interest are slightly higher at £1,042,000, compared with £1,036,436 for 1934-35. After providing for debenture service (£102,274), wear and tear (£50,000) and obsolescence (£75,000), the resultant net profit is approximately £815,000, as against £808,813 in the previous year. Normal preference dividends require £326,732, so that earnings for the ordinary shares are equivalent to little over 7½ per cent., free of tax. The conservative distribution of 5 per cent. tax free is associated with a provision of £100,000 for works reorganisation schemes. Extended comment on the results must await publication of the full report, but although the company's own profits appear to have offset a fall in revenue from associated concerns, such stability may still hide the effects of rising raw material costs. Meanwhile current returns from the Guest Keen Baldwin's concern have been exchanged for the prospective earnings of the new plant. At 33s. 3d. the ordinary shares yield £3 18s. gross, but their substantial equity interest must be deferred at least twelve months ahead.

Boots Pure Drug.—The preliminary figures announced a month ago revealed a further expansion in the earnings of this concern. It is associated with a rise of £23,306 in trading profits to £932,071 after provision for taxation and staff pensions. Provisions for repairs and depreciation are slightly lower, and the net profit—lacking the previous year's small special credit—has confirmed the preliminary figure of £770,889, compared with £750,037 a year ago. The distribution is maintained at a rate by now traditional—24 per cent. gross, with a 5 per cent. tax free bonus—and is covered by the usual satisfactory margin of £200,000. Comparative results for the past three years are given below:—

	Years to March 31		
	1934	1935	1936
Trading profit, etc., after tax and staff pensions	916,690	908,765	933,455
Net profit	744,866	750,037	770,889
Preference dividend	8,200	8,200	8,200
Preferred ordinary dividends	88,550	88,550	88,550
Ordinary—			
Paid	435,000	464,000	464,000
Earned (%)	48.4	45.4	48.5
Paid (%)	30.2*	30.2*	30.1*
Reserve	166,018†	166,481†	172,141†
Carried forward	237,285	260,091	298,090

* 24 per cent. and 5 per cent. bonus, tax free, in each year.
† Includes £16,018 freehold property reserve in 1934, £16,481 in 1935, £17,948 in 1936, and £54,193 contingencies reserve 1936.

An item of £54,193 appears among the reserve allocations for contingencies, and the general reserve provision is consequently reduced to £100,000. The former provision replenishes a draft of £50,000 upon the contingencies reserve allocated to overseas development. Shareholders will be eager to know if this allocation betokens a new line of policy. Balance-sheet changes point to the continued expansion of interests revealed in earlier years. Properties have advanced by over £300,000, the subsidiary concerns have required more finance, and current items have

Preliminary Notice.

SOUTHERN AREAS ELECTRIC CORPORATION, LIMITED

Authorised,

£850,000

SHARE CAPITAL

Issued, and about to be issued,

£783,484

In Ordinary Shares of £1 each

The Subscription List will open on Tuesday next, the 9th inst.

FOR AN ISSUE OF
450,000 ORDINARY SHARES OF £1 EACH
AT 21/- PER SHARE

The prospectus will show inter alia that:

1. The Corporation (incorporated in 1933) derives its revenue from seven Subsidiaries, five of which are Electricity Supply Undertakings operating progressively under Statutory Powers in Brentwood, Crawley and Littlehampton, Salcombe and Kingsbridge, Seaton and Leominster.
2. The remaining Subsidiaries comprise the business of Mawdsley's, Ltd., Manufacturers (*inter alia*) of Electrical Apparatus, and the Brentwood District Electric Installations, Ltd.—Electrical Contractors.
3. The combined profits of the Corporation and its Subsidiaries (other than Mawdsley's, Ltd.) and dividends received from the last-named Company in respect of the periods ended 31st December, 1934 and 1935, have been as follows:—
6th May, 1933, to 31st December, 1933 £15,406
Year ended 31st December, 1934 20,510
Year ended 31st December, 1935 32,849
4. Dividends at the rate of 4 per cent. per annum have been paid by the Corporation for the periods ended 31st December, 1933, 1934 and 1935.
5. The output of the Electricity Supply Subsidiaries shows a continuous expansion. The units sold in 1935 were 37 per cent. in excess of 1934, and the first quarter of 1936 shows an increase of 28.9 per cent. over the corresponding quarter of 1935.
6. Except for a Secured Loan, which will be repaid out of the proceeds of the Issue, there are no Debentures or Mortgages.

Prospectuses and Forms of Application will be obtainable on Monday, the 8th inst. from:

LLOYDS BANK LTD., ISSUE DEPT., 72 LOMBARD STREET, LONDON, E.C.3, & Branches

From the Brokers:

FOSTER & BRAITHWAITE, 27 AUSTIN FRIARS, LONDON, E.C.2

and at the Registered Office of the Corporation:

PALACE CHAMBERS, BRIDGE STREET, WESTMINSTER, S.W.1

(Profits in £000)						
	1930	1931	1932	1933	1934	1935
Brooks and Doxey (Hlids.)† (Mar. 31): Earned for div. ...	Dr. 16.9	Dr. 22.7	Dr. 15.8	Dr. 3.9	Dr. 2.9	Dr. 5.9
			No dividends paid			
Dobson and Barlow (Secs.)† (June 30): Earned for div. ...	Dr. 28.1	Dr. 35.8	Dr. 1.5	Dr. 1.9	0.8	2.4
Div.	2½	Nil	Nil	Nil	Nil	Nil
Fairbairn Lawson C.B. (Mar. 31): Earned for div. ...	Dr. 99.4	Dr. 56.4	Dr. 90.5	Dr. 84.4	*	Dr. 24.4
			No dividends paid			
J. Hetherington† (Mar. 31): Earned for div. ...	Dr. 53.3	Dr. 73.9	Dr. 29.2	Dr. 10.0	Dr. 7.3	Dr. 1.4
			No dividends paid			
Howard and Bullough (Secs.)† (Mar. 31): Earned for Ord. ...	Dr. 23.4	Dr. 66.2	9.6	2.2	Dr. 3.7	4.5
Earned %	Nil	Nil	1.0	0.2	Nil	0.5
Div. %	2½	Nil	1½	1½	1½	3½
Mather and Platt (Dec. 31): Earned for Ord. ...	82.3	55.1	87.0	47.1	118.3	158.0
Earned %	6.0†	4.0	6.5	3.5	9.0	12.0
Div. %	10†	6	6	6	7½	10½
Platt Bros.† (Mar. 31): Earned for Pref. ...	25.3	Dr. 138.0	Dr. 60.3	24.2	45.2	86.5
			Only 1st Pref. dividend paid since 1931			
Tweedales and Smalley (April 30): Earned for div. ...	55.6	Dr. 3.3	Dr. 15.8	32.1	22.3	50.2
Earned %	13.0	Nil	Nil	7.5	4.9	11.5
Div. %	10	7½	Nil	6	6	10

* No accounts published in this calendar year. † Textile Machinery Makers' group.
† Tax free. ‡ 15 months reduced to 12. ‡ And special 2 per cent. tax free bonus from capital profits.

by sales of second-hand redundant machinery, while the steady growth of textile industries overseas which has created difficulties for Lancashire itself, has simultaneously opened up new markets for the textile machinery makers. Thus Sir

increased. The 5s. ordinary shares, at 53s. 6d., yield approximately £2 17s. on dividend and 4½ per cent. on earnings. Their attractions are of an essentially long-term order, coupled with the possibility of new capital issues on attractive terms.

* * *

Coast Lines Profits.—The announcement of a final dividend of 2½ per cent., making 4½ per cent. for 1935, came as a disappointment to investors, many of whom had acquired the shares since the recent introduction in hope of at least one-half per cent. more. Total earnings, after depreciation, were only slightly higher at £364,109, compared with £360,445 in the previous year. After paying debenture interest and normal preference dividends, the 4½ per cent. dividend is covered by a surplus of £11,470. The 2½ years' arrears of preference dividends to the end of 1934 cost £403,125 and were paid in August last out of special dividends received from subsidiary companies, amounting to £562,361. After providing £125,000 for writing down investments and £40,000 to cover the debenture redemption premium, the balance of £119,063 is carried forward, against £143,457. The latest report suggests, however, that the indicated earnings of 5.2 per cent. on Coast Lines ordinary might have been significantly augmented if the subsidiary concerns—and in particular British and Irish Steam Packet—had fully distributed their earnings. The repayment of the £2,000,000 of 5 per cent. debenture stock will afford a further opportunity for clarifying the interlocking holdings of a still complicated financial structure, for the 1,800,000 preference shares providing the funds were formerly held by three associated concerns. The desirability of issuing a consolidated statement might well be urged, since interests in subsidiaries account for 70 per cent. of total assets. The ordinary shares yield £4 19s. per cent. at the present price of 18s. 1½d.

* * *

Antofagasta Report.—It is fitting that one of the South American railway systems which suffered most by depression should lead the way out. The report of the Antofagasta (Chili) and Bolivia Railway is one of the most cheerful documents which have greeted South American railway stockholders for many weary months. Gross railway receipts increased during 1935 by 9.31 per cent. to £817,622, while operating expenses increased by £13,380 to £462,136. The operating ratio improved from 60.0 per cent. to 56.52 per cent. Working expenses were favourably influenced by the lower official exchange rate in 1935, but they carried some £66,404 in respect of renewals, compared with £13,689 in 1934. Combined net profits of railway and waterworks undertakings have increased from £465,736 to £507,324, as the following table shows:—

	1933	1934	1935
Railway receipts	552,332	747,959	817,622
Railway expenses	372,780	448,756	462,136
Net railway revenue	179,552	299,203	355,486
Net revenue—waterworks	5,206	9,261	3,813
Other income	197,394	157,272	148,025
Total net profits	382,152	465,736	507,324
Exchange losses and reserve	85,262s	294,191s	118,000s
Renewals	38,000		
Debt interest	262,949	278,054	275,901

Net profit	Dr. 4,060	Dr. 106,509	113,423
Preference dividend			100,000†
Carried forward	240,693	134,184	147,607

† Including leased lines. ‡ In respect of 1932. § Exchange reserve: 1933, £70,000; 1934, £261,000; 1935, £118,000.

For stockholders, it is refreshing to find that this recovery is accompanied by an alleviation of the enormous exchange burden shouldered in 1934. The exchange reserve provision is reduced from £261,000 to £118,000. While the official and export rates of the Chilean and Bolivian currencies are both widely divorced, the latest provision is required only to meet the further break in the Chilean rate from \$116 to \$127 to the £. A net profit of £113,423—the first since 1931

—covers the 1932 preference dividend, and leaves a modest 0.2 per cent. available for the ordinary capital. These results are the first portent towards a restoration of earnings. The 5 per cent. preference stock, *cum* three years' arrears, has advanced from a little over 40 a year ago to 68½, and carries prospects of modest improvement; the ordinary stock has made no significant net progress, and is still a speculative option at 20.

* * *

Associated Newspapers.—The disclosed profits of this group are struck after provision for "depreciation on buildings and plant, and reserves for doubtful debts, income tax, etc.," and may to that extent be subject to elements of "policy." The latest report, however, strongly suggests that whereas the rate of recovery in earnings had been progressive during the previous four years, further impetus has not been experienced during the latest year. The quarterly dividends were maintained, as expected, but something more impressive than a mere £7,112 increase in total profits might have been anticipated. Advertising revenue, however, has been "fully maintained"—and the phrase may reasonably be taken at its face value, in view of the stable nature of earnings. The resultant profits cover the deferred dividend with a margin of approximately 6 per cent., from which £100,000 is transferred to reserve—this year for "publicity"—and £35,000 provided against the premiums on redemption of £500,000 4½ per cent. notes in August last, leaving a somewhat reduced credit balance. A comparison of earnings for the last three years is given below:—

	Years to March 31,		
	1934	1935	1936
Profit and investment income, after note interest and depreciation ..	817,517	931,938	939,050
Directors' fees	7,891	7,785	8,250
Preference dividend	25,000	25,000	25,000
Ordinary dividend	42,000	42,000	42,000
Deferred shares:—			
Earned	742,626	857,153	863,800
Paid	553,068	737,423	737,423
Earned %	28.8	32.3	32.7
Paid %	20	26½	26½

Reserve allocations	150,000†	100,000†	100,000§
Carried forward	589,925	609,655	601,032*

* After charging £35,000 premium on notes redeemed. † To reserve for contingencies. ‡ To reserve account. § To reserve for publicity.

The principal balance sheet changes, consisting of a reduction of £316,000 in cash and £248,000 in gilt-edged securities, reflect the repayment of one-third of the note issue. The remaining £1,000,000 fall to be repaid in August, 1942, at 103 and on any previous date at 107. For the time, however, further opportunities for repayment may be limited, since the cost of the new plant, which is nearing completion, will be met out of cash resources. There is, also, no present sign of a resumed buoyancy of earnings. The 5s. deferred shares, at 23s. 1½d., fall into a stable dividend class under present conditions; this finds its reflection—together with the rather speculative rating always accorded to newspaper shares—in a yield of £5 12s. per cent.

* * *

Burmah Oil Report.—Like the dividend declaration, made some three weeks ago, the full Burmah Oil report is a satisfactory fulfilment of expectations. Trading profits have increased by 21½ per cent. to £1,903,443, equivalent to nearly 4½ per cent. on the ordinary stock. Investment income, at £1,057,923, is 25½ per cent. higher, reflecting the increased receipts from the "Shell" Transport and Anglo-Iranian interests. The major part of the advance in profits, as we suggested in our issue of May 23rd, page 432, is attributable to improved conditions in India, where kerosene sales realised a higher price. In addition, larger petrol sales were effected, and the further reduction in costs is described as "material." The elimination of debenture service charges and a reduced taxation liability assists the year's results, but after four years' interval the fields expenditure

equalisation reserve receives a contribution of £260,234, which restores the total to £1,000,000. These factors, as the following table shows, result in an increase in equity earnings from £1,242,941 to £1,714,884:—

	Years to December 31,		
	1933	1934	1935
Trading profit	1,976,129	1,565,500	1,903,443
Interest and dividends received ..	1,126,142†	842,436	1,057,923
Total income	3,102,271	2,407,936	2,961,366
Total depreciation	496,508	395,000	330,000
Taxation	238,405	242,914	189,275
Expenses and fees	19,434	32,814	27,666
Employees' fund	171,356	156,767	184,307
Specific reserves	20,000‡	...	260,234*
Deb. interest and redemption ...	165,000	80,000	...
Preference dividends	257,500	257,490	255,000
Ordinary shares:—			
Earned	1,734,068	1,242,941	1,714,884
Paid	1,356,480	1,161,880	1,538,202
Earned (%)	28.8	16.0	22.3
Paid (%)	22½	15	20

General reserve	289,419	200,000	200,000
Carried forward	573,679	611,517§	634,994§

* Fields expenditure equalisation reserve. † Of which £261,086 applicable to previous years. ‡ Insurance reserve. § After crediting £174,702 and £46,795, repayments of debentures previously written off in 1934 and 1935 respectively, and charging £17,925 new issue expenses 1934.

The balance sheet, as usual, is impressive. Surplus current assets comfortably exceed £5,000,000, covered by Government securities and cash. The value of the investment holdings, increased by £1,140,000 during the year to £15,367,761, is in excess of the latter book figure. At current value, indeed, the "Shell" Transport and Anglo-Iranian interests alone are valued at £20,100,000, showing an important hidden reserve. On present indications the outlook for the current year is distinctly favourable. Conditions in the Indian and Eastern markets should improve further, and the potentialities of the Burmah oil properties are confidently regarded. On the investment side the latest Anglo-Iranian and "Shell" dividends will produce, broadly, an increase of 1½ per cent. in ordinary earnings for Burmah Oil. The £1 ordinary units are quoted at 4½ to yield £4 13s. per cent. gross, after allowing for Dominion income tax relief.

* * *

Swedish Industrial Companies.—The economic recovery of Sweden has been the envy of every large State during the last two years. In defiance of the fact that her economy is largely based on external trade, Sweden's industrial progress began when other countries were still struggling in the toils of restrictive measures to "preserve" their trade. Her close relations with the sterling area suggest, in fact, that a tariff is as nothing compared with the effects of quantitative import and exchange restrictions, which have produced such devastating results in Central Europe. The Swedish company results for 1935 reflect the continued improvement. The earnings of S.K.F. and Elektrolux have been restored to the pre-depression level. The results of these concerns during the past three years are analysed below, and a comparison provided with the 1929 figures:—

(RESULTS IN THOUSAND KRONOR)

Company (Calendar Years)	Gross Profit and Income	Earned for Ordinary Dividends		Dividend	Present Quotation "B" Shares Kr. 100
		Amount	%		
S.K.F. (Swedish Ball Bearing)	1929	30,809	21.236	16.3	13½
	1933	16,290	9,349	7.2	
	1934	26,925	16,831	13.0	
	1935	31,406	20,556	15.8	
Elektrolux	1929	10,295	7,265	12.1	10½
	1933	8,585	6,228	10.4	
	1934	9,494	6,902	11.5	
	1935	11,249	8,451	14.1	
Separator	1929	12,768	7,833	9.6	5½
	1933	2,831	711	...	
	1934	6,117	3,100	3.8	
	1935	7,642	4,926	6.0	

† And bonus of one share (Kr. 50) in A.B. Volvo for every five S.K.F. shares held.

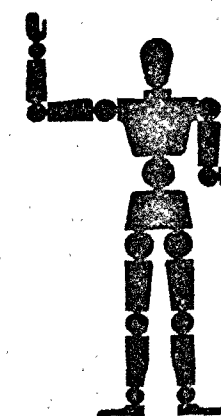
S.K.F. has enjoyed the most obvious industrial recovery in the group, for it supplies a large part of the world's require-

ments of ball-bearings. The Swedish, English and German factories worked at full capacity during 1935, and substantial plant extensions have been made. Conditions in the United States were better and the Philadelphia works, after the recent reorganisation, are well placed to take advantage of American recovery. Sales in all countries, eliminating inter-company transactions, rose from Kr. 172.4 millions in 1934 to Kr. 206.1 millions last year, and orders on hand at December last amounted to some Kr. 31 millions. The report of this concern is a model of clarity. *Elektrolux*, whose current dividend rate is higher than that of 1929, made striking progress last year, when sales of refrigerators, particularly in the "sterling area," pressed the factory capacity beyond its limits, and some orders were left unsatisfied. Extensions have been put in hand and stocks accumulated to meet the current season's demand. *Separator* is affected by the slow recovery in world agricultural conditions and—with apparently special force—by trade restrictions. All the reports are unanimous on the continued handicaps imposed by exchange and other restrictions. In the prevailing world circumstances, the recovery shown by these concerns is quite remarkable.

* * *

Other Company Results.—Our usual table of company results, which this week includes the profits of forty-six additional companies, will be found on page 584. One of the largest concerns in this week's list is *J. Lyons*, whose annual profits are closely "controlled" by undisclosed provision for charges and contingencies. The company, therefore, has always something in hand to provide a fresh record of profits each year. Net profits for 1935-36 amounted to £1,020,753, compared with £1,009,272, the ordinary capital receives the usual dividend of 22½ per cent., and the reserve allocation is repeated at £100,000, increasing the fund to £1,900,000. The full accounts of *British Electric Traction* show a rise in net profits from £305,371 to £331,600, and the "traditional" cash and bonus distributions were announced early in May. Total investments now amount to £6,077,720, of which some

TRIPLE SHELL LUBRICATING OIL



officially
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by

MORRIS

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

	1935		1936 (Jan. to June 3)		Beginning of Year 1936	May 20, 1936	May 27, 1936	June 3, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Apr. 8				
351 Industrials ...	74.5(4)	112.3	112.7	127.1(4)	112.3	116.1	118.5	118.2
33 Rails ...	27.4	43.0(w)	42.8	51.1(5)	41.5	45.1	47.0	46.8
57 Utilities ...	52.2	93.6	91.2	106.2(4)	93.6	95.3	99.4	98.9
Total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	101.0	103.7	103.3
Average yield of 50 Industrial Common Stocks	3.02% (b)	4.06% (f)	High 3.80% (c)	Low 2.85% (e)	3.22%	3.53%	3.44%	3.49%

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

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

Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	May 27, 1936	May 28, 1936	May 29, 1936	May 30, 1936	June 1, 1936	June 2, 1936	June 3, 1936
147.6	126.2	136.3	135.1	136.1	Closed	136.0	136.0	135.7

TOTAL DEALINGS IN NEW YORK

	May 28, 1936	May 29, 1936	May 30, 1936	June 1, 1936	June 2, 1936	June 3, 1936
Stock Exchange—Shares (Thous.) ...	760	740		790	760	640
Bonds (Value Thous. \$) ...	8,920	9,990	Closed	7,940	9,890	11,170
Grain—Shares (Thous.) ...	175	161		183	186	154

* Two-hour session.

PARIS

The more cheerful tone before Whitsun, when hopes of a settlement in the metallurgical industries caused bear covering, left prices considerably below the level of the previous days. After the holiday, business was quiet at first except in refugee internationals. Suez Canal shares improved after profit-taking, and Royal Dutch reached new high levels. Later, a slight rally (which in any case left industrials, and especially chemicals, unaffected) proved short-lived. Fresh anxiety for the franc and the spread of strikes depressed the market into abjection and prices were marked down all round. Rentes fell heavily in mid-week after an earlier improvement. Diamond shares, however, were active throughout the week.

	May 27, 1936	May 29, 1936	June 3, 1936
Langue de France	5,800	5,930	5,650
Crédit Lyonnais	1,337	1,352	1,320
Suez Canal	19,340	19,230	19,795
Chargers Réunis	236	1,086	218
De Beers	1,115	1,086	1,082
Royal Dutch	27,150	28,050	28,950

BERLIN

The advance in prices, which had been resumed late on Tuesday last week continued until Friday. At first, Farbenindustrie and Reichsbank were favoured, but electrical, brewery and potash shares were supported later. The department store companies, Westdeutscher Kaufhof and Karstadt, also enjoyed substantial rises, and most standard industrials remained firm. Among Reichsmark fixed-interest issues, preference was shown for mortgage bonds, though the tone was generally firm. Quotations for certificated dollar bonds (which are unofficial) were suspended pending the settlement of questions arising out of a Reichsgericht decision. When the Bourse reopened on Tuesday, stock were in short supply and quotations moved rapidly upward, particularly for Kloeckner, Hoesch, Stahlverein and Mannesmann. Motor-car shares were also in demand. Prices weakened somewhat towards the close. Wednesday's business opened strongly, and in spite of profit-taking closing quotations were mostly higher.

	May 27, 1936	May 29, 1936	June 3, 1936
Reichsbank	189.50	193.75	194.25
Deutsche Bank	94.25	95.50	96.25
Farben	95.25	95.75	96.50
Industrie	173.75	171.90	174.50
Hamburg-Amer.	17.40	17.10	16.75
Lloyd (New)	17.40	17.10	16.75

AMSTERDAM

Fears for the guilder and the raising of the Bank rate twice within a few days were the principal factors in an uncertain week, but the tendency towards a larger turnover which began before Whitsun was maintained. Internationals were inevitably in demand, the chief movement being the rise of Royal Dutch to a new high level of 277½. Sugar shares have been consistently strong, and rubber issues improved in mid-week after their recent quietness. Tobacco shares have been steady.

	May 27, 1936	May 29, 1936	June 3, 1936
2½% Dutch Loan	75½	74½	74½
5½% German	20	20	18½
Under N.V.	112½	114½	114½
Philips Lamp	185	188½	192½
Netherlands Ship Union	45	46½	48½
Steel Common	36½	36½	37½
A. K. U.	22	21½	20½
Ford Motor	203	203	204½
Deli Batavia Tob.	160½	166½	169½
Royal Dutch	262½	270½	277½
Handels Am.	224½	240½	246½

CAPITAL ISSUES

HOLIDAY conditions have prevailed in the new issue market this week, and the appearance of a number of industrial issues is not promised until the new account opens next week. These include an offer of 450,000 £1 ordinary shares at 21s. by Southern Areas Electric Corporation next Tuesday. The Australian conversion, discussed on page 560, created much interest in advance of the opening of the lists next Monday. The only public offer of the week is of 500,000 5½ per cent. preference shares of Anchor Line (1935) at 20s. 6d. The company was formed in April last year to take over the steamship line established in 1852. During the first 5½ months of trading, profits after depreciation, but before debenture interest, amounted to £19,933. A more reliable indicator of profits, however, may be found in the directors' estimate for the current financial year, which amounts to £109,000. Net profits available for preference dividends on this basis would amount to £59,000, covering the dividends rather more than twice. The line is under excellent management, and long-term benefits are anticipated from the improvements in the fleet and development of the business. The preference shares may therefore be regarded as a reasonable lock-up shipping investment, with prospects of increased security over a term of years. Statements for information only have been published on behalf of T. F. Firth (a carpet business founded in 1822, with a steadily rising profits record), Vokes, Limited, and Stream-Line Filters, two of the manufacturing concerns, Central Wagon Company and Southmouth Coal.

ISSUES OF THE WEEK

January 1 to May 30, 1936, including conversions, Old Basis, £153,286,436	
January 1 to May 30, 1936, excluding conversions, Old Basis, £89,161,056	
January 1 to May 30, 1936, including conversions, New Basis, £216,169,348	
January 1 to May 30, 1936, excluding conversions, New Basis, £151,143,967	

National Savings Certificates, Net receipts week ended May 30, 1936, £50,000.

	Nominal Capital	Conversions	New Money
To the Public			
Anchor Line (1935), 500,000 5½% cum. £1 pref. shares at 20/6 (to repay £450,000 5% deb. stock)	500,000	450,000	62,500
Total	500,000	450,000	62,500

	Nominal Capital	Conversions	New Money
To Shareholders only			
Hield Brothers, 1,320,000 new 1/- ord. at 2/-	66,000	...	132,000
Total	66,000	...	132,000

	Nominal Capital	Conversions	New Money
By Stock Exchange Introduction (at opening price)			
Grant (James), £200,000 4½% deb. at 100% opened at 101½	200,000	...	203,000
Majestic Theatres, 400,000 5/- ord. at 6/-	100,000	...	120,000
Do. 238,686 6% cum. 10/- pref. at par	119,343	...	119,343
Perfecta Motor Equipments, 240,000 5/- ord. shares, at 9/-	60,000	...	108,000
Wearmouth Coal Co., 312,000 £1 ord. shares, at 20/-	312,000	...	312,000
Do. 237,200 5% cum. £1 pref. at 20/3	237,200	...	240,165
Total	1,028,543	...	1,102,508

	Including Conversions	Excluding Conversions	Total Offered for Subscription
By Permission to Deal			
During week ended May 30, 1936	273,455	...	743,686
Total Capital raised			
January 1 to date—1936 (New Basis)	218,710,042	153,234,661	...
1936 (Old Basis)	153,980,936	89,405,556	...
1935 (New Basis)	202,577,764	118,656,933	...
1935 (Old Basis)	140,029,579	52,369,837	...
January 1 to date—1935	249,682,051	90,303,204	...
1934	178,937,649	104,261,828	...
1928	...	228,016,225	...

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

(Continued on page 572)

Stock Portfolios

REDUCED

in MARCH . . . after Holding
for Year-Long Rise BROOKMIRE
Recommended the Sale of Stocks

WITHIN 6% of the top of the year-long rise on the New York Stock Exchange, Brookmire repeatedly urged Clients to sell stocks and to reduce investment portfolios. Of the 111 issues included in the Brookmire List of Approved Stocks, 91 were specifically eliminated during successive selling recommendations. Based on originally recommended prices, sales averaged net realized profits per stock of 73%.

Should INVESTORS ever SELL?

While Brookmire recommendations are primarily Cyclical in nature and are aimed at participating in the Major Movements, nevertheless, when of the opinion that prices over-discount prospects in any given market, Brookmire is prepared to advise selling. Brookmire believes that permanent investment is the reverse of wisdom in a changing world; and to reduce investments at certain stages in the economic cycle is not "to speculate." Not to make changes may, in fact, be to take the greater risk.

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A January Forecast of the April Top and Decline

A FURTHER advance becomes the logical expectation . . . Frequently a rise of approximately 10% can be expected after an Intermediate confirmation. From 148.44, the previous Industrial top, this would mean a rise to approximately 163 . . . (The market subsequently rose to 163.07) . . . The eventual Intermediate corrective decline should cancel one-third to two-thirds of the advance since March. If, for instance, the Industrials should rise 10% further—equivalent to slightly over 160—this would mean a subsequent decline of 20 to 40 points, or roughly back to between the 120 to 140 levels." [The market subsequently declined over 21 points, to 141.53 and has not yet (May 15) resumed its long-term uptrend.]

Extract from BROOKMIRE TECHNICIAN
issued January 31, 1936.

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LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1935		Prices, Year 1936 Jan. 1 to June 3, inclusive		Name of Security	Price, May 27, 1936	Price, June 3, 1936	Rise or Fall	Yield, June 3, 1936	Prices, Year 1936 Jan. 1 to June 3, inclusive		Name of Security	Price, May 27, 1936	Price, June 3, 1936	Rise or Fall	Yield, June 3, 1936
High	Low	High	Low						High	Low					
94 1/2	80	87 1/2	83 1/2	British Funds	84 1/2	84 1/2	+	2 1/2	5 1/2	6 1/2	Banks	61 1/2	61 1/2	...	...
118 1/2	109 1/2	116 1/2	113 1/2		115 1/2	115 1/2	+	3 1/2	7 1/2	8 1/2		37 1/2	37 1/2	...	...
103 1/2	97 1/2	102 1/2	101 1/2		101 1/2	101 1/2	...	2 3/4	3 1/4	3 1/4		37 1/2	37 1/2	...	...
107 1/2	100 1/2	105 1/2	104 1/2		104 1/2	104 1/2	...	2 3/4	3 1/4	3 1/4		37 1/2	37 1/2	...	...
112 1/2	105 1/2	108 1/2	107 1/2		108 1/2	108 1/2	...	2 3/4	3 1/4	3 1/4		37 1/2	37 1/2	...	...
114 1/2	108 1/2	111 1/2	109 1/2		109 1/2	109 1/2	...	2 3/4	3 1/4	3 1/4		37 1/2	37 1/2	...	...
124 1/2	115 1/2	121 1/2	117 1/2		118 1/2	118 1/2	...	2 3/4	3 1/4	3 1/4		37 1/2	37 1/2	...	...
106 1/2	98 1/2	102 1/2	101 1/2		101 1/2	101 1/2	...	2 3/4	3 1/4	3 1/4		37 1/2	37 1/2	...	...
122 1/2	114 1/2	118 1/2	116 1/2		116 1/2	116 1/2	...	2 3/4	3 1/4	3 1/4		37 1/2	37 1/2	...	...
119 1/2	110 1/2	117 1/2	115 1/2		114 1/2	114 1/2	...	2 3/4	3 1/4	3 1/4		37 1/2	37 1/2	...	...
110 1/2	101 1/2	108 1/2	106 1/2	Foreign Governments	105 1/2	105 1/2	...	2 3/4	3 1/4	3 1/4	Discount Cos.	92 1/2	92 1/2	...	...
98 1/2	89 1/2	97 1/2	94 1/2		96 1/2	96 1/2	...	2 3/4	3 1/4	3 1/4		92 1/2	92 1/2	...	...
104 1/2	100 1/2	103 1/2	102 1/2		102 1/2	102 1/2	...	2 3/4	3 1/4	3 1/4		92 1/2	92 1/2	...	...
86 1/2	77 1/2	84 1/2	81 1/2		81 1/2	81 1/2	...	2 3/4	3 1/4	3 1/4		92 1/2	92 1/2	...	...
95 1/2	86 1/2	92 1/2	89 1/2		89 1/2	89 1/2	...	2 3/4	3 1/4	3 1/4		92 1/2	92 1/2	...	...
100 1/2	90 1/2	97 1/2	94 1/2		94 1/2	94 1/2	...	2 3/4	3 1/4	3 1/4		92 1/2	92 1/2	...	...
119 1/2	112 1/2	120 1/2	116 1/2		118 1/2	118 1/2	...	2 3/4	3 1/4	3 1/4		92 1/2	92 1/2	...	...
108 1/2	101 1/2	107 1/2	105 1/2		105 1/2	105 1/2	...	2 3/4	3 1/4	3 1/4		92 1/2	92 1/2	...	...
113 1/2	105 1/2	112 1/2	109 1/2		110 1/2	110 1/2	...	2 3/4	3 1/4	3 1/4		92 1/2	92 1/2	...	...
108 1/2	100 1/2	106 1/2	103 1/2		104 1/2	104 1/2	...	2 3/4	3 1/4	3 1/4		92 1/2	92 1/2	...	...
112 1/2	104 1/2	110 1/2	107 1/2	Insurance	107 1/2	107 1/2	...	2 3/4	3 1/4	3 1/4	Investment Trusts	270 1/2	270 1/2	...	...
119 1/2	112 1/2	117 1/2	114 1/2		114 1/2	114 1/2	...	2 3/4	3 1/4	3 1/4		270 1/2	270 1/2	...	...
121 1/2	116 1/2	120 1/2	118 1/2		119 1/2	119 1/2	...	2 3/4	3 1/4	3 1/4		270 1/2	270 1/2	...	...
115 1/2	107 1/2	114 1/2	110 1/2		111 1/2	111 1/2	...	2 3/4	3 1/4	3 1/4		270 1/2	270 1/2	...	...
110 1/2	103 1/2	109 1/2	107 1/2		108 1/2	108 1/2	...	2 3/4	3 1/4	3 1/4		270 1/2	270 1/2	...	...
118 1/2	113 1/2	117 1/2	114 1/2		115 1/2	115 1/2	...	2 3/4	3 1/4	3 1/4		270 1/2	270 1/2	...	...
101 1/2	98 1/2	103 1/2	101 1/2		102 1/2	102 1/2	...	2 3/4	3 1/4	3 1/4		270 1/2	270 1/2	...	...
101 1/2	92 1/2	97 1/2	95 1/2		94 1/2	94 1/2	...	2 3/4	3 1/4	3 1/4		270 1/2	270 1/2	...	...
101 1/2	96 1/2	101 1/2	99 1/2		98 1/2	98 1/2	...	2 3/4	3 1/4	3 1/4		270 1/2	270 1/2	...	...
63 1/2	51 1/2	60 1/2	57 1/2		58 1/2	58 1/2	...	2 3/4	3 1/4	3 1/4		270 1/2	270 1/2	...	...
112 1/2	106 1/2	111 1/2	107 1/2	Public Bonds	107 1/2	107 1/2	...	2 3/4	3 1/4	3 1/4	Financial Trusts, &c.	17 1/2	17 1/2	...	...
20 1/2	14 1/2	17 1/2	15 1/2		15 1/2	15 1/2	...	2 3/4	3 1/4	3 1/4		17 1/2	17 1/2	...	...
84 1/2	77 1/2	82 1/2	79 1/2		80 1/2	80 1/2	...	2 3/4	3 1/4	3 1/4		17 1/2	17 1/2	...	...
23 1/2	18 1/2	21 1/2	19 1/2		20 1/2	20 1/2	...	2 3/4	3 1/4	3 1/4		17 1/2	17 1/2	...	...
91 1/2	84 1/2	89 1/2	86 1/2		87 1/2	87 1/2	...	2 3/4	3 1/4	3 1/4		17 1/2	17 1/2	...	...
100 1/2	93 1/2	98 1/2	95 1/2		96 1/2	96 1/2	...	2 3/4	3 1/4	3 1/4		17 1/2	17 1/2	...	...
113 1/2	106 1/2	111 1/2	108 1/2		109 1/2	109 1/2	...	2 3/4	3 1/4	3 1/4		17 1/2	17 1/2	...	...
144 1/2	137 1/2	142 1/2	139 1/2		140 1/2	140 1/2	...	2 3/4	3 1/4	3 1/4		17 1/2	17 1/2	...	...
50 1/2	42 1/2	47 1/2	44 1/2		45 1/2	45 1/2	...	2 3/4	3 1/4	3 1/4		17 1/2	17 1/2	...	...
100 1/2	93 1/2	98 1/2	95 1/2		96 1/2	96 1/2	...	2 3/4	3 1/4	3 1/4		17 1/2	17 1/2	...	...
163 1/2	156 1/2	161 1/2	158 1/2	Corporation Stocks	159 1/2	159 1/2	...	2 3/4	3 1/4	3 1/4	Breweries, &c.	40 1/2	40 1/2	...	...
144 1/2	137 1/2	142 1/2	139 1/2		140 1/2	140 1/2	...	2 3/4	3 1/4	3 1/4		40 1/2	40 1/2	...	...
113 1/2	106 1/2	111 1/2	108 1/2		109 1/2	109 1/2	...	2 3/4	3 1/4	3 1/4		40 1/2	40 1/2	...	...
84 1/2	77 1/2	82 1/2	79 1/2		80 1/2	80 1/2	...	2 3/4	3 1/4	3 1/4		40 1/2	40 1/2	...	...
37 1/2	30 1/2	34 1/2	31 1/2		32 1/2	32 1/2	...	2 3/4	3 1/4	3 1/4		40 1/2	40 1/2	...	...
45 1/2	38 1/2	43 1/2	40 1/2		41 1/2	41 1/2	...	2 3/4	3 1/4	3 1/4		40 1/2	40 1/2	...	...
51 1/2	44 1/2	49 1/2	46 1/2		47 1/2	47 1/2	...	2 3/4	3 1/4	3 1/4		40 1/2	40 1/2	...	...
91 1/2	84 1/2	89 1/2	86 1/2		87 1/2	87 1/2	...	2 3/4	3 1/4	3 1/4		40 1/2	40 1/2	...	...
97 1/2	90 1/2	95 1/2	92 1/2		93 1/2	93 1/2	...	2 3/4	3 1/4	3 1/4		40 1/2	40 1/2	...	...
124 1/2	117 1/2	122 1/2	119 1/2		120 1/2	120 1/2	...	2 3/4	3 1/4	3 1/4		40 1/2	40 1/2	...	...
127 1/2	120 1/2	125 1/2	122 1/2	British Railways	123 1/2	123 1/2	...	2 3/4	3 1/4	3 1/4	Iron, Coal and Steel	34 1/2	34 1/2	...	...
138 1/2	131 1/2	136 1/2	133 1/2		134 1/2	134 1/2	...	2 3/4	3 1/4	3 1/4		34 1/2	34 1/2	...	...
111 1/2	104 1/2	109 1/2	106 1/2		107 1/2	107 1/2	...	2 3/4	3 1/4	3 1/4		34 1/2	34 1/2	...	...
131 1/2	124 1/2	129 1/2	126 1/2		127 1/2	127 1/2	...	2 3/4	3 1/4	3 1/4		34 1/2	34 1/2	...	...
112 1/2	105 1/2	110 1/2	107 1/2		108 1/2	108 1/2	...	2 3/4	3 1/4	3 1/4		34 1/2	34 1/2	...	...
100 1/2	93 1/2	98 1/2	95 1/2		96 1/2	96 1/2	...	2 3/4	3 1/4	3 1/4		34 1/2	34 1/2	...	...
123 1/2	116 1/2	121 1/2	118 1/2		119 1/2	119 1/2	...	2 3/4	3 1/4	3 1/4		34 1/2	34 1/2	...	...
54 1/2	47 1/2	52 1/2	49 1/2		50 1/2	50 1/2	...	2 3/4	3 1/4	3 1/4		34 1/2	34 1/2	...	...
6 1/2	...	...	...		...	...	...	2 3/4	3 1/4	3 1/4		34 1/2	34 1/2	...	...
96 1/2	89 1/2	94 1/2	91 1/2		92 1/2	92 1/2	...	2 3/4	3 1/4	3 1/4		34 1/2	34 1/2	...	...
28 1/2	21 1/2	26 1/2	23 1/2	Dom. & Foreign Rys.	24 1/2	24 1/2	...	2 3/4	3 1/4	3 1/4	Miscellaneous	24 1/2	24 1/2	...	...
70 1/2	63 1/2	68 1/2	65 1/2		66 1/2	66 1/2	...	2 3/4	3 1/4	3 1/4		24 1/2	24 1/2	...	...
72 1/2	65 1/2	70 1/2	67 1/2		68 1/2	68 1/2	...	2 3/4	3 1/4	3 1/4		24 1/2	24 1/2	...	...
89 1/2	82 1/2	87 1/2	84 1/2		85 1/2	85 1/2	...	2 3/4	3 1/4	3 1/4		24 1/2	24 1/2	...	...
25 1/2	18 1/2	23 1/2	20 1/2		21 1/2	21 1/2	...	2 3/4	3 1/4	3 1/4		24 1/2	24 1/2	...	...
97 1/2	90 1/2	95 1/2	92 1/2		93 1/2	93 1/2	...	2 3/4	3 1/4	3 1/4		24 1/2	24 1/2	...	...
123 1/2	116 1/2	121 1/2	118 1/2		119 1/2	119 1/2	...	2 3/4	3 1/4	3 1/4		24 1/2	24 1/2	...	...
25 1/2	18 1/2	23 1/2	20 1/2		21 1/2	21 1/2	...	2 3/4	3 1/4	3 1/4		24 1/2	24 1/2	...	...
11 1/2	4 1/2	9 1/2	6 1/2		7 1/2	7 1/2	...	2 3/4	3 1/4	3 1/4		24 1/2	24 1/2	...	...
14 1/2	7 1/2	11 1/2	8 1/2		9 1/2	9 1/2	...	2 3/4	3 1/4	3 1/4		24 1/2	24 1/2	...	...

Prices, Year 1936 Jan. 1 to June 3, inclusive		Prices, Year 1936 Jan. 1 to June 3, inclusive		Name of Security	Price, May 27, 1936	Price, June 3, 1936	Rise or Fall	Yield, June 3, 1936	Prices, Year 1936 Jan. 1 to June 3, inclusive		Name of Security	Price, May 27, 1936	Price, June 3, 1936	R
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(Continued from page 568)

Nature of Borrowing (Excluding Conversions)				
	Debentures	Preference	Ordinary	Total
January 1 to date—				
1935 (New Basis)	63,384,127	17,025,464	72,877,070	153,286,661
1935 (Old Basis)	53,312,082	7,283,310	26,310,284	86,905,556
1935 (New Basis)	35,629,818	26,754,015	56,273,100	118,656,933
1935 (Old Basis)	21,820,808	17,776,440	52,792,589	92,389,837
Whole year—(Old Basis)—				
1923	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in twenty-three weeks ended June 8, 1935.

PUBLIC OFFERS

Anchor Line (1935), Ltd.—Issue of 500,000 5½ per cent. cum. £1 preference shares at 20s. 6d. Proceeds to redeem £450,000 5 per cent. first mortgage debenture stock. Company formed 1935 to take over Anchor Line established in 1852. Profits, after depreciation, and for 5½ months to September 30, 1935, £19,933; after debenture and other interest, £10,917. Assets at September 30, 1935, £942,217, including £617,110 steamships. Business to be managed by Runciman (London), Ltd.

BY STOCK EXCHANGE INTRODUCTION

Fifth (T. F.) and Sons, Ltd.—Particulars of issue of 750,000 5½ per cent. cumulative £1 preference shares and £500,000 4 per cent. first mortgage debenture stock secured by first charge and repayable at £101 on May 31, 1936, or from May 31, 1946, at 102, on six months' notice. Acquires assets of carpet business of similar name of £1,685,941, including goodwill £250,000, for 500,000 £1 ordinary shares and discharge of liabilities of £1,185,941. Profits before depreciation, years ended May 31st: 1933, £118,790; 1934, £165,894; 1935, £174,235; 10½ months to March 28, 1936, £175,229.

Vokes, Ltd.—Issued capital, 500,000 2s. shares. Formed to acquire business of similar name, established 1920, manufacturers of aircraft, motor and industrial accessories. Profits, before depreciation, years to March 31st: 1934, £1,869; 1935, £2,289; 1936, £11,033. Net assets, £24,124 (including £14,000 goodwill, patents, etc.), purchased for £25,000, payable £10,000 in cash and 150,000 2s. shares. Whitehead Industrial Trust subscribe for 349,993 shares at par.

Central Wagon Company, Ltd.—Issued capital, 500,000 £1 ordinary shares. Incorporated 1911 and converted into a public company 1931. Total assets September 30, 1935, £550,680. Net profit year to September 30, 1935, £49,200. Dividend: 1933-34, 6 per cent.; 1934-35, 6 per cent. Transferred to reserve 1933-34, £30,000; 1934-35, £29,394.

Stream-Line Filters, Ltd.—Issued capital 304,000 5s. ordinary shares. Formed to acquire business of similar name founded 1923. Net assets, April 7, 1936, £71,851 (including patents, goodwill, etc., £32,000). Acquired for 287,404 5s. ordinary shares (£71,851). Profits, after depreciation and before amortisation of patents, years to September 30: 1933, £3,741; 1934, £7,214; 1935, £13,772; October 1, 1935, to April 6, 1936, £10,095.

Wearmouth Coal Company, Ltd.—Issued capital 312,000 £1 ordinary shares, 237,200 5 per cent. cumulative £1 preference shares, £329,500 5 per cent. debenture stock. Incorporated 1896 to take over colliery business of same name founded 1878. Net profits, after debenture interest: 1933, £19,729; 1934, £31,072; 1935, £27,885. Ordinary dividends: 1933, 2½ per cent.; 1934, 5 per cent.; 1935, 5 per cent.

PRIVATE PLACING

Elder Dempster Lines Holdings, Ltd.—The scheme of amalgamation of the African Steamship Company and the British and African Steam Navigation Company, Ltd., has become operative. The new holding company has been formed under the title of Elder Dempster Lines Holdings, Ltd., with the following board:—A. C. Tod, chairman, Sir Richard Holt, Bart., The Hon. L. H. Cripps, C.B.E., F. C. Howard, Picton H. Jones. Shares of the holdings company have been placed privately.

BY TENDER

Watford and St. Albans Gas Company.—Sale by tender of 514 ordinary stock at minimum price of £155 per £100. Proceeds to repay bank overdraft and for general purposes. Sold at minimum price £4 10s. 4d. per cent. Accumulated 3 ds. December 31, 1935, £71,860. Dividends: Seven years to 1929, 6½ per cent. per annum; 1930-4, 6½ per cent. per annum; 1935, 7 per cent. Area of supply, 223 square miles. Gas sold, 1930: 1,317.1 million cu. ft.; 1935, 1,571.5 million cu. ft.

ISSUES TO SHAREHOLDERS ONLY

Nitch Plantations of Java.—The directors have decided for redemption the outstanding 6 per cent. of the company's subsidiary, Anglo-Dutch Ltd. In order to provide funds for this

purpose and for the sinking fund of its own debenture stock 500,000 new shares are now offered to stockholders at 22s. 6d. per share in the proportion of one share for each £5 stock held on May 18th.

Barton Transport.—1,500,000 new deferred shares of 6d. are offered in the first place at par to existing deferred shareholders in the proportion of three new deferred shares for each deferred share now held.

London and Lombard Trust.—The issue is being made of £100,000 3½ per cent. debenture stock, 1957-62.

Scottish Stockholders Trust.—Issue of £100,000 4 per cent. first debenture stock at par.

CONVERSIONS AND REPAYMENTS

Croydon Gas.—The 7½ per cent. redeemable preference stock is due to be repaid at par on July 1, 1936.

Roan Antelope Copper Mines.—£29,900 6 per cent. debenture stock is redeemable at 106 per cent. on June 1, 1936.

Salford Corporation 6 per cent. Redeemable Stock, 1936-51.—This stock will be repaid at par on September 1, 1936.

OFFER ABROAD

Canada (Dominion of).—Issue of Dominion of Canada bonds involving \$208,000,000 (£41,600,000) to convert three issues maturing this autumn to the extent of \$188,000,000 (£37,600,000). Cash subscription bonds will be for 30 years, falling due June 1, 1966, and will bear interest at the rate of 3½ per cent. The issue price will be 99, plus accrued interest. The issue was quickly oversubscribed.

FORTHCOMING ISSUES

G. Hopkins and Sons.—In a few weeks' time a public issue will be made of 130,000 6 per cent. preference shares of 10s. each at par and 195,000 ordinary shares of 2s. at 2s. 6d.

Southern Areas Electric Corporation, Ltd.—An issue of 450,000 new £1 ordinary shares is being made by the Southern Areas Electric Corporation, Ltd. The shares will be offered to the public (preferential consideration being given to applications from existing shareholders and from consumers in the subsidiary companies) at 21s. per share, and the subscription list opens on June 9th. Since its incorporation on May 6, 1933, the corporation has regularly paid dividends at the rate of 4 per cent. per annum.

Alpine (Barberton) Gold Mine, Ltd.—The London Australian and General Exploration Company, Ltd., is making arrangements for the underwriting of the issue early next week at par of 920,000 5s. shares in Alpine (Barberton) Gold Mine, Ltd.

Williamson Manufacturing.—Underwriting has been completed for an offer for sale of 335,000 ordinary shares of 4s. each at 5s. 6d. in the Williamson Manufacturing Company, Ltd. The offer will be made by Leadenhall Investments and Finance, Ltd., early next week.

Kitchen and Wade.—It is understood that Seton Trust, Ltd., is now making final arrangements for the introduction to the London market of the 4s. ordinary shares of Kitchen and Wade, Ltd.

OTHER RESULTS OF ISSUES

Newcastle Corporation Loan.—78½ per cent. left with underwriters.

Eustace Watkins.—List closed May 29th at 9.5 a.m.

Cement, Ltd.—Underwriters had to take up 20 per cent. of the debenture interest.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, May 27, 1936	Price, June 3, 1936
Birmingham 3%	99	39	2-1 pm	2-1 pm xd
Bradford 3%	99	35	1-1 dis	1-1 dis
Cardiff 3%	99	5	1-1 dis	1-1 dis
Cons. Sisal of East Africa 20/-	22/6	17/6	16/3-17/3	20/-21/-
County of London Electric 3½% Deb.	par	25	1-1 dis	1-1 dis
Croydon 3%	99	5	1-1 pm	1-1 pm
English Electric 4% Deb.	98	45	4-5 pm	5-5 pm
Gas Light and Coke 3½% Deb.	par	60	3-3 pm	3-1 pm
Hartley (Wm. P.) ord. 5s.	8/-	8/-	...	8/11-8/7
Do. 5% Pref. £1	21/6	21/6	...	22/3-22/3
Huddersfield 3%	99	30	1-1 dis	1-1 dis
Kellner Partington 4½% Deb.	100	30	4-4 pm	3-4 pm
Lewis (J.) Props. 3½% Deb.	95	25	1-1 dis	1-1 dis
Lloyds Buildings Ext. Deb.	95½	5	1-1 pm	1-1 pm
Middlesex 3%	100	20	1-1 dis	1-1 dis
Newcastle-upon-Tyne 3%	99	5	1-1 dis	1-1 dis
New Zealand 3%	98½	5	1-1 dis	1-1 dis
Railway Finance Corp. 2½%	97	62	1-1 pm	1-1 pm
Roedale 3%	99	45	1-1 dis	1-1 dis xd
Salford 3%	98½	15	1-1 dis	1-1 dis
Sheffield 3%	99	29	1-1 dis	1-1 dis
Smethwick Drop Forgings 5/-	20/-	20/-	17/6-18/6	19/11-19/7½
South Shields 3%	99	19	1-1 dis	1-1 dis
Stockton-on-Tees 3%	99	29	1-1 dis	1-1 dis
Watkins (Eustace) Ord. 2/-	2/6	2/6	...	2/10-3/1½
Do. 6% Pref. 10/-	10/-	10/-	...	8/9-9/3

COMPANY MEETINGS, &c.

UNION CORPORATION, LIMITED

RECORD PROFITS

RAND GOLDMINING EXPANSION

MR P. M. ANDERSON'S REVIEW

The ordinary general meeting of shareholders of the Union Corporation, Limited, was held in Johannesburg on May 22.

Mr P. M. Anderson presided.

The Chairman, in the course of his remarks, said:—I am pleased to be in a position to present to you a report and accounts for the year 1935 which, I feel confident, you will regard as very satisfactory.

Since South Africa abandoned the gold standard at the end of 1932 we have been reaping our share of the steady economic progress which the country has made in all branches of enterprise. Year by year our profits have risen, and for the past year a net profit of £604,920 is disclosed. That is, in fact, the highest profit in the history of your Corporation, and it exceeds last year's record by £39,104. Dividends aggregating 8s. per share for the year have been declared, and we are left with £130,906 to carry forward to the new year.

The valuation of share and debenture holdings is a matter which always receives the close attention of your directors in arriving at net profits declared and, as mentioned in the directors' report, provision for contingencies has been made by reducing the book value of certain holdings below both cost and market price.

ADEQUATE PROVISION FOR TAXATION

Two further provisions from current profits have been made to which I think I ought to draw your attention. These relate to taxation and to the staff. In these days tax liability, whether it be absolute or contingent, is difficult to determine. Our interests are spread over many countries, and where income is received there is usually some tax liability. The amount which has been set aside for this purpose is judged by the directors to be adequate. Finally a sum of £25,000 has been appropriated to provide for certain liabilities of the Corporation in connection with the staff pension fund and for certain contingencies in connection with the staffs of the Corporation.

The reserve account has been increased by £40,188 and now stands at £1,280,000. This is a large amount, but you will appreciate that the expanding scope of our business necessitates the building up of a strong reserve position.

In this connection you will observe that the book value of our holdings rose during last year by £501,044.

RAND GOLD PRODUCTION

Turning now to the Witwatersrand goldmining industry in general, the expansion in the scale of operations since the Union of South Africa left the gold standard has made further progress in all directions during the past year. The quantity of ore crushed exceeded 44 million tons, which was 10 per cent. above the 1934 total, and, though the average grade of the ore treated was reduced to about 4½ dwt. consequent upon the price obtainable for gold averaging about 3s. 6d. per ounce above the 1934 level, the gold production was about 236,000 ounces more, totalling approximately 10½ million ounces. Although this increase was only a little over 2 per cent., it marked a turning point from the declines of the two previous years, which were due to the policy of mining ore of lower grade being put into operation faster than it was possible to increase the treatment plants.

The price of gold having remained stable for a considerable time, the process of reducing grades is slowing up and the increases in plant are having more effect. This effect will be accelerated by the plants of new mines coming into operation during the present and subsequent years. The gold output is still 850,000 ounces below the peak year of 1932, but, given favourable conditions, it appears to be reasonable to expect the output to continue to increase for many years to come. Working expenses per ton milled showed a satisfactory reduction of 6d. and the gross working profit was £32,640,000, an improvement of £376,000 over the previous year. Approximately half of this sum

was paid in dividends, while over £14,000,000 went into the coffers of the Government as share of profits and taxation.

LARGE-SCALE DEVELOPMENT WORK

The large scale on which development work is being carried out can be gathered from the fact that the footage of shaft sinking accomplished during 1935 amounted in total to about 10 miles and the development footages to about 370 miles, while the ore reserves at the end of the year aggregated 190 million tons valued at 5.3 dwt.

Comparison of the past year's results with those for 1932, the last year under the old gold standard, reveals the great strides made by the industry during these three years.

At present there are employed about 35,000 Europeans and 300,000 natives, which represents an increase of 11,000 and 76,000 respectively since the end of 1932. Relations between employers and employees have remained on an entirely satisfactory footing and there have been various improvements in the conditions of the European employees, such as additional leave privileges, holiday bonus, and the inauguration of the provident fund, which, together, are equivalent to an increase of fully 10 per cent. in wages.

TAXATION BURDEN

During the past three years the quantity of ore milled has increased by more than 25 per cent., while the average value of the ore treated was less by 1½ dwt. The gross working profit is £17,300,000 higher, an increase of 113 per cent. Dividend distributions, however, have increased by less than 7½ million pounds, owing to the enormous increase of 360 per cent. in the scale of taxation levied on the goldmining industry. The proposed new taxation, although in a somewhat simplified form, does not purport to reduce the total amount of annual taxation; while for the third year in succession it effects a redistribution of the liability as between individual companies.

The redistribution is less drastic than on former occasions, but the main advantage of the change is that in future taxpayers will be responsible as individual units and not for a fluctuating proportion of a collective amount which cannot be determined till after the expiry of the tax year. It is to be hoped that future amendments will be directed towards a reduction in what can only be described as the very severe scale of taxation at present in force. For the ten years 1922-1931 the average working profit per ton of ore milled ranged from 10s. 4d. to 8s. 6d., and the taxation levied on this was at the rate of 15 per cent. Under the new scale, the taxation levied on a profit of 8s. 6d. per ton milled might amount to about 37 per cent., and for the majority of the producing mines the rate will exceed 40 per cent.

The chairman then dealt with the affairs of the Modderfontein Deep Levels, Geduld Proprietary Mines, East Geduld Mines, the Grootvlei Proprietary Mines, Van Dyk Consolidated Mines, Marievale Consolidated Mines, and the Witthok Proprietary Company, which were fully reviewed in the addresses from the chair at the annual meetings of these companies held recently. After reviewing briefly the Corporation's interests in other new gold-mining companies operating in the Far East Rand area, its Australian interests and its base metal and other interests, he moved the adoption of the report and accounts, which was duly seconded and carried unanimously.

OFFER TO NEW READERS

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

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

8 Bouverie Street, E.C.4.

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

Name.....

Address.....

EDMUNDSONS ELECTRICITY CORPORATION, LIMITED

A YEAR OF CONTINUED PROGRESS

BENEFITS OF CO-ORDINATED CONTROL

The 39th ordinary general meeting of Edmundsons Electricity Corporation, Limited, was held, on the 2nd instant, at Thames House, Millbank, London, S.W.

Brig.-General Wade H. Hayes (deputy-chairman and managing director), in the course of his speech, said: You will doubtless agree that the balance sheet shows the company to be in a sound financial condition. The qualification in the note at the foot of the balance sheet refers to the adequacy of the provision for depreciation reserve of the Bedfordshire, Cambridgeshire and Huntingdonshire Electricity Company, which you will recall is a company still in its development stage, and up to the present it has not been possible to provide a proper provision for this important item from the company's earnings. Permit me to assure you, however, that the development of the company is progressing satisfactorily, though owing to the thinness of the area which it serves its progress must of necessity be slow.

The profit and loss account shows a total increase in excess of £51,000 over last year. You will observe a further increase as compared with 1934 in the trading profit. This is due primarily to the expansion of the company's business, and incidentally to the fact that the period under review was the first in which has been reflected the result of an entire year's working for the Shropshire, Worcestershire and Staffordshire Electric Power Company under our present system of co-ordinated control.

The year has proved to be one of continued progress, and I am pleased to report that each of the undertakings controlled through our associated companies has shown improvement.

SOUND FINANCIAL POSITION

Referring to the consolidated statement of assets and liabilities at December 31, 1935, it will be noted that the fixed assets of the various associated undertakings, after writing off the cost of obsolescent plant, amount to £19,273,532, which is an increase of nearly £1,500,000, while the surplus and reserves against this item show an increase in excess of £700,000. The consolidated statement reveals a further strengthening of the financial soundness of your company's undertakings as a whole.

During the year under review we have added 42,900 new consumers, bringing our total up to 301,000, an increase of 17 per cent. The connected load was increased by 114,000 kw., making a total of 789,000, which is also a 17 per cent. increase. 73,000,000 more units of output were sold, making the total units sold during the year 536,017,000. During the first four months of 1936 there has been a 22 per cent. increase in units sold as compared with the corresponding period of last year, and we have added a further 12,000 new consumers.

You will recall that three years ago there was initiated a policy of co-ordinated control of direction and operation of all the companies in the Edmundsons' group, in order to produce the efficiency and the economies resulting from the operation of the many companies, as a co-ordinated whole, rather than as a number of separate entities as had been the practice in the past. The adoption of this policy has necessitated many changes in organisation and methods of procedure, and a considerable period of time has been required to make them satisfactorily effective, but at last this has been accomplished.

THREE YEARS' EXPANSION

Conscious though I am that the mere recital of figures and statistics is usually dull and uninteresting I do invite your special attention to the following, because in my opinion it will give you a more accurate picture of the rate of progress in and the accomplishments of your company than is normally reflected by comparisons between yearly figures. Also it is believed that the change in policy just mentioned has had a material effect in producing these results. During the three years in question: The gross capital expenditure of the associated companies was increased by £4,775,000. The number of villages and townships connected to the company's network of distribution and supply was 781; these were composed of a population of 305,000 who never before had electric supply available to them. The overhead and underground mains erected or laid measured 3,200 miles (an increase of 59 per cent.) over those in operation three years ago.

The number of consumers served rose from 181,000 to 301,000 (an increase of 66 per cent.). The number of units sold increased

from 324,000,000 to 536,000,000, not including over 50,000,000 units sold to the Central Electricity Board. (This is also an increase of 66 per cent.) The connected load has risen from 504,458 kw. to 788,755 kw. (an increase in excess of 56 per cent.). Comparing the above percentages with such figures as are available from official sources showing the number of consumers added, increase in units sold and the increase in kw. in the United Kingdom during the same period of time, it is disclosed that the volume of expansion in your company is just about 50 per cent. in excess of the average for the entire country.

BENEFITS TO THE CONSUMER

Perhaps the most interesting comparison of all is the one relating to revenue. If the average price per unit for distribution sales for 1932 had been continued throughout the three-year period under consideration, your company's revenue would have been £950,000 higher than the amounts actually received. This obviously reflects the result of your company's policy to reduce tariffs and the cost of supply to consumers as rapidly and as drastically as sound economic considerations make possible.

To our associated and other companies engaged in electric supply have been given by the Government valuable rights approaching a monopoly. In the opinion of your directors and the company's executives these rights impose upon the company an obligation to its consumers and the public within the areas it serves. To meet this obligation fairly and efficiently must at all times be an underlying principle in the policies that govern our operations. The organisation known as "Edmundsons" appears to be, and I think results will justify this assumption, qualified to fulfil the mission with which it is entrusted, to give to the vast population it serves the electrical service which the public have a right to expect.

IMPORTANCE OF SECURITY OF TENURE

It is known to you that the Government has recently entrusted to a committee, under the chairmanship of Sir Harry McGowan, the problem of investigating and reporting with recommendations upon the electric supply industry. Representatives of your company had the privilege of appearing before this committee and making available to it complete information regarding the operations of your company, and the opinions and views of its executives. Without attempting in any degree to anticipate the report and findings of the committee, nevertheless it would appear that, considering the objectives indicated in the terms of reference that were submitted to the committee, your organisation is well fitted to render valuable assistance in achieving those objectives, provided reasonable tenure be given for the continued operation of the undertakings now entrusted to it. The development of electric supply, especially in such rural areas as constitute a large proportion of those served by this company, requires the investment of large sums of money. A reasonable return on this capital requirement can be anticipated only over a considerable period of time; therefore unless there is reasonable security of tenure in order to make possible what is generally known as the long view, sound economic and technical development becomes especially difficult and in some instances impossible.

RETIREMENT OF MR R. P. SLOAN

Since the report has been published, we have sustained another severe and regrettable loss from our board, owing to the resignation of Mr R. P. Sloan. Mr Sloan is too well known to the electrical industry in this country to require much from me in the way of comment upon his great value to the company during his association with us as a member of the board. When a vacancy occurred in the Central Electricity Board, the Minister of Transport and his advisers naturally wished to find a thoroughly qualified and experienced man to fill it, and quite obviously Mr Sloan's name must have been one of the first to be considered. Unfortunately for us, he was chosen for this important post, and his sense of public duty was so keen that it became practically impossible for him to refuse the Minister's invitation to accept an appointment. While we deeply regret our loss, we congratulate the industry as a whole and the Central Electricity Board in particular upon the good fortune of having acquired Mr. Sloan's services.

Mr R. P. Sloan, C.B.E., M.I.E.E., expressed his thanks to the chairman for the complimentary remarks he had made regarding himself, and said that, although he had resigned from the board, he would continue to take an interest in the undertaking and had every confidence that its progress would be maintained.

The report and accounts were unanimously adopted.

IMPERIAL CONTINENTAL GAS ASSOCIATION

A DIFFICULT YEAR

At the annual general meeting of the Imperial Continental Gas Association, held, on the 29th ultimo, at Winchester House, London, the Chairman, Sir Thomas Royden, Bt., C.H., welcomed the return to the board of Mr Theunis, formerly Prime Minister of Belgium.

Continuing, he said that the year had been one of considerable economic difficulty, the first important event being the devaluation of the Belgian franc, in consequence of which the exchange rate fell from Frs. 103 to to-day's rate of Frs. 147 to the £. Although as a result of the board's policy of covering forward the Association's foreign revenue, the accounts showed a profit of some £60,000, which would not have accrued if the purchase of exchange had been left until the actual date of payment of the Belgian dividends, yet this profit was non-recurrent. Remittances from Belgium were now converted into sterling at the new rate of exchange, which, taken by itself, meant a very considerable loss in revenue. On the other hand, the beneficial effect of devaluation upon trading activities in Belgium had been such that he hoped that this exchange loss would, in the course of the next year or two, be compensated by the improved results of the business there.

A moderate policy of devaluation seemed to engender a definitely optimistic atmosphere. For example, an enormous stimulus had been given to the building industry in Belgium since the last devaluation, one reason being that many branches of a family, having lived together to save expense during the period of depression, re-established separate households in improved times. For the year 1935 the increase in the sales of the Belgian distributing companies was 9.6 per cent. for electricity and 0.7 per cent. for gas, but for the first quarter of 1936 the respective increases were 15.7 per cent. and 3.3 per cent.

A FAVOURABLE FACTOR

Another favourable factor was the improved prospects of the Cokeries du Brabant, arrangements having been completed whereby the coke-oven plant would be leased to coal interests for five years at a fixed rent, plus a half share of any profits. It was anticipated that in the present year the company would enter the dividend-paying list.

In France profits were being adversely affected by the measure of deflation which came into force in July last, public utility companies having been specially selected by the Government as a means by which, through reduced prices of gas and electricity, a reduction in the cost of living could be brought about.

YEAR'S INCOME

The total income for the year, derived as to 34 per cent. from France, 58 per cent. from Belgium and 8 per cent. from England, was £607,000, a reduction of £81,000 on the previous year. This reduction was accounted for by the fact that the Compagnie Continentale had reduced its dividend and that, exceptionally, a year and a half's French tax had been deducted from one year's income. Further, the preceding year's income benefited from exchange profits to the extent of £33,000, which accrued upon certain loan repayments and which had no counterpart in the accounts now under review. Although the English income yielded only 8 per cent. of the total the English investments represented 17 per cent. of the total book value of the assets. The difference was the price which had to be paid for additional safety.

The income from Belgium, despite an increase of 10 per cent. in franc profits, underwent a shrinkage in terms of sterling. Thanks to the precautions taken, this reduction was wiped out on actual remittance.

Taxation and other expenses had increased by £5,000, so that the profit of £437,000 available for appropriation was the lowest since 1928 and showed a drop of £86,000 (2 per cent. net on the capital) as compared with the previous year; but, if the group's profits, including the sums put to reserve, were converted into sterling, a gross total of £1,043,000 would be arrived at, as compared with the record figure of £1,125,000 in the previous year.

The board had decided not to encroach upon the carry-forward, but to recommend a final dividend of 6 per cent., less income tax, making 10 per cent. for the year. They hoped that the extension of powers, which they had obtained from Parliament, would enable them to utilise their experience by taking an interest in public utility undertakings in this country and elsewhere.

The report and accounts were unanimously adopted.

HAWKER SIDDELEY AIRCRAFT COMPANY, LIMITED

INCREASE OF CAPITAL APPROVED

A separate meeting of the holders of the 5 per cent. cumulative preference shares and an extraordinary general meeting of the Hawker Siddeley Aircraft Company, Limited, were held, on the 4th instant, at the May Fair Hotel, London, W., to consider a resolution increasing the capital of the company to £4,000,000 by the creation of 1,000,000 5 per cent. cumulative preference shares of £1 each and of 4,000,000 ordinary shares of 5s., of which 400,000 of the new 5 per cent. cumulative preference shares (at par) and 600,000 of the new ordinary shares (at a price of 20s. per share) should be immediately offered to the existing preference and ordinary shareholders respectively.

Mr T. O. M. Sopwith, C.B.E., F.R.Ae.S. (chairman of the company), who presided, in moving the necessary resolution, said:—Ladies and gentlemen, your directors have deemed it wise to equip the company with additional capital. The immediate occasion of the need for increased capital is, of course, the exigencies of the National Aircraft Emergency programme. In the execution of this great enterprise, the Hawker and Hawker Siddeley Companies will be called upon to play an important part.

At the moment the group is employing 15,000 hands and large numbers of different types of aircraft are in course of production. A number of these types will be equipped with our own engines.

DEVELOPMENT OF THE BUSINESS

In arriving at the decision to increase the capital, your directors have also been influenced by the possibility of development in the company's business, which already covers a considerable commercial market, expanding to-day and possessing a capacity for further vigorous expansion. The company should possess the financial resources to enable it to take full advantage of this development.

While it is not possible to estimate with any degree of accuracy the duration of the emergency period, it is prudent to assume that it will not be for more than a few years.

As is known, it is the Government's intention to limit the profits for the manufacture of aircraft under this emergency programme. This decision is reasonable and proper provided that efficiency is encouraged by proper reward and that the question of plant, obsolescence and redundancy, which is inherent to the emergency programme, is suitably dealt with.

The emergency programme has accentuated the need for a constant and determined policy of research and experiment to enable the necessary new types of machines to be brought into design and eventually into production.

We have also under consideration the immediate development of our business in foreign countries whose political interests are closely allied with our own. Happily this can be done without seriously interfering with our production in this country.

The possibility of extension in British Colonies and possessions also receives our continued attention. It can be fairly claimed then that we are playing an important part in the national emergency that has arisen, as well as in the development of the aircraft industry as a whole.

While our main attention is at the moment inevitably directed towards the production of aircraft and aero engines, our motor car, civil engineering and other ancillary enterprises are making satisfactory progress.

It should be noted that the directors estimate that the current profits of the company will be sufficient to cover the dividend on the whole of the proposed preference share capital more than six times over, leaving a satisfactory balance for division among the ordinary shareholders.

The board have not decided at the moment whether their dividend policy will be confined to a total payment in cash or whether it may not be advisable to deal with it partly in cash and partly by means of an ordinary share bonus.

MR PHILIP E. HILL'S VIEWS

Mr Philip E. Hill said: In seconding the resolution before the meeting I think, quite rightly, that the chairman's speech errs on the side of caution. It does not require much imagination to appreciate that, with such a widely-flung Empire as ours, efficiency in aircraft production is vital to the retention of our possessions and our trade. In fact, in my opinion, it is the very life-blood of the nation. I look forward with confidence to the aircraft manufacturing industry in this country reaching that world pre-eminence which for so many generations has been the heritage of our shipbuilders.

The resolution was carried unanimously at each meeting, and the proceedings terminated with a vote of thanks to the chairman, directors and staff.

NEW KLEINFONTEIN COMPANY, LIMITED

(Incorporated in the Union of South Africa)

LARGE INCREASE IN PROFITS

MR G. MACKENZIE'S REVIEW OF YEAR'S OPERATIONS

The fortieth ordinary general meeting of New Kleinfontein Company, Limited, was held, on May 15th, in Johannesburg.

Mr George Mackenzie presided, and, in moving the adoption of the report and accounts, said:—I think you will agree that the results show a considerable improvement on the previous year. In the balance sheet the account "Property development and equipment" has been increased by £145,275 16s. 11d. being capital expenditure as follows: South shaft sinking and equipment £84,582, Apex No. 7 shaft surface and underground equipment £2,478, additions to reduction plant, etc., £35,467, additions to power plant £18,691, and new locomotive £4,055.

The option on 200,000 shares to December 31, 1935, held by the guarantors of the bank overdraft to your company, was exercised and the issue of these shares provided £350,000 of additional working capital. The capital of the company has been increased and is now £1,351,540, all of which is issued.

IMPROVED RESULTS

The result of the year's operations was a working profit of £166,408 19s. 2d., as compared with a profit of £65,062 11s. 4d. for the previous year. The tonnage mined was 805,360 tons, compared with 779,380 tons for 1934. The tonnage milled was 685,400 tons, being an increase of 35,800 tons and a record for the plant. The grade of ore to the mill in 1934 was 3.75 dwts. and in 1935 it was 3.9 dwts. The working costs at 20s. 5.9d. are 1s. 10d. per ton less than in 1934.

Since the close of the year there has been a further improvement in the tonnage, working costs and profits earned.

After allowing for sundry revenue and £28,819 12s. being interest and appreciation on funds lodged with the Miners' Phthisis Outstanding Liabilities Trust, the balance carried to appropriation account was £196,359 16s. 4d., to which has to be added the balance of £85,081 3s. 8d. unappropriated at December 31, 1934, and £10 from sales of plant, making a total of £281,451, which was dealt with as follows: Dividends £129,609, miners' phthisis compensation fund £28,820, Government taxes £27,000, and balance carried forward £96,022.

The amount standing to the credit of the company at the end of the year with the Miners' Phthisis Outstanding Liabilities Trust fund was £155,748 1s. 10d.

The total footage developed was 58,407 ft., of which 51,014 ft. were in the Apex section, being an increase of 8,279 ft. over the previous year. Of the 51,014 ft. developed in the Apex section, 31,310 ft. were sampled of which 10,140 ft. were payable, the average value being 6.41 dwts. over 60 ins.

ORE RESERVES

In former years the practice was to estimate the ore reserves at the end of the year on the basis of a pay limit of 4 dwts. In view, however, of the continuance of the price of gold and the reduction in working costs, it was decided to calculate the ore reserves at the end of 1935 on the basis of a pay limit of 3 dwts. Excluding all shaft and safety pillars it was estimated that on this pay limit there were at the end of the year 2,184,930 tons of ore of an average value of 4.83 dwts. over a stoping width of 53.3 ins. Of that tonnage 1,945,079 tons were estimated to be in the Apex section of an average value of 4.94 dwts. over 55.48 ins.

On the eastern side of No. 7 shaft in the Apex section, the development results have been highly satisfactory. The development from the main east winze, which is adjacent to the eastern boundary, has opened up large blocks of payable reef over a stoping width of approximately 90 ins. The 16th level drives east and west have been so far in rather badly faulted zones which disturbed the continuity of the reef. The footage sampled in the drives to date amounts to 875 ft., of which 435 ft., or 49.7 per cent., was payable at a value of 5.78 dwts. over a stoping width of 54 ins. The west drive is now nearing the point at which the south shaft will intersect the reef. A winze started from this drive is down 155 ft. and has exposed payable values for the total distance sunk. The development on the western side of the Apex is being pushed ahead. The 10th level drive west holed during the year with the 8/3 south haulage incline and passed through a good shoot, 620 ft. being payable, averaging 6.9 dwts. over 93 ins.

Operations in the No. 1 lease area during the year have been encouraging, the total footage developed being 9,145 ft., of which 3,075 ft. were payable averaging 7.51 dwts. over a stoping width of 47 ins. The 3rd level drive west for the 1,140 ft. sampled gave payable values for 535 ft., averaging 7.17 dwts. over 46 ins. The 6th level drive west at the end of the year was in close proximity to the boundary line of the No. 2 lease area. Of the No. 1 lease area approximately 70 per cent. is still undeveloped.

ADDITION TO PLANT

The alterations and additions to the reduction plant required to deal with a milling tonnage of 70,000 tons per month are now completed. A new steel ore-receiving bin and conveyor is in course of erection. This bin will not only enable the rope haulage from No. 3 shaft to the crusher station, which handles all ore from Nos. 3, 4, 5 and 7 shafts, to be dispensed with, but will provide storage capacity for the enlarged reduction plant.

In view of the anticipated tonnage to be taken from the Apex section, it was decided to order and instal at No. 7 shaft a winding hoist capable of handling 50,000 tons per month. This hoist will replace the present steam winder, which is of a very old type and in addition is too light for the work required of it. Use will eventually be found for this hoist elsewhere on the property. With the installation of the new winding hoist the tonnage from the Apex shaft will be increased, and this will have a beneficial effect on the grade of ore to the mill.

It may be explained that where there is a large development policy such as is being pursued at New Kleinfontein, there is invariably a difference between the value of the ore crushed and the ore reserves. A considerable proportion of the rock broken in development faces is sent to the mill together with a certain tonnage below the average grade, which is obtained from exploratory work and hanging wall leaders. In addition, the tonnage which comes from the Old Section is largely made up of ore from reclamation areas, which, although of a lower value than the average ore reserve, can be mined at a fairly low cost.

SOUTH SHAFT

During the year the South shaft was sunk a further 994 ft., but at 1,570 ft. a large water fissure was intersected, necessitating a complete stoppage in sinking operations. After considerable difficulty on account of the heavy inrush of water, the fissure was sealed by cementation and a further 29 ft. were sunk. Water, however, again broke through and the Francois Cementation Company was engaged to undertake the cementation work in the shaft. The difficulties were found to be greater than was anticipated, but the indications are that we are getting into better ground. The main water-bearing fissures have now almost passed out of the shaft and the management is of opinion that after a further 20 to 30 ft. of sinking, and if no further fissures are encountered, normal sinking should be resumed. The shaft is now down to a depth of 1,645 ft. Notwithstanding the delay in the sinking of the shaft, the development programme is not in any way retarded.

Various estimates have appeared of the company's liability for taxation this year, but although an assessment will be made on the company it will not have to pay tax, as the accumulated losses have to be set off.

The application to the Mining Leases Board for a mining lease of an area equal to approximately 148 claims adjoining our No. 1 lease area on Farm Rietfontein is proceeding. A satisfactory agreement has been concluded with the surface owners of the ground.

With the exception of the temporary setback in the sinking of the South shaft, the progress made both on the surface and underground is very satisfactory.

The additional plant is now in commission, and as soon as the new engine is installed at No. 7 shaft it will be possible to increase further the tonnage from this section.

The mine has now reached the stage when under existing conditions regular dividends can be looked for. It is proposed, therefore, to declare a dividend of 7½ per cent. for the half year ending June 30th next.

The report and accounts were unanimously adopted.

EVER READY COMPANY (GREAT BRITAIN) LIMITED

MOST SUCCESSFUL YEAR'S TRADING

MR MAGNUS GOODFELLOW ON PROMISING OUTLOOK

The ordinary annual general meeting of The Ever Ready Company (Great Britain), Limited, was held, on the 4th instant, at the Ever Ready Works, Hercules Place, Holloway, London, N.

Mr Magnus Goodfellow (the chairman and managing director) presided.

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

The Chairman said: Ladies and gentlemen, I have pleasure in submitting the directors' report and statement of accounts for the year ended March 31, 1936, and I presume we may follow the usual custom and take them as read. You have, no doubt, carefully considered the report and the clearly set out accounts, and you must be as pleased as we, your directors, are, at the result of the year's trading—the most successful your company has yet attained throughout its years of growth.

INCREASED SALES

The increase in our sales and the general information at our disposal, satisfy me that public consumption of dry battery goods of every description has again increased, and that the efforts made to rationalise and stabilise prices have met with a large measure of success. It is remarkable that the past five years' trading in our country, under the depreciation in the value of sterling and the general tariff, has not resulted in any material rise to the consumer in the prices of manufactured goods. None of our own goods are being sold at prices higher than obtained five years ago, and a large and varied quantity are being sold at considerably lower prices, to the benefit of the consumers, the distributing trade and ourselves. I should here like to pay a tribute to our 11,000 shareholders who support the business by insisting on Ever Ready goods whenever they require the products we manufacture, and, in thanking them, I beg that they will not only continue, but even increase, their efforts to use and popularise our products.

IMPROVED PRODUCTION METHODS

Considerable improvements have again been achieved in the methods and processes of production, and the resulting lower costs have practically maintained the profit margin, in spite of the substantial reductions in prices made in January, 1935. It will be appreciated that the continued progress in methods of manufacture has rendered several of our old plants obsolete. These have been closed, thereby contributing to the savings in cost to which I have already referred. It is of interest to note, whilst on this subject, that ten years ago our plant and equipment appeared in the balance sheet at £15,000. Since that date we have expended £710,000; annual depreciation has reduced the capital value by £106,000, and in 1933 and 1934 we specially wrote off from our reserves £369,000, leaving the value in the balance sheet under review at £250,000.

I do not propose to review in detail our various activities. It will be sufficient if I inform you that, with two exceptions, all parts of our business, and everyone serving the company, have contributed to the successful result of the year's work.

IMPROVED POSITION OF LISSEN COMPANY

The first exception is the Lissen Company. Although this company has made no contribution to our profits, nevertheless, it has improved its manufacturing and trading position, as reported to its preference shareholders. We are hopeful that during the coming year this business will not only maintain the increase in sales achieved during the past year, but register a further improvement, and if this should be so, having regard to the very considerable economies effected by the reorganisation, we may anticipate in the present year a substantial improvement in the profits earned. The second exception is the group of manufacturing and trading companies on the Continent of Europe. These companies have experienced a prosperous year's trading, but exchange restrictions have prevented our receiving here any return upon the capital invested in them. We continue to hope that, in the not too distant future, these exchange restrictions will be removed, when we shall be able to obtain the benefits which have accrued to us.

On page 2 of the report and accounts you will observe that I have, with the cordial support of my colleagues, appointed three

joint general managers of our business. They have each of them served the company for some ten years or more, and I am sure that they will assist me greatly, not only in the business management of the near future but in maintaining for the company the tradition upon which the success of the business has been built up.

BALANCE SHEET FEATURES

Turning to the balance sheet and accounts, which bear in red ink the figures of the previous year for comparison, I have already dealt with the plant and equipment, on which we expended some £90,000 during the year, and although, of course, we shall continue our policy of development and improvement, and expenditure will again be considerable, it is not anticipated that we shall be called upon to expend as large a sum in the present year.

The only other item in the balance sheet that I need comment on is the stock, which has risen by some £50,000 to £253,000. This stock, which consists to a large extent of our raw materials, is well bought, and, having regard to our forward commitments for supplies, assures that there will be no considerable increase in the cost of the raw materials required for production during the present year.

CURRENT YEAR'S TRADING

This year's trading has opened promisingly, and we are hopeful that we shall again succeed in achieving the progressive result to which we are accustomed.

In conclusion, I again express our warm thanks to the managers, executive staff and workpeople, who have all contributed their part to the success of last year.

The report and accounts were adopted and the dividend resolution approved, and a hearty vote of thanks to the chairman, directors and staff closed the meeting.

CENTRAL ARGENTINE RAILWAY, LIMITED

IMPROVING OUTLOOK

At an extraordinary general meeting of the Central Argentine Railway, Limited, held, on the 4th instant, in London, a resolution was passed dealing with the borrowing powers of the company to meet the rights to be given to the noteholders under the proposed scheme of arrangement by which they would be able to convert their notes into 5 per cent. debentures.

Mr W. Howard-Williams, C.B.E. (the chairman) subsequently addressed the meeting on the general position. He said that there was tangible evidence that the Argentine authorities were realising the difficulties of the railway situation and seeking to ameliorate the position. References had appeared in the Press to the improved rate of exchange granted to the railway companies. It had been suggested that the railways were unduly favoured, but that was not so. They were grateful for that token of goodwill, which was very welcome to them in the midst of their many difficult problems, and he thought it might be regarded as an acknowledgment of the great debt which the Argentine owed to the railway shareholders for their vast contribution to the country's wealth.

One matter which they deemed of outstanding importance was the mutual arrangement come to with the Administrator of the State Railways, which, when in full force, would provide against the ill-effects of uneconomic competition between the railways which he administered and the privately owned lines. The directors were confident that the terms of the arrangement would be as loyally carried out by him and his successors as they would be carried out by the railway companies. It eased the position to know that they were working with the goodwill of the authorities, and that spirit of reciprocity was manifest to-day. Much, however, remained to be done before they could see a re-establishment of the financial position of the railways, particularly in connection with the urgent questions of co-ordination of traffic and pooling.

References had been made in the Press which were untrue. It was asserted in certain quarters that the motive power which kept the trade agreement with Argentina in being was supplied by the capitalists or financiers in the City. The large number of small shareholders and debenture holders in the railways showed that such suggestions were absurd.

At a subsequent meeting of the noteholders the scheme of arrangement was approved on a show of hands and a card vote was taken.

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

SHIPLEY COLLIERIES, LIMITED

INCREASED TRADING PROFIT

The thirteenth ordinary general meeting of Shipley Collieries, Limited, was held, on the 4th instant, at Winchester House, London.

Sir John P. Fry, Bart., the chairman, said the total trading profit for the year was £157,400—an increase of £52,000 on 1935. He hoped that the shareholders would feel that the total dividend of 8 per cent., absorbing £40,000, was not larger than they cared to sanction.

The Ilkerton Colliery Company had again made a profit, which, however, had not been brought into the present balance sheet. In regard to the investment in Mitchell Main Colliery Company, this undertaking had a very long life before it. The Colliery was now being modernised, much as was done at Shipley some years ago, and in consequence an opportunity occurred for the board to make an investment both in debentures and ordinary shares. If the results panned out as anticipated the investment should prove a good one. In these extraordinarily unsettled times the board felt that the cash expended on these two colliery propositions should be replaced. Also during the next two years favourable opportunities might occur for linking up with other undertakings, and thus forestall by voluntary arrangement any Government compulsion which was so thoroughly objectionable to most of them.

It was proposed to increase the capital by 700,000 new ordinary shares of £1 each, of which 100,000 were to be issued forthwith at 22s. 6d. per share and the remaining 600,000 to be held in reserve. The 100,000 shares would be at the rate of one for every five now held.

With regard to the current year's prospects, it seemed clear that central selling must eliminate much inter-colliery and inter-district competition and result in a higher level of prices, and though a big share of this would go to the workers under the present sliding scale arrangement some benefit should also accrue to the colliery companies. The new financial year had already started very satisfactorily.

The report and accounts were unanimously adopted and the proposals to increase the capital were approved.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended May 30, 1936, amounted to £6,121,000, against ordinary expenditure of £10,513,000. After allowing for an increase in Exchequer Balances of £101,092, the operations for the week, as shown below, increased the gross National Debt by £4,719,000 to approximately £7,940 millions.*

(000's omitted)	
Treasury Bills.....	+ 4,689
Public Department Advances ...	+ 430
National Savings Certificates ...	+ 50
	+ 5,169
P.O. and Tel. Capital Exp.	- 450
	- 450

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appeared in the *Economist* for April 4, 1936.

Total Receipts into the Exchequer from				
REVENUE AND OTHER RECEIPTS				
	April 1, 1935, to June 1, 1935	April 1, 1936, to May 30, 1936	Week ended June 1, 1935	Week ended May 30, 1936
ORDINARY REVENUE				
Inland Revenue—				
Income Tax	11,697,000	9,894,000	4,000	152,000
Sur-tax	3,290,000	3,560,000	170,000	250,000
Estate, etc., Duties.....	15,530,000	13,600,000	1,910,000	1,470,000
Stamps	2,130,000	2,080,000	580,000	280,000
Excess Profits Duty and Corporation Profits Tax	90,000	70,000	...	10,000
Land Tax and Mineral Rights Duty.....	...	...	...	...
Total Inland Revenue.....	32,737,000	29,204,000	2,664,000	2,162,000
Customs and Excise—				
Customs	32,847,000	33,513,000	3,166,000	3,786,000
Excise	17,510,000	16,600,000	810,000	700,000
Total Customs and Excise	50,357,000	50,113,000	3,976,000	4,486,000
Motor Vehicle Duties (Exchequer Share)	597,000	770,000	Dr. 37,000	103,000
Post Office (Net Receipt)	5,400,000	5,500,000	Dr. 400,000	Dr. 800,000
Crown Lands	230,000	250,000	...	...
Receipts from Sundry Loans	170,215	277,607	...	...
Miscellaneous Receipts	4,170,614	1,573,809	...	169,590
Total Ordinary Revenue.....	93,661,829	87,688,416	6,203,000	6,120,590

Total Receipts into the Exchequer from				
REVENUE AND OTHER RECEIPTS				
	April 1, 1935, to June 1, 1935	April 1, 1936, to May 30, 1936	Week ended June 1, 1935	Week ended May 30, 1936
SELF-BALANCING REVENUE				
Post Office	8,400,000	8,600,000	1,500,000	2,100,000
Motor Vehicle Duties apportioned to Road Fund	3,209,000	3,337,000	37,000	...
Total Self-balancing Revenue.....	11,609,000	11,937,000	1,537,000	2,100,000
Total	105,270,829	99,625,416	7,740,000	8,220,590
Total Issues out of the Exchequer to meet Payments from				
EXPENDITURE AND OTHER ISSUES				
	April 1, 1935, to June 1, 1935	April 1, 1936, to May 30, 1936	Week ended June 1, 1935	Week ended May 30, 1936
ORDINARY EXPENDITURE				
Interest and Management of National Debt	59,999,536	38,351,240	21,325,676	367,343
Payments to Northern Ireland Exchequer	679,933	745,056	...	284,270
Other Consolidated Fund Services	318,635	323,546	11,712	49,385
Post Office Fund	...	...	...	...
Total	60,998,149	39,421,842	21,337,388	700,998
Total Supply Services (excluding Post Office)	74,589,000	78,617,500	8,969,500	9,812,500
Total Ordinary Expenditure	135,587,149	118,039,342	30,306,888	10,513,498
SELF-BALANCING EXPENDITURE				
Post Office	8,400,000	8,600,000	1,500,000	2,100,000
Road Fund	3,209,000	3,337,000	37,000	...
Total Self-Balancing Expenditure ...	11,609,000	11,937,000	1,537,000	2,100,000
Total	147,196,149	129,976,342	31,843,888	12,613,498

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

(000's omitted)	
Expenditure	118,039
Increase in balances	50
Revenue	87,688
Gross borrowing	£31,369
Less	
New Sinking Fund*	968
Net borrowing	30,401
	118,089

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

POSITION OF THE FLOATING DEBT

	June 1, '35	Mar. 31, '36	May 30, '36	May 30, '36
Ways and Means Advances Outstanding	7,000,000	...	...	...
Advances by Bank of England	25,220,000	19,055,000	16,290,000	+ 430,000
Advances by Public Departments	857,020,000	763,115,000	770,305,000*	+ 4,690,000
Treasury Bills outstanding	...	...	...	...

Total Floating Debt

* Includes £2,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury bills were opened on May 29, 1936, and the total amount applied for was £67,935,000. Tenders were accepted for Treasury bills at three months dated Tuesday to Friday, at £99 17s. 1d., about 71 per cent. and above in full; Saturday, at £99 17s. 2d., and above in full. The average rate per cent. was 11s. 5-54d. The amount allotted was £50,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934				
January 5	35,000,000	78,260,000	30,000,000	0 18 11-5
April 6	40,000,000	80,390,000	38,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 18 4-14
October 5	35,000,000	65,280,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1-84
April 5	40,000,000	78,095,000	40,000,000	0 10 2-93
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05
1936				
January 3	35,000,000	68,075,000	35,000,000	0 10 10-72
April 3	40,000,000	76,280,000	40,000,000	0 10 2-78
May 15	45,000,000	75,580,000	45,000,000	0 10 5-98
May 22	45,000,000	73,830,000	45,000,000	0 11 0-47
May 29	50,000,000	67,935,000	50,000,000	0 11 5-54

NATIONAL SAVINGS CERTIFICATES

Date	Total Sales of Savings Certificates	No. of Certificates	Value
Week ended May 9, 1936	737,189	552,892	
Week ended May 16, 1936	653,053	489,790	
February, 1916, to May 16, 1936.....	1,259,882,794	991,349,934	

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

The OCEAN

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

FOR ALL CLASSES OF INSURANCE

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, June 1, 1936
ISSUE DEPARTMENT

Notes Issued:—			
In Circulation	433,452,483	Government Debt	11,015,100
In Banking Department ...	33,829,490	Other Government Securities...	247,963,268
		Other Securities	225,393
		Silver Coin	796,241
		Amount of Fiduciary Issue...	260,000,000
		Gold Coin and Bullion	207,281,973
	467,281,973		467,281,973

BANKING DEPARTMENT

Proprietors' Capital	14,553,000	Government Securities	98,543,310
Reserve	3,289,930	Other Securities:—	
Public Deposits*	8,217,312	Discounts and Advances ...	£6,242,981
Other Deposits:—		Securities	£13,350,616
Bankers'	£89,718,476		
Other Accounts	£37,096,000	Notes	19,593,597
	126,814,476	Gold and Silver Coin	33,829,490
			888,321
	152,854,718		152,854,718

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

Both Departments	Amount, June 3, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
note circulation.....	433,452,483	+ 7,390,520	+ 37,561,606
Public deposits	8,217,312	- 11,549,669	+ 695,316
Bankers' deposits	89,718,476	+ 11,443,231	+ 12,673,223
Other deposits	37,096,000	+ 362,676	+ 986,357
total outside liabilities.....	568,484,271	+ 7,646,758	+ 26,280,051
Capital and rest	17,822,930	+ 20,239	+ 10,094
Government debt and securities	357,521,676	+ 6,845,000	+ 9,609,183
Discounts and advances	6,242,981	- 451,738	+ 862,576
Other securities	13,576,009	+ 391,226	+ 2,077,137
Bank coin in issue department	796,241	- 24,082	- 994,643
Gold and bullion (bank's reserves) ...	208,170,294	+ 906,591	+ 14,715,704
Reserves of notes and coin in banking department.....	34,717,811	- 6,483,931	- 22,845,902
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion") ..	25-7%	- 4-8%	- 13-6%
(b) Gold stocks to deposits and notes ("reserve ratio") ...	36-6%	- 0-3%	+ 0-9%

(000's omitted)						
Date	Issue Department	Banking Department	Gold in or out of Bank	Bank Rate		
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	
1934						
May 13	464,291	424,790	13,331	83,215	37,003	63% in
" 20	465,363	423,130	13,028	80,081	36,764	1,072 in
" 27	466,397	424,062	19,767	78,275	36,733	1,034 in
June 3	467,282	433,452	8,217	89,718	37,096	885 in

(000's omitted)						
Date	Issue Department	Both Depts	Banking Department	Reserve and the "Proportion"		
	Govt Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts and Advances	Other Securities
1934						
May 13	258,781	349	205,103	36%	89,883	8,226
" 20	258,828	304	206,188	36%	91,773	7,143
" 27	258,918	261	207,264	36%	91,758	12,923
June 3	258,978	225	208,170	36%	98,543	13,351

BANKERS' CLEARING RETURNS

LONDON (000's omitted)

	Town	Metropolitan	Country	Total
January 1 to May 20, 1936.....	12,804,623	792,234	1,365,300	14,962,157
Week ended May 27	640,162	36,537	59,445	736,144
Days ended June 3	576,660	33,055	51,255	660,970
Total to date, 1936	14,021,445	861,826	1,476,000	16,359,271
Total to date, 1935	14,006,657	808,785	1,353,789	16,169,231
increase or decrease in 1936 {	+ 14,788	+ 53,041	+ 122,211	+ 190,040
	= 0-1%	= 6-6%	= 9-0%	= 1-2%
Total for year 1935.....	32,443,575	1,897,112	3,229,084	37,559,751
Total for year 1934.....	30,740,117	1,759,528	2,984,512	35,484,157
increase or decrease in 1935 {	+ 1,703,458	+ 127,584	+ 244,572	+ 2,075,594
	= 5-5%	= 7-2%	= 8-1%	= 5-8%

PROVINCIAL (000's omitted)

	Week ended May 30		Month of May			Aggregate Totals January 1 to May 30	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days :	26	26	%				
BIRMINGHAM	2,207	2,400	9,888	11,023	+ 11·4	50,806	55,795
BRADFORD	1,030	980	3,552	3,991	+ 12·3	19,543	22,056
BRISTOL	1,164	1,188	5,584	5,653	+ 1·2	25,517	27,727
DUBLIN	5,341	5,145				118,602	126,139
HULL	569	749	3,066	3,616	+ 17·9	15,887	17,897
LEEDS	815	958	3,536	3,910	+ 10·5	19,863	20,559
LIVERPOOL	560	657	2,710	3,204	+ 18·2	14,562	16,119
MANCHESTER	5,609	6,608	22,900	24,994	+ 9·1	127,693	131,903
NEWCASTLE	9,077	9,786	40,782	43,384	+ 6·3	216,082	219,532
NOTTINGHAM	1,186	1,283	5,560	5,816	+ 4·6	29,866	27,985
SHEFFIELD	375	443	2,005	2,129	+ 6·1	10,178	11,188
	732	773	3,372	4,044	+ 19·9	18,437	21,163
	28,685	30,970	102,955	111,764	+ 8·5	667,036	698,063

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted)						
ASSETS	May 29, 1935	May 1, 1936	May 8, 1936	May 15, 1936	May 22, 1936	May 29, 1936
Gold coin and bullion	27,100	22,930	22,929	22,928	22,926	22,923
Bills discounted: Foreign	6,034	9,043	8,566	9,786	10,234	10,389
Investments	1,726	1,737	1,737	1,737	1,737	1,737
Other assets	14,276	13,103	12,643	12,403	12,181	12,513
LIABILITIES						
Notes in circulation	13,539	14,822	13,957	13,395	13,230	15,013
Government deposits	2,677	3,745	2,658	3,355	3,499	2,918
Bankers' deposits	25,063	21,647	22,072	23,377	22,892	22,648
Ratio of cash reserves to liabilities to public	58.5%	52.5%	52.9%	52.0%	51.5%	50.4%

RESERVE BANK OF INDIA.—In rupees (000's omitted)						
ASSETS	May 31, 1935	May 15, 1936	May 22, 1936	May 29, 1936		
Gold coin and bullion	44,42,13	44,42,17	44,42,17	44,42,17		
Rupee coin	50,40,92	59,01,21	59,82,28	60,58,55		
Balances abroad	17,51,40	15,56,94	15,02,41	15,30,32		
Sterling securities*	50,62,02	68,31,71	68,31,71	68,31,71		
Indian Government rupee securities*	41,06,10	23,43,10	23,43,25	23,47,26		
Investments	5,49,92	4,91,29	4,79,11	6,15,44		
LIABILITIES						
Note circulation	1,86,43,60	1,70,70,54	1,68,09,99	1,65,93,28		
Deposits:						
Government	19,99,05	7,23,10	6,51,83	17,92,48		
Other	14,42,49	33,58,94	32,79,92	24,43,46		
Ratio of gold and sterling to liabilities	51.0%	57.8%	57.5%	57.3%		

BANK OF FRANCE.—In francs (000's omitted)						
ASSETS	May 31, 1935	May 8, 1936	May 15, 1936	May 22, 1936	May 29, 1936	
Gold	71,778,729	58,029,973	57,515,501	57,459,028	57,021,506	
Advances on Gold Coin	1,178,838	1,639,372	1,270,597	1,346,847	1,346,847	
Bills discounted	7,359,821	17,222,049	17,681,029	17,943,917	19,395,239	
Negotiable bills abroad	950,530	1,119,429	1,116,519	1,272,305	1,272,305	
Advances against sec.						
To the State	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	
Other advances	3,371,354	4,569,398	4,771,110	4,079,295	4,177,385	
Negotiable Bonds	5,804,930	5,707,677	5,707,677	5,707,677	5,707,677	
Sinking Fund Dept.						
Other assets (excluding forward exch.)	5,694,009	4,098,737	3,838,050	3,628,021	3,726,691	
LIABILITIES						
Notes in circulation	82,775,905	83,988,285	83,535,126	83,337,735	84,705,124	
Public deposits	2,770,534	2,334,795	1,968,145	1,968,145	1,968,145	
Private deposits	12,106,295	6,609,391	6,561,901	6,667,471	6,838,958	
Other liabilities	2,216,366	2,648,205	2,607,635	2,586,897	2,453,295	
Ratio of gold reserve to sight liabilities	73.4%	62.3%	62.3%	62.4%	61.0%	

THE REICHSBANK.—In Reichsmarks (000's omitted)						
ASSETS	May 31, 1935	May 15, 1936	May 22, 1936	May 29, 1936		
Gold	82,397	70,044	71,950	69,992		
Of which deposited abroad	22,223	24,559	21,560	23,572		
Reserve in foreign currencies	5,498	5,498	5,498	5,498		
Bills of exchange and cheques	3,794,585	4,138,598	4,084,292	4,643,807		
Silver and other coin	125,642	207,437	223,031	113,806		
Advances	85,978	41,523	35,406	59,749		
Investments	662,101	538,618	538,603	538,606		
Other assets	644,642	520,584	559,756	534,272		
LIABILITIES						
Reserves	471,184	473,561	473,561	473,561		
Notes in circulation	3,810,015	4,076,814	3,977,535	4,420,795		
Other daily maturing obligations	770,404	650,296	747,441	728,546		
Other liabilities	202,574	171,541	169,792	183,841		
Cover of note circulation	2.27%	1.85%	1.94%	1.70%		

NATIONAL BANK OF BELGIUM.—In belgas (000's omitted)						
ASSETS	May 29, 1935	Apr. 30, 1936	May 7, 1936	May 14, 1936	May 20, 1936	May 26, 1936
Gold	3,427,650	3,429,182	3,483,258	3,525,356	3,544,751	3,597,020
Silver and other coin	63,849	61,184	60,915	61,934	62,436	71,577
Securities	1,402,605	1,247,304	1,276,734	1,296,471	1,301,971	1,322,962
Advances	116,823	75,294	75,582	75,766	76,268	78,898
LIABILITIES						
Notes in circulation	4,031,382	4,254,740	4,270,258	4,265,728	4,258,874	4,283,671
Deposits: Govt.	34,950	31,309	15,949	17,277	28,864	26,319
Other	1,137,406	719,292	802,571	868,808	889,962	942,737

NETHERLANDS BANK.—In florins (000's omitted)						
ASSETS	June 3, 1935	May 4, 1936	May 11, 1936	May 18, 1936	May 25, 1936	June 2, 1936
Gold	621,253	710,043	697,315	698,010	683,807	659,866
Silver	20,877	19,101	19,412	20,019	20,549	
Home bills discounted	38,651	25,345	28,124	28,433	27,960	43,545
LIABILITIES						
Notes in circulation	197,651	141,944	135,307	131,827	130,725	139,062
Deposits:						
Govt.	858,987	799,113	774,987	764,276	763,212	789,469
Other	44,541	118,813	125,780	135,685	121,353	76,199

BANK OF JAVIA.—In florins (000's omitted)						
ASSETS	June 1, 1935	May 2, 1936	May 9, 1936	May 16, 1936	May 23, 1936	May 30, 1936
Gold and silver	130,860	109,490	109,340	108,520	109,050	108,590
Discounts, advances, and other investments	73,880	71,240	74,600	75,760	71,210	72,770
Foreign bills	920	1,180	1,340	1,410	1,450	1,160
Other assets	12,100	10,420	9,840	10,140	10,040	9,750
LIABILITIES						
Notes in circulation	173,570	156,830	161,050	158,890	156,440	178,760
Deposits and bills payable	32,530	22,880	21,850	24,640	23,020	22,440

SWISS NATIONAL BANK.—In francs (000's omitted)						
ASSETS	May 31, 1935	Apr. 30, 1936	May 7, 1936	May 15, 1936	May 22, 1936	May 30, 1936
Gold	1,192,673	1,516,430	1,506,895	1,506,879	1,483,503	
Of which held abroad	68,377	310,701	310,701	294,007	287,106	255,923
Discounts	168,694	77,761	67,089	70,781	74,128	87,472
LIABILITIES						
Notes in circulation	52,833	66,051	62,300	61,500	60,010	58,660
Advances	112,413	65,430	65,395	62,427	62,788	63,633
Securities	60,465	46,334	46,421	46,723	46,621	46,499
LIABILITIES						
Notes in circulation	1,302,074	1,301,866	1,280,150	1,259,129	1,250,299	1,302,008
Deposits	244,145	402,658	413,508	426,007	431,589	372,470

BANK OF NORWAY.—In kroner (000's omitted)						
ASSETS	May 31, 1935	May 7, 1936	May 15, 1936	May 22, 1936	May 30, 1936	
Gold and silver	118,831	118,867	118,667	118,866	118,866	
Balance abroad and foreign bills	48,419	77,115	76,982	77,433	71,604	
Funds provisionally placed in gold not included in the gold reserve	26,323	66,287	66,287	66,287	66,287	
Norwegian and Foreign Government securities	34,074	37,836	38,080	38,525	40,712	
Discounts and loans	211,968	192,547	194,743	190,238	189,601	
LIABILITIES						
Notes in circulation	321,585	357,568	356,582	356,332	365,791	
Deposits at sight	68,033	97,654	100,116	96,590	83,056	

NATIONAL BANK OF DENMARK.—In kroner (000's omitted)						
ASSETS	Apr. 30, 1935	Dec. 31, 1935	Jan. 31, 1936	Feb. 29, 1936	Mar. 31, 1936	Apr. 30, 1936
Gold coin and bullion	133,105	117,986	117,985	117,982	117,981	117,974
Loans and discounts	131,275	115,467	114,097	116,043	118,504	120,377
Securities	152,582	93,972	84,881	84,105	78,554	75,701
Emergency Fund	141,741	137,989	135,259	135,193	136,365	134,997
Advances to Treasury	33,207	101,967	60,433	73,270	82,916	69,036
LIABILITIES						
Circulation	370,443	383,874	365,239	375,246	370,658	382,226
Deposits	97,825	98,944	68,943	66,898	79,836	60,375

BANK OF SPAIN.—In pesetas (000's omitted)						
ASSETS	May 25, 1935	Apr. 25, 1936	May 2, 1936	May 9, 1936	May 16, 1936	May 23, 1936
Gold	2,269,519	2,227,652	2,227,652	2,227,652	2,227,652	2,227,637
Silver	699,983	675,877	675,949	666,499	664,931	667,170
Discounts	1,011,165	1,089,677	1,077,297	1,103,821	1,090,653	1,090,005
Loans	1,342,947	1,578,771	1,602,684	1,643,409	1,616,105	1,550,672
Treasury bills	77,415	75,998	75,998	75,998	75,998	75,998
Securities	41,452	41,182	41,182	41,182	42,202	43,114
LIABILITIES						
Notes in circulation	4,560,082	5,354,261	5,433,839	5,526,200	5,490,889	5,428,304
Deposits	971,430	1,085,582	1,058,134	1,059,232	1,096,254	1,097,056

BANK OF PORTUGAL.—In escudos (000's omitted)						
ASSETS	Mar. 20, 1935	Feb. 19, 1936	Feb. 26, 1936	Mar. 4, 1936	Mar. 11, 1936	Mar. 18, 1936
Gold	905,712	910,132	910,133	910,136	910,140	910,142
Balances abroad	485,501	464,661	477,034	480,131	477,759	481,042
Discounts	289,794	374,881	368,228	367,073	367,259	363,621
Securities	73,796	71,684	72,636	70,713	70,546	71,564
Government loans	1,048,783	1,046,163	1,046,163	1,046,163	1,046,163	
LIABILITIES						
Notes in circulation	2,030,494	2,016,975	2,004,720	2,051,488	2,028,615	2,003,889
Government deposits	428,879	681,207	681,173	585,012	599,365	634,839
Bankers' deposits	421,588	233,986	241,388	249,464	291,574	286,131
Other deposits	34,309	45,992	46,614	98,708	73,708	58,929
Foreign commitments	31	32,449	32,439	32,566	32,425	32,020

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.						
(000's omitted)						
ASSETS		May 23, 1935	Apr. 30, 1936	May 7, 1936	May 15, 1936	May 23, 1936
Gold		2,686,779	2,694,248	2,694,063	2,695,172	2,695,024
Balances abroad and foreign currency	309,842		43,735	49,978	46,057	42,334
Discounts and advances	1,048,749		1,436,042	1,227,433	1,315,095	1,145,658
State notes debt balance ...	2,076,859		2,038,053	2,038,003	2,037,974	2,037,934
LIABILITIES						
Bank notes in circulation ...	5,353,610		5,509,213	5,561,211	5,467,639	5,235,253
Check account balances ...	1,079,916		646,939	379,169	547,506	619,232

Suez Canal	20	1936 May 20	...	Fr. £22,470,000	Fr. —293,000	Fr. 343,020,000	Fr. + 2,680,000
↑ 10 days.							
TRAMWAYS WEEKLY GROSS RECEIPTS							
Anglo-Argentine ...	21	1936 May 27	328	\$596,975	— 105,894	13,186,464	— 79,541
B. Aires Lacroze...	47	24	...	\$64,062	— 6,866	3,344,429	— 52,632
Burnley, Colne and Nelson Jt. Trspt.	1	30	76	£4,842	+ 54	...	...
Calcutta Tramways	22	30	...	Rs.1,07,439	— 4,616	...	...
Isle of Thanet Elec.	20	20	...	£2,391	— 171	58,489	+ 406
Liverpool Corp. ...	8	27	...	£28,857	— 517	235,212	— 4,633
Madras Electric ...	51	31	...	Rs. 45,982	— 2,646	495,737	— 36,487

(b) Week ended May 29, 1936. (c) Week ended May 30, 1936.	Miles Open	Gross Receipts, week ended May 31, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (£'000)				
		Passen- ger, ac.	Merch- andise, kc.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, kc.	Merch- andise, kc.	Coal and Coke	Total Goods	Total Receipts
Great Western	1936 3,746 1935 3,748	264 209	205 198	95 98	300 297	564 487	3,852 3,791	4,106 3,936	2,317 2,256	6,423 6,192	10,275 9,933
(c) L. & N.	1936 6,333 1935 6,339	370 282	328 245	317 218	545 491	915 856	5,939 5,918	7,199 7,078	5,309 5,278	12,418 12,417	18,417 18,417
L. M. & S.	1936 6,917 1935 6,926	640 469	639 468	221 221	689 689	1,338 1,158	9,202 9,026	10,401 9,844	5,613 5,390	16,014 15,234	25,216 24,760
Scottish	1936 2,154 1935 2,172	363 290	74 72	28 32	102 104	495 394	5,080 5,701	1,335 1,328	744 695	2,079 2,023	7,879 7,724
Southern	1936 1,915 1935 1,915	1667 1642	1098 1084	547 569	1643 1653	3,312 2,895	24,453 24,437	22,951 21,963	13,983 13,419	36,934 35,382	59,781 59,819
Total	1936 19,150 1935 19,185	10627 10627	1098 1084	547 569	1643 1653	3,312 2,895	24,453 24,437	22,951 21,963	13,983 13,419	36,934 35,382	59,781 59,819
(b) Belfast	1936 80 1935 80	2-5 2-5	...	...	0-5 0-6	2-9 2-1	41-2 41-2	...	...	11-9 11-0	53-9 53-9
(c) Co. Down	1936 543 1935 543	9-5 9-5	...	...	11-0 11-2	21-4 21-4	178-2 173-3	...	...	210-2 199-9	389-4 373-2
(b) Great Northern	1936 2,076 1935 2,124	30-6 30-6	...	...	39-4 36-4	69-0 67-0	613-5 607-9	...	...	829-6 828-9	1,492-4 1,437-5

		1936							
		May		£	+	£	+	£	
Egyptian Delta Light Railways...	6	10	\$25	15,613	+	567	22,326	+	1,177
Egyptian Markets...	21	28	"	1,450	+	25	38,986	+	78
Gt.Southern of Spain	20	23	104	Ps. 29,596	-	22,753	578,589	-	422,85
Mexican Railway...	21	31	483	\$995,500	+	57,700	5,723,700	+	449,20

Company	Months	Ending	Description	Receipts for Month Ended March 31, 1936 compared with Month of March, 1935	Aggregate Three Months of 1936 compared with Three Months of 1935
				\$	\$
Atlantic Coast Line	3	Mar. 31	Gross	4,703,690	12,563,925
			Nett	895,000	1,583,824
Atchafalaya Topeka	3	Mar. 31	Gross	11,857,317	32,963,966
			Nett	681,338	1,354,583
Baltimore and Ohio	3	Mar. 31	Gross	11,870,650	37,273,405
			Nett	349,330	4,566,928
Boston & Maine	3	Mar. 31	Gross	3,325,221	10,693,588
			Nett	Dr. 594,307	Dr. 309,575
Central of New Jersey	3	Mar. 31	Gross	2,294,144	7,732,388
			Nett	Dr. 225,516	317,527
Chesapeake and Ohio	3	Mar. 31	Gross	9,608,838	31,307,848
			Nett	3,129,332	11,609,595
Chicago and N. Western	3	Mar. 31	Gross	6,961,441	19,465,284
			Nett	49,271	Dr. 825,914
Chicago, Burling- ton, etc.	3	Mar. 31	Gross	7,702,626	22,364,265
			Nett	7,107,007	2,682,457
Chicago, Mil. and St. Paul	3	Mar. 31	Gross	8,712,026	24,458,742
			Nett	941,593	1,024,655
Chicago, Rock Island, etc.	3	Mar. 31	Gross	6,410,397	17,703,379
			Nett	Dr. 37,430	Dr. 337,935
Delaware and Hudson	3	Mar. 31	Gross	Nett	6,026,206
			Nett	Dr. 45,907	517,272
Delaware, Lac- kawanna & Western	3	Mar. 31	Gross	3,667,335	11,933,184
			Nett	89,352	928,497
Denver & Rio Grande Wn.	3	Mar. 31	Gross	1,764,994	5,277,646
			Nett	Dr. 442,762	90,392
Erie Railroad...	3	Mar. 31	Gross	6,457,357	19,341,430
			Nett	1,153,873	3,381,225
Great Northern	3	Mar. 31	Gross	5,858,964	15,025,122
			Nett	744,883	439,868
Gulf Coast Lines	3	Mar. 31	Gross	1,178,319	3,517,250
			Nett	182,316	624,322
Illinois Central	3	Mar. 31	Gross	9,149,043	26,905,272
			Nett	1,174,989	3,259,932
International Gt. Northern	3	Mar. 31	Gross	984,706	2,830,744
			Nett	Dr. 1,007,637	Dr. 21,480
Lackawanna Railroad	3	Mar. 31	Gross	3,667,635	11,933,184
			Nett	89,352	928,497
Lehigh Valley...	2	Feb. 29	Gross	4,093,969	7,958,459
			Nett	486,689	973,082
Long Island Railroad	3	Mar. 31	Gross	1,896,199	5,679,197
			Nett	23,311	Dr. 19,280
Louisville and Nashville	3	Mar. 31	Gross	7,063,749	21,432,704
			Nett	1,199,596	3,689,547
Mtn., St. Paul and Sault	3	Mar. 31	Gross	2,059,075	7,460,973
			Nett	59,933	Dr. 49,785
Missouri, Kan- sas & Texas	3	Mar. 31	Gross	2,454,600	7,017,417
			Nett	165,043	353,893
Missouri Pacific	3	Mar. 31	Gross	6,976,393	20,845,150
			Nett	504,730	2,079,989
New York Central	3	Mar. 31	Gross	29,093,943	85,286,164
			Nett	3,398,320	8,775,989
N. York, Chic- ago, & St. Louis	1	Jan. 31	Gross	3,139,944	34,243,513
			Nett	643,669	1,391,501
N. York, New Haven, & C.	3	Mar. 31	Gross	6,030,411	18,537,323
			Nett	Dr. 7,224,534	756,792
Norfolk and Western	3	Mar. 31	Gross	Nett	21,074,542
			Nett	2,806,006	2,569,409
Norfolk and Western	3	Mar. 31	Gross	4,586,590	12,173,431
			Nett	568,809	295,054
Norfolk and Western	3	Mar. 31	Gross	21,252,047	97,769,028
			Nett	3,782,149	13,800,603
Pere Mar- quette Rail.	3	Mar. 31	Gross	2,752,962	7,725,247
			Nett	537,822	1,391,501
Reading Co.	3	Mar. 31	Gross	4,480,025	14,582,305
			Nett	45,139	1,491,055
Seaboard Air Line	2	Feb. 29	Gross	3,124,440	6,317,179
			Nett	89,099	152,681
Southern Pacific	3	Mar. 31	Gross	15,059,400	42,270,806
			Nett	1,702,498	3,687,974
Southern Rail- way	3	Mar. 31	Gross	7,780,375	22,451,947
			Nett	1,532,757	3,805,316
St. Louis-San Francisco ..	3	Mar. 31	Gross	3,730,971	11,049,803
			Nett	142,141	578,844
Texas and Pacific	3	Mar. 31	Gross	231,145	6,216,155
			Nett	45,139	1,170,051
Union Pacific...	3	Mar. 31	Gross	11,296,102	31,827,939
			Nett	916,940	2,342,201
Wabash	3	Mar. 31	Gross	3,898,149	11,163,014
			Nett	490,884	1,312,516

* Year 1935 compared with 1934. † Net operating income.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Deben- ture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Deprecia- tion, etc.	Balance Forward	Net Profit	Divi- dend
					Prefce.	Ordinary					
						Amount	Amount					Rate
Banks		£	£	£	£	£	%	£	£	£	%
Bank of Adelaide	Mar. 30	28,997	57,974	86,971	...	50,000	4	...	36,971	55,202	4
Breweries											
Marston, Thompson & Ever- shed	Mar. 31	149,569	121,932	271,501	15,000	60,000	15†	67,466	129,035	113,740	15†
Financial Land, etc.											
Canada Company	Dec. 31	76	Dr. 631	Dr. 555	...	...	...	437	Dr. 992	Dr. 4,227	Nil
House Property & Investmt.	Mar. 31	19,540	41,013	60,553	18,373	13,460	10	8,000	20,720	37,759	10
Hyderabad (Deccan) Co. ...	Apr. 30	2,286	22,716	25,002	...	22,400	3‡	...	2,602	20,440	3‡
Metropolitan Association for Improving Dwellings, etc.	Mar. 31	685	10,863	11,548	...	9,610	5†	1,000	938	11,099	5
Platt Brothers and Co. (Holdings)	Mar. 31	78,712	95,053	173,765	150,609	...	...	...	23,156	86,469	Nil
Texas Land and Mortgage	Mar. 31	8,313	5,715	14,028	...	...	...	5,000	9,028	Dr. 4,586	Nil
Welwyn Garden City.....	Mar. 31	112	14,688	14,800	...	10,726	2	...	4,074	113	Nil
West London Property ...	Mar. 31	3,762	80,894	84,656	19,254	30,688	8	26,706	8,008	38,844	8
Hotels, Restaurants, etc.											
Gordon Hotels	Dec. 31	10,072	5,346	15,418	...	...	...	...	15,418	Dr. 5,658	Nil
Lyons (J.) and Co.	Mar. 31	36,602	1,010,753	1,047,355	490,353	42,750	10‡d(a)	100,000	39,341	1,009,272	10‡d (a) 22‡
						374,911	22‡				
Iron, Coal and Steel											
Harland and Wolff.....	Dec. 31	50,054	57,820	117,874	...	...	...	...	117,874	Dr. 64,226	Nil
Roberts (Wm.) (Tipton) ...	Mar. 31	1,133	1,430	2,563	1,601	...	...	...	962	1,158	Nil
Motor and Cycle											
Alvis Car and Engineering...	Dec. 31	14,564	26,259	40,823	7,719	13,725	10	6,000	13,379	41,107	15
Oil											
Burmah Oil Co.	Dec. 31	611,517	2,606,913	3,218,430	255,000	1,538,202	20	790,234	634,994	2,052,218	15
Rubber											
Badek	Dec. 31	10,661	4,178	14,839	...	3,852	4	...	10,987	7,949	6
Kepong (Malay)	Dec. 31	8,474	25,481	33,955	...	24,882	4	...	9,073	29,977	5
Linggi	Dec. 31	17,916	8,564	26,480	700	...	...	...	25,780	10,340	Nil
Rubber Estates of Krian ...	Dec. 31	1,707	3,089	4,796	...	3,600	3	Dr. 1,000	2,196	6,511	4
Tempeh (Java)	Dec. 31	2,273	6	2,279	...	...	...	...	2,279	3,826	3
United Sua Betong	Dec. 31	50,367	85,013	135,380	...	75,000	10	...	60,380	79,392	12‡
Shipping											
Coast Lines	Dec. 31	143,357	(g) 795,081	938,438	564,375	90,000	4‡	165,000	119,063	234,645	Nil
Shops and Stores											
Boots Pure Drug Co.	Mar. 31	260,091	770,890	1,030,981	96,750	464,000	29(†)	172,141	298,090	750,037	29(†)
Waring and Gillow	Jan. 31	4,367	3,397	7,764	...	...	...	...	7,764	2,832	Nil
Tea											
Assam Consolidated	Dec. 31	3,102	12,630	15,732	...	...	...	9,800	5,932	3,280	Nil
Doom Dooma	Dec. 31	42,328	48,874	91,202	...	39,750	15	5,586	45,866	10,795	5
New Sylhet	Dec. 31	2,885	5,110	7,995	720	4,200	15	...	3,075	3,444	10
Textiles											
Coats (J. and P.)	Dec. 31	388,025	2,006,340	2,394,365	330,000	1,475,000	10	250,000	339,365	2,463,327	13‡
Tramways and Omnibuses											
British Electric Traction ...	Mar. 31	1,309,832	331,600	1,641,432	163,121	27,005	5	...	1,397,296	305,371	5 (b)
						54,010	(b)				
Trusts											
Abbots Investment	Apr. 15	4,743	14,741	19,484	...	11,534	3	5,131	2,819	14,448	2‡
Independent Investment Co.	Mar. 31	29,507	12,233	41,740	10,474	1,281	1	...	29,985	11,108	Nil
Investment Trust Corp. ...	May 1	250,592	247,576	498,168	87,000	134,533	12	152,813	123,822	233,250	12
Second Co-operative Invest.	Mar. 31*	6,323	19,013	25,336	551	11,254	1	...	13,531	15,817	1
Other Companies											
Associated Biscuit	Mar. 31	1,936	115,066	117,002	30,225	84,009	6†	...	2,768	115,044	6†
Associated Newspapers ...	Mar. 31	609,655	930,800	1,540,455	25,000	42,000	7(c)	135,000	601,032	924,153	26‡d
						737,423	26‡d				
Beer (I.) and Sons	Apr. 30	17,036	24,400	41,436	5,500	10,000	10	7,000	18,936	19,344	10
Brookes (W. J.) and Sons ...	Feb. 29	7,256	28,958	36,214	11,250	12,000	8	6,438	6,526	31,959	8
Burton (Joseph) and Sons	Apr. 18	25,025	20,077	45,102	12,500	2,500	5	5,000	25,102	23,329	5
Cope Brothers and Co.	Mar. 31	56,801	46,059	102,860	...	38,742	13‡	7,000	57,118	43,056	12‡
Field (J. C. and J.)	Mar. 31	9,990	30,143	40,133	8,750	15,625	12‡	5,000	10,758	19,537	12‡
Hill (R. and J.)	Mar. 31	Dr. 21,275	4,369	Dr. 16,906	...	...	...	1,801	Dr. 18,707	8,036	Nil
Hope (Henry) and Sons ...	Mar. 28	7,704	62,742	70,446	27,500	14,766	7‡	17,500	10,680	54,802	Nil
Jury Holloware (Stevens)...	Mar. 31	...	22,055	22,055	...	16,100	7	...	5,955	(e)	(e)
Lissen, Ltd.	Mar. 31	22,112	44,005	66,117	40,000	...	...	...	26,117	40,281	Nil
McColl (R. S.)	Apr. 24	3,187	15,947	19,134	9,225	5,719	5	...	4,190	14,043	2‡
Roberts, Adlard and Co. ...	Mar. 31	2,313	15,993	18,306	...	11,438	12‡	...	6,868	12,320	11‡
Selangor Oil Palm	Dec. 31	2,330	8,213	10,543	...	4,589	4	3,852	2,102	1,156	Nil
Sena Sugar Estates	Dec. 31	Dr. 12,967	49,032	36,065	...	...	...	20,000	16,065	Dr. 24,234	Nil
Thames Grit & Aggregates	Mar. 31	5,867	24,402	30,269	8,719	11,438	10	2,520	7,592	22,940	4
Vitol Limited	Mar. 31	29,352	15,799	45,151	8,750	7,500	10	...	28,901	8,708	10

* For half-year. † Free of income tax. (a) On proportional and "B" proportional profit shares. (b) Represents a bonus of 10 per cent. on deferred ordinary shares. (c) Ordinary shares. (d) Deferred shares. (e) No comparable figures. (f) Includes £562,361 dividends from subsidiary companies, £528,911 declared by subsidiary companies out of reserves and arrears of dividends of preference of Coast Lines, and £33,450 declared by them out of profits on sale of investments (applied towards provision of £40,000 for premium on redemption of 5 per cent. first debentures). (m) For 3½ years to end of 1935. (n) 5 per cent. paid free of income tax.

ASSOCIATED BISCUIT MANUFACTURERS LTD.—Total profit for the year to March 31, 1936, after tax, amounted to £115,066, compared with £115,044. The final dividend on the ordinary is 4 per cent., tax free, making 6 per cent., tax free, the same as for the previous year. A balance of £2,768 is carried forward, against £1,936. Investments in and indebtedness of subsidiary companies appears in the balance sheet at £2,065,362, compared with £2,062,629 in the previous year. The cash holding is £22,917, against £25,007. Meeting, Hotel Victoria, London, W.C.2, June 9th, at 11.30 a.m.

BURNTISLAND SHIPBUILDING COMPANY, LTD.—During the year ended March 31, 1936, the volume of orders for new ships secured steadily increased, and the works are now employed at full capacity. In the year to March 31, 1936, profit, before depreciation, amounted to £21,003, against £335 in 1934-35. After charging £10,000 for depreciation of plant, etc., and writing £2,000 off investments, the directors propose to pay a final dividend of 5 per cent., making 7 per cent., and to carry forward a surplus of £2,095, subject to fees. The previous dividend was 4 per cent. in respect of 1930-31. Meeting North British Station Hotel, Edinburgh, June 10th, at 2.30 p.m.

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash * Interim div. † Final div.			Dividend for Whole Years	
	Interim or Final	Date of Payment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
RAILWAYS					
Bengal Nagpur	2%*	July 1	Same	%	%
Bombay Baroda, etc.	3%†	...	Same	6	6
Chesapeake and Ohio	70 cts.ps	...	Same	...	...
BANKS					
Barclays Bank (Dominion, Colonial and Overseas), A and B.....	5*	June 16	Same	...	...
Central Hanover Bank and Trust.....	\$1 p.s.	July 1	Same	...	...
National Bank of New Zealand.....	4†	...	Same	4†	4†
TEA AND RUBBER					
Baraora (Sylhet) Tea.....	8%†	...	7‡†	16	17‡
British Indian Tea.....	10%†	July 8	7‡†	12‡	10
Brush Rubber.....	5%†	June 26	...	10	...
Buxa Doars Tea.....	10%†	...	...	15	12‡
Doloo Tea.....	5‡†	...	3‡†	8	6
Doolahat Tea.....	10%†	...	...	12‡	7‡
Empire of India and Ceylon Tea.....	6%†	July 20	2‡†	8	2‡
Harmutty Tea.....	5%†	...	...	7‡	5
Indian Tea of Cachar.....	...	...	...	2	...
Jalinga Tea.....	...	...	...	5	...
Luskopore Tea.....	...	...	...	6	5
Malakoff Rubber.....	...	June 20	...	4	4
Maturata Tea (Pref.).....	3%†	June 30	...	...	...
Rini (Java) Rubber.....	...	...	...	5	10
Rubber Estates of Krian.....	...	...	...	3	4
Scottish Assam Tea.....	...	...	...	6	3
Sehinjuri Bheel Tea.....	10%†	...	Same	12‡	12‡
MINING					
Associated Tin Mines of Nigeria.....	7‡†	July 9	...	17‡	13‡
Do. (on account of 1936).....	5%*	July 9	Same	...	...
Blackwater Mines.....	12/- ps.†	June 23	...	13/- p.s.	12/- p.s.
Bulolo Gold.....	\$1.40*	July 2	...	...	...
Kramat Pulai Tin.....	20%*	June 30	25%*	...	...
Malayan Tin Dredging.....	12‡†	June 16	10%*	...	...
Naraguta Tin Mines.....	21%†	June 30	...	10	...
Do.....	2‡†	June 30	...	...	...
Southern Malayan Tin Dredging.....	7‡†	June 15	5%*	...	...
OTHER COMPANIES					
Aberdeen, Ceylon and Eastern Trust	...	...	...	2‡	2‡
Allied Ironfounders.....	6%†	...	5%†	10	12‡
Alvis Car and Engineering.....	...	...	...	10	15
Australian Estates and Mortgage	6‡ cum. pref.	Nil	Paid to June 30, 1932	...	...
Barcelona Traction.....	75c. p.s.	June 29	...	...	...
Barnagore Jute Factory.....	7‡†	June 24	Same	12‡	12‡
Beer (George) and Rigidon.....	4%†	June 11	Same	...	...
Beer (I.) and Sons.....	7%†	June 11	Same	10	10
Berry Hill Brickworks.....	3%*	...	4%*	...	...
British Columbia Power "A".....	40c. p.s.*	July 15	37c. p.s.*	...	...
British Tobacco (Australia).....	1‡*	June 30	Same	...	...
Brown (John) and Co.....	...	...	...	16‡	Nil
Brownlee and Co.....	...	...	...	10‡	10‡
Canadian Celanese pref.....	\$1.75	June 30	Same	...	...
Do. com.....	40 cts.ps.	June 30	...	...	...
Coast Lines.....	2‡†	...	Nil	4‡	Nil
Dolton Bournes and Dolton.....	2‡*	July 1	Same	...	...
English Beet Sugar.....	15%*	June 15	...	...	...
Field (J. C. & J.) (Dividend)	...	...	...	12‡	12‡
Do. Bonus.....	...	...	...	15/- p.s.	...
General Scottish Trust.....	...	...	...	2	1‡
Groom (H. L.) and Son.....	...	...	...	10	...
Grosvenor Caterers (Glasgow).....	...	...	...	7‡	...
Guest Keen and Nettlefolds.....	12‡†	...	...	25	Nil
Hector Powe.....	10%†(c)	...	...	20	15
Home Grown Sugar.....	...	June 15	...	5	5
Illustrated Newspapers (pref.).....	3‡	July 1	Paid to Apr. 30, 1935	...	...
Imperial Tobacco of Canada.....	1‡*	June 30	Same	...	...
Indian and General Investment Trust (Def.).....	7‡†	June 9	...	12‡	11
International Harvester.....	30 cts.ps	July 15	...	...	...
Jerome Ltd.....	5%*	July 1	Same	...	...
Mirlees, Bickerton and Day.....	...	...	...	2‡	Nil
Monument Property Trust.....	5%†	...	Same	...	...
Moss Empires.....	5%*	...	2‡*	...	...
New Hucknall Colliery.....	2‡*	...	2%*	...	...
North British Cold Storage and Ice	5%†	...	...	7‡	...
Revo Electric Co. (Tipton).....	12%†	...	...	...	...
Rickett, Cockerell and Co.....	...	...	...	5	4
Roberts Adlard and Co.....	...	...	...	12‡	11‡
Ruston and Hornsby.....	...	...	...	5	Nil
Second British Steamship Trust.....	2%*	June 30	Unchanged	...	...
Second London Scottish American Trust.....	1%†	...	Same	2	2
Tredegar Iron and Coal.....	...	...	...	13	12‡
Turner and Newall.....	3‡*	...	2‡*	...	...
Twyfords Ltd.....	8‡†	...	...	12‡	10
United British Oilfields of Trinidad	...	...	...	7‡	3
United Tobacco (South) Ord. and Def.....	9d.p.s.*(s)	...	6d. p.s.*(s)	...	...
Westburn Sugar Refineries.....	16%*	June 15	...	...	...
Weyburn Engineering.....	5%*	June 12	...	...	...
Wiggins (Hammersmith) 7‡ p.s. pref.	11‡%	...	Paid to Mar. 31, 1936	...	...

profit of \$25,945.42 for the year, compared with a loss of \$800,728.95 for 1934 for the same activities. The report points out that while the results for 1935 show an improvement over 1934, the present outlook does not seem to justify expectations for any substantial improvement for the year 1936 over 1935.

SWEDISH MATCH COMPANY.—A gross profit on sales of Kr. 4,731,715 is shown in the report for 1935, which compares with Kr. 5,209,228 for 1934. These figures refer, however, only to deliveries from Swedish match plants, while profits from subsidiaries are included in dividends on shares, which have decreased from Kr. 6,780,000 to Kr. 5,397,000. Total income from investments has decreased from Kr. 34,883,000 to Kr. 30,116,000, but interest on bank liabilities has fallen from Kr. 19,593,000 to Kr. 15,956,000. Net profit amounted to Kr. 11,199,000, compared with Kr. 3,626,000 a year ago, and is again carried to reserves.

THE BRITISH ELECTRIC TRACTION COMPANY, LTD.—The total assets on March 31, 1936, amount to £6,384,215, compared with £6,220,987—an addition of £163,228 for the year. The following table shows the salient figures in comparison with the previous three years:—

Year ended March 31	Gross Profit	Net Profit after charging Debit Interest	Prof. Stock	Prof. Ord. Stock	Def. Ord. Stock (A)	Amount at Credit of Undivided Profits Account
1933	400,017	245,122	8	8	15	1,209,279
1934	421,272	262,026	8	8	15	1,241,231
1935	465,514	299,502	8	8	15	1,309,881
1936	505,245	331,600	8	8	15	1,397,295

(A) Payable as to 5 per cent. in cash and remainder in deferred ordinary shares.

The annual general meeting will be held at Winchester House, Old Broad Street, E.C.2, on June 12, 1936.

UNITED KINGDOM GAS CORPORATION, LTD. (PURCHASE OF CASTLEFORD AND WHITWOOD GAS COMPANY.)—The corporation has acquired 99.24 per cent. of the stock of Castleford and Whitwood Gas Company. The purchase price was 44.76 per cent. in fully-paid preferred ordinary shares of the corporation and the balance in cash.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

LARGELY owing to the holidays and unsettled conditions abroad, business in primary products subject to international arbitrage was quiet and the trend of the prices of many commodities was downwards.

The coincidence of favourable crop reports from North America and European countries with sustained Canadian selling pressure has been largely responsible for the small turnover in wheat and for the downward tendency of prices in recent weeks. Raw sugar was again marked down in price. Business in provisions was quiet, but butter prices registered a further rise.

The event of the week was the advance of quotations for iron and steel materials, ostensibly to allow for the increase in the price of coal, coke and other raw materials used by the industry. Owing to the pressure of demand, however, the rise in quotations is not expected to result in a decline of business in the near future. Another important development, discussed in a Note of the Week, was the slump in tin prices due to the loss of confidence in the market by consumers. Copper, lead and spelter were also marked down. The market in rubber was as dull as ever, consumers only covering immediate requirements on the assumption that devaluation in Holland would result in a fall of rubber prices. Among textile raw materials, cotton was firmer on unfavourable crop reports from the United States, but business in Lancashire goods was small in volume. Wool prices are scarcely changed on the week. The British jute industry remained depressed owing to the low prices of Indian jute manufacturers.

Commodity prices in the United States failed to recover. Thus Moody's index of the dollar prices of staple commodities stood at 163.8 on Wednesday, against 163.0 a week earlier, 169.0 a month ago and 156.6 on the corresponding day last year.

COAL

SHEFFIELD.—The all-round reduction of the Midland district quotas from 62½ per cent. in May to 55 per cent. of the standard tonnage in June is due in the first place to the decline of the demand for household and gas coal. Moreover, the holidays mean a shorter working month in some branches of the heavy trades which will lessen their demand for coal. It is expected that there will be a general reduction in the price of household coal this month. The export trade remains quiet.

OIL OUTPUTS

THE ATTOCK OIL COMPANY, LTD.—Production for April, 9,768 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended April 18th: Venezuela, 14,024 barrels; Trinidad, 25,769 barrels; total, 39,793 barrels. Production for the week ended April 25th: Venezuela, 14,659 barrels; Trinidad, 25,001 barrels; total, 39,760 barrels. Production for week ended May 2nd: Venezuela, 14,219 barrels; Trinidad, 23,686 barrels; total, 37,905 barrels. Production for the week ended May 9th: Venezuela, 14,541 barrels; Trinidad, 23,378 barrels; total, 37,919 barrels. Production for April: Venezuela 62,557 barrels; Trinidad, 107,128 barrels; total, 169,685 barrels. Deliveries for April: Venezuela, 57,104 barrels; Trinidad, 114,464 barrels; total, 171,568 barrels. Production for week ended May 16th: Venezuela, 14,447 barrels; Trinidad, 22,842 barrels; total, 37,289 barrels. Production for week ended May 23rd: Venezuela, 12,426 barrels; Trinidad, 24,157 barrels; total, 36,583 barrels. Production for week ended May 30th: Venezuela, 14,221 barrels; Trinidad, 23,965 barrels; total, 38,186 barrels.

DACIA ROMANO PETROLEUM SYNDICATE, LTD.—Gross production for April: Dacia, 2,166 tons; Perimeter X 3,801 tons; Star-naphta, 627 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended April 11, 1936, was 497,000 barrels. Production for the week ended April 18, 1936, was 507,000 barrels. Production for the week ended April 25, 1936, was 461,000 barrels. Production for the week ended May 2, 1936, was 524,000 barrels. Production for the week ended May 9, 1936, was 540,000 barrels. Production for the week ended May 16, 1936, was 520,000 barrels.

PHOENIX OIL AND TRANSPORT COMPANY, LTD.—The gross production of crude oil of the Phoenix Group for April was 90,619 tons. The gross production of crude oil of the Phoenix Group for May was 92,888 tons.

TAMPICO OIL, LTD.—The total production from the company's properties in Mexico during April was 10,802 barrels, in respect of which Royalty due to Tampico Oil, Ltd., amounted to 810 barrels.

Export prices: South Yorkshire hards, 19s. to 19s. 6d.; washed gas doubles, 17s. 6d. to 18s.; washed trebles, 17s. 6d. to 18s.; washed coking smalls, 14s. 9d. to 15s. 3d.; Derbyshire top hards, 18s. 3d. to 18s. 9d.; washed trebles, 17s. to 17s. 6d.; cobbles 18s. 3d. to 18s. 9d. Inland prices: South Yorks best, 23s. to 25s.; Derbyshire best house, 22s. to 23s.; best screened nuts, 19s. to 20s.; Yorkshire hards, 19s. 6d. to 20s.; nutty slacks, 10s. to 11s.

NEWCASTLE-ON-TYNE.—The month has opened with a firm tone for all classes of steam coal. Inquiry is good from the Scandinavian countries for screened coal, the most recent being from the Swedish State Railways, who are seeking tenders for 68,500 tons for shipment during July-August. Export trade in Durham gas and coking coal remains at a low level, and there seems little prospect of improvement unless trade is resumed with Italy. Home trade is very active.

Current f.o.b. prices for export: **NORTHUMBERLAND**—D.C.B. screened, 15s.; smalls, 12s. 6d.; Howards, Bentineck, Newbiggin screened, 14s. 9d.; smalls, 12s.; Tyne prime large, 14s. 6d.; smalls, 12s. 6d.; Hartley Main large, 14s. 9d.; smalls, 12s. 6d. **DURHAM**—Lambton/South Hetton screened steam, 15s. 9d.; smalls, 13s.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon unscreened gas, 14s. 8d.; second-class gas, 13s. 6d.; coking unscreened and/or smalls, 13s. 3d.; prime unscreened bunkers, 15s.; second-class unscreened bunkers, 14s.; prime foundry coke, 26s.; Newcastle and district gas coke, 28s.

GLASGOW.—The feature is the sustained improvement of export business. The collieries catering for this branch are better placed than at this season for some years past, both as regards orders and prices. Baltic business is very satisfactory. In the home market the good industrial demand is compensating to some extent for the contraction of household and public utility business. Generally the market position remains comparatively strong, with little surplus of either large coal or nuts.

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

CARDIFF.—During the first three days of the current week work at the collieries was suspended, and, with the docks closed on Monday, shipments were also substantially below the average. The two chief events of the week have been the announcement of the details of the audit for the three months ended April and the placing by the Egyptian State Railways of a contract for 233,000 tons at 25s. 3d. c.i.f. and 57,000 tons at 18s. 3d. f.o.b. with Messrs

OTHER METALS

COPPER.—Prices tended easier, despite a renewed fall in home warehouse stocks. The uncertain political outlook, the weakness of the gold currencies and the strikes in France were the main reasons adduced to account for this weakness. A report that the Union Minière du Haut Katanga is in favour of raising production quotas had no effect on the market, since it is taken for granted that the other participants would not agree to an increase while the present weakness of prices continues.

Sales on the London Metal Exchange: 150 tons on Tuesday, against 1,600 tons last week; 1,600 tons on Wednesday, against 900 last week. Domestic spot was quoted at 8.85 cents per lb. in New York on Wednesday, against 8.92½ cents a week ago and 8.97½ cents a month ago. Wednesday's official closing price for standard cash in London was £36 5s. to £36 6s. 3d., compared with £36 12s. 6d. to £36 13s. 9d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 58,387 tons, show a decrease of 506 tons, while stocks of rough copper, at 5,617 tons, show a decrease of 50 tons on the week.

LEAD AND SPELTER.—Business in both lead and spelter was very restricted over the holiday period, and prices were easier in sympathy with other metals. World output of lead during April totalled 140,000 short tons, according to the American Bureau of Metal Statistics, against 128,700 short tons in the previous month. Since the production of lead has been lagging behind consumption during the past year, the latest increase should occasion no uneasiness. No further news of the Belgian zinc negotiations has been received during the past few days.

Sales of lead on the London Metal Exchange: 1,000 tons on Tuesday, against 900 tons last week; 750 tons on Wednesday, against 250 last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 3s. 9d. per ton, compared with £15 11s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 150 tons on Tuesday, against 200 tons last week; 950 tons on Wednesday, against 300 tons last week. Wednesday's quotation in East St. Louis was 4.90 cents per lb., against 4.90 cents the week before and 4.90 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 2s. 6d. per ton, against £14 8s. 9d. last week.

TIN.—The past week witnessed a heavy slump on this market, the cash price losing £14 and the forward quotation £11 5s. The main reasons were the uncertainty created by the postponement until June 25th of the quota decision for the third quarter of the year, and the widespread belief that the tin scheme may collapse after December, owing to the opposition of Siam. Some weight is also attached to the statement of the President of the Chamber of Mines of the Federated Malay States to the effect that Malaya would not make concessions which might permit an increased production in other areas, at Malaya's expense. Moreover, the statistics published on Tuesday had a somewhat depressing effect on the market. According to Messrs A. Strauss and Company, the total visible supply increased by 1,812 tons during May, to 16,922 tons. Deliveries, at 8,901 tons, were 2,154 tons smaller than in April, while supplies rose by 3,181 to 11,505 tons. Consumers' demand remains restricted, although offerings have been readily absorbed. In particular, American consumers have shown some reluctance to buy—a significant fact, when it is remembered that the American tinplate industry is very busy. The bull position is practically liquidated, but the outlook is uncertain. Even if quotas are raised at the next meeting of the Committee, larger supplies would not be available till the end of August. Moreover, consumers' stocks are not large. Sooner or later, therefore, a sharp reaction from this week's downward price movement seems probable.

G. Beynon and Company, Ltd., for Monmouthshire coals, and another for 10,000 tons at 25s. 5½d. c.i.f. with the Maris Export and Trading Company. The audit shows a trading loss of £163,260, or 4.88d. per ton, compared with a profit of £262,217, or 6.66d. per ton, in the previous quarter, and with a loss of £223,188, or 5.56d. per ton in the corresponding period of 1935. The pithead proceeds per ton were 13s. 8.54d. compared with 13s. 9.24d. the previous quarter, and 13s. 2.88d. a year ago, but costs of production, partly owing to the increase in wages, and partly to irregular working, were 10½d. per ton higher than in the three months ended last January. The wages cost per ton increased from 8s. 0.92d. to 8s. 4.25d., and other costs (including 6.10d. in respect of subsistence allowances) were 5s. 9.17d. as against 5s. 1.66d. The tonnage of coal raised was only 8,030,314 tons compared with 9,447,798 tons the previous quarter, and 8,162,300 tons in the corresponding period last year, and while the output per man shift worked was less than in the preceding quarter the average wage per man shift worked was 9s. 6.99d. compared with 9s. 4.25d.

Current approximate market quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 6d.; Black Veins, 18s. 3d.; Western Valleys, 17s. 6d. to 17s. 9d.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. 6d. to 14s. 6d.; seconds, 13s. to 14s.; coking smalls, 14s. 3d. to 14s. 6d.; anthracite best large, 36s. to 40s.; Red Vein large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s. 9d.; rubbly culm, 11s. 6d. to 12s.; special foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship, French, 24s. 3d., Portuguese 21s. to 21s. 6d.

IRON AND STEEL

MIDDLESBROUGH.—Owing to the Whitsuntide holidays the customary market was not held on Tuesday this week. As a result of the strong demand for pig iron and steel, holidays at the works have been shorter than usual. Merchants report that they have been able to get slightly increased deliveries of local foundry iron during the holiday period. The price of Cleveland No. 3 foundry pig iron, for delivery up to the end of June, is nominally 70s. per ton delivered Middlesbrough, but new business for prompt delivery is almost impossible as output is fully sold. East Coast hematite is in increasing demand. The advance of 3s. 6d. per ton which was announced last week has not impeded business. The price is now 80s. 6d. per ton for No. 1 quality delivered locally. Shipments of pig iron from the Tees during May amounted to 3,283 tons, of which 1,573 tons were shipped coastwise, whilst of the remainder, 1,000 tons was shipped to the United States. A further shipment to America has been made this week.

The advances in the price of heavy manufactured steel were generally expected and the increase of 12s. 6d. per ton in the price of sections and plates will not seriously affect shipbuilders locally for some time as their requirements had already been covered at the old rates. Output continues to increase. Shipments of manufactured steel from the Tees during last month amounted to 38,157 tons, of which approximately 14,000 tons were shipped coastwise and the remainder to foreign destinations. Heavy steel melting scrap continues in good demand and up to 60s. per ton is being paid. Foreign ore is difficult. Only spot vessels are being chartered at advanced freights as Spanish tonnage is not available. Good Durham blast furnace coke costs 25s. per ton delivered at the works.

SHEFFIELD.—The increases of 2s. 6d. per ton and 3s. 6d. per ton in the prices of basic pig iron and hematite, respectively, are not likely greatly to affect the volume of business, though this week's market can hardly be indicative of the general effect upon buyers. Supplies of pig iron are urgently required and small parcels of basic and hematite have changed hands at the higher prices. Makers are fully booked, some of them to the end of the year. Producers of foundry iron have little to offer in the market, having difficulty in meeting present commitments. The Central Pig Iron Producers Association are not making any change in prices at present. For some time a premium of 5s. per ton on official basic prices has operated for deliveries after the end of June. Business in both East and West Coast hematite is brisk. In finished iron common bars are in increased demand. Acid and all classes of basic steel billets are now 5s. a ton higher, small bars, strip and hoops are 6s. dearer, and sections, joists and plates 12s. 6d. The price of wire rods is unaltered at present, but an increase is probable before long.

GLASGOW.—In Glasgow and district business in the iron and steel trades remains satisfactory. Steelmakers' plants are running to capacity and the amount of work on hand is sufficient to ensure a continuance for some time to come of the present rate of output. Makers of semis are also very fully booked and are unable to meet all the demands of local users. There is no change in the situation at the sheet rolling mills, which are steadily employed, although export business is still poor. Local tube makers report that business is quiet at the moment. Re-rollers of steel bars, etc., are all busy and have well-filled order books. In the manufacturing industries, almost all branches are exceedingly busy and work on hand at the various shops in the Clyde area is very substantial. Clyde ship repairs have again had a busy week.

CARDIFF.—The holidays have interrupted work this week in the South Wales iron and steel trade, and there was no meeting on the Swansea Metal Exchange last week. Current inquiries show no material improvement, and shipments in the tinplate trade continue unsatisfactory. Last week they totalled 56,462 boxes, compared with 109,141 boxes in the corresponding period last year, but there were also smaller deliveries into warehouse, and stocks totalled 69,555 boxes, compared with 71,357 boxes for the previous week, and 84,688 boxes a year ago. It transpires that at the recent meeting of the Executive Committee of the International Tinplate Association, Germany was granted an increased quota at the expense chiefly of France, the Saar and Italy.

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Sales of tin on the London Metal Exchange : 685 tons on Tuesday, against 115 tons last week; 625 tons on Wednesday, against 165 last week. The New York quotation on Wednesday was 42.75 cents per lb., against 45.87½ cents a week ago and 46.75 cents a month ago. Wednesday's official closing quotation in London for standard cash was £187 to £187 10s. per ton, compared with £201 to £201 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 644 tons, an increase of 93 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was again quoted at £12 7s. 6d. per flask of 76 lbs. Chinese antimony was quoted at £56 to £57 per ton ex warehouse, duty paid, the same as last week. Chinese wolfram for June-July shipment was quoted at 32s. to 32s. 6d. per unit, c.i.f., as against 33s. to 33s. 6d. per unit last week. Platinum (refined) was maintained at £7 per ounce.

TEXTILES

COTTON.—Manchester.—Business during the past week has been interrupted by the Whitsuntide holidays, and there have been very few serious attempts at important negotiations. A feature of interest has been the hardening movement in raw cotton prices on further unfavourable reports concerning the prospects for the new crop in the United States.

There has been a fair amount of inquiry in piece goods, but most of the orders secured have been for small lots. Certain dealers in India continue to show increased interest in Lancashire goods. Useful lines have been reported in light whites and bleached shirtings, chiefly for Karachi and Madras, and some dhooties and fancies have been placed for Calcutta, while miscellaneous sales have occurred in dyed fabrics for Bombay and the up-country markets. Very little business has been done for China and the smaller outlets of the Far East. Scattered transactions have been arranged in bleaching styles for Egypt and prints have again been sold for West Africa. Rather more activity has shown itself for Australia, some fair weights being booked. Home trade houses are complaining of the unseasonable weather adversely affecting clearances. Yarn quotations have tended to harden.

COTTON PRICES

	1936					Corresponding Date	
	May 13	May 20	May 27	June 3		1934	1935
Raw Cotton—Mid. American per lb.	d. 6-51	d. 6-60	d. 6-59	d. 6-72	d. 6-51	d. 6-79	
Sakellaridis Fully Good Fair							
Egyptian per lb.	8-97	8-99	8-74	8-75	8-54	7-99	
Yarns—32's twist per lb.	10½	10½	10½	10½	10½	10½	
40's weft per lb.	10½	10½	10½	10½	10½	10½	
60's twist (Egyptian) per lb.	15½	15½	15½	15½	15½	15	
32-in. Printers 116 yds., 16 by 16, 32's and 50's a. d.	17 0	17 2	17 2	17 4	18 3	17 6	
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's a. d.	24 0	24 3	24 3	24 6	23 0	24 0	
38-in. ditto, 88 yds., 18 by 18, 10 lb. a. d.	10 0	10 1	10 1	10 2	10 10	10 4	
38-in. ditto, 87½ yds. 16 by 15, 8½ lb. a. d.	9 0	9 1	9 1	9 2	9 8	9 2	

JUTE.—Dundee.—The jute market drags along, with little fresh business reported in any section of the trade. Quotations for raw jute have declined recently, and this has not been conducive to business in yarns and cloth, buyers purchasing only small lots to meet their immediate needs. Quotations remain unchanged, but competition is so keen for any orders going that concessions are being made. Spinners and manufacturers are compelled to reduce production and a fair amount of machinery is standing, besides firms closing down for a day or two each week. Unfortunately for Dundee manufacturers, prices for Calcutta goods continue at very low levels and competition for business in the ordinary makes of hessians is out of the question. One works in the Forfar district will be closed down at the end of this week because of lack of business.

In spite of the jute crop restriction scheme being again in operation this season, the next crop is expected to yield about 25 per cent. more than the last one. The latter will probably yield eight million bales, and the crop for season 1936-1937 is expected to yield ten million bales. World consumption of raw jute is estimated for next season at 10½ million bales, but stocks in the hands of consumers are ample to meet any deficiency in supply during this and next season. Sales have been made of Daisee-2/3 at £17 per ton for the new crop and Tossa-2/3 has been sold at £18 10s., October-November. Old-crop jute, however, is being maintained at £19 10s. per ton for Daisee-2/3 and at £19 15s. for Tossa-2/3, June-July. Good First Marks of the old crop are offered at £22 and good Lightnings at £20 15s., June-July, but sales of new crop have taken place at £20 10s. and £19 10s. respectively, August-September. Good Hearts are offered at £18 10s. to £19, August-September.

Jute yarns are quiet, with common 8-lb. cops quoted at 2s. and 8-lb. spools at 2s. 1d., but buyers are unwilling to pay even 1s. 11d. and 2s. respectively, which might be accepted with a fair business offered. Twist is steady at 3½d. for 3-ply 8-lb., and sacking yarns remain at 2½d. for 24-lb. weft and 3½d. for 8-lb. chains. Rove is easier at £19 10s. for 48-lb. and £15 10s. for 200-lb., and the finer yarns are neglected.

Quotations for jute cloth continue at 2½d. for 10-oz. 40-in. and 2d. for 8-oz., but buyers are not keen to pay these prices, and a shade less is being taken in some cases.

Calcutta hessians recovered a little yesterday on publication of the stock figures in Calcutta, showing a decrease of 13½ million yards at the end of May, compared with end of April, but stocks of sackings increased during the month by 26 million yards. The figures for hessians are now 68½ million yards and for sackings 120 million yards. The price of 10-oz. 40-in. is 17s. and 8-oz. 14s., July-September.

GRAIN MARKETS

WHEAT.—Wheat markets have again been quiet, but the downward price movement has temporarily been checked. The expectation of larger supplies next season, and of the continuance of Canadian selling has made buyers cautious; there is a disposition on the part of millers and bakers to allow stocks to run down.

On Wednesday last, "July" futures were quoted in Chicago at 84½ cents per bushel, against 83½ cents the week before and 87½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 31s. per 496 lbs., against 30s. 3d. a week ago; No. 2 Northern Manitoba, ex ship, 30s. 6d., against 30s. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,091,000 quarters, against 1,378,000 in the previous week and 1,567,000 quarters in the corresponding week a year ago.

FLOUR.—During the past week demand was again dull and prices have been further reduced. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 27s. per 280 lbs., against 28s. a week ago; delivered inner London, 27s. as compared with 27s. 6d. a week ago. Manitoba patents, ex store, 25s. to 26s. 9d., against 24s. 6d. to 26s. 3d. a week ago. Australian, ex store, 22s. to 22s. 6d., against 22s. to 22s. 9d. a week ago.

BARLEY.—Despite recent price reductions, buyers have shown little interest in imported feeding barley. Trade in English descriptions has practically finished for the season. Meanwhile, the new crop is urgently in need of more reasonable weather. "July" futures were quoted at 36½ cents per bushel in Winnipeg on Wednesday, against 35½ cents a week ago and 38 cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 22s. 6d., as against 22s. 6d. a week ago; "English malting" at farm, 25s. to 40s., against 25s. to 40s. a week ago.

OATS.—Demand remains quiet, prices showing little change. On Wednesday, "July" futures were quoted at 25½ cents a bushel in Chicago, against 24½ cents a week ago and 26½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 18s. to 19s. per 336 lbs., against 18s. to 19s. a week ago; "English White," at farm, 18s. to 19s., against 18s. to 19s. a week earlier.

MAIZE.—The market has shown no new features, and prices are approximately unchanged. Meanwhile, weather in Argentina has taken a turn for the better, being cold and dry. "July" futures were quoted on Wednesday at 60 cents per bushel in Chicago, against 60½ cents a week ago, and 61½ cents last month. Quotations in London, Wednesday: "Plate," landed, 19s. 3d. per 480 lbs., compared with 19s. 3d. a week ago; "Plate," ex ship, 18s. 6d., as against 18s. 6d. a week ago; "Plate," "June," 18s., as against 18s. a week ago; yellow maize meal, ex wharf, was quoted at £5 2s. 6d., per ton as against £5 2s. 6d. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat	Cwts.	Cwts.	Cwts.	Cwts.
1 week to May 30	104,826	112,440	169,755	108,252
39 weeks to May 30	8,213,904	10,131,194	12,484,129	9,562,998
Average price of English wheat per cwt.	s. d. 5 11	s. d. 5 2	s. d. 5 6	s. d. 6 10

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
May 28, 1932	Cwts. 98,051	Cwts. 7,751	Cwts. 16,945	s. d. 6 3	s. d. 7 1	s. d. 8 0
May 27, 1933	104,826	55,177	22,170	5 11	6 8	5 8
June 2, 1934	112,440	5,558	20,617	5 2	7 3	6 3
June 1, 1935	169,755	29,045	19,134	5 6	7 0	7 3
May 23, 1936	193,215	17,683	42,818	6 10	6 10	6 2
May 30, 1936	108,252	13,460	18,393	6 10	8 11	6 2

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

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	June 5, 1935	Dec. 31, 1935	May 27, 1936	June 3, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	65½	82½	83½	84½	74½	77½
Chicago (No. 2 Winter) —Cents per 60 lb.	84½	98½	83½	75½	83½	84½

The visible supply of wheat in Canada amounts to 93,884,000 bushels, against 96,085,000 bushels last week, and 108,446,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—No change was made in the official quotations last weekend, but English, Irish and Canadian descriptions have subsequently been rather irregular. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 86s. to 90s.; Canadian, 80s.; Danish, 89s., the same as last week. Arrivals in London last week included Danish, 13,601 bales; Canadian, 4,167; Dutch, 2,217; Lithuanian, 1,640; and Polish, 2,030, as against 12,881, 3,989, 2,464, 1,518 and 2,602, respectively, in the previous week.

BASIC PIG PRICE.—The Pigs Marketing Board announced this week that, in accordance with the provisions of the present contract, the ascertained price of green Wiltshire style bacon is 87s. 1d. per cwt. and the ascertained value of offals is 9s. 2d. The ascertained cost of feeding stuffs, as certified by the Ministry of Agriculture and Fisheries, is 7s. 9d. per cwt. In accordance with the price schedule embodied in the contract, the price of the Class I, grade C pig, for the month of June is 11s. per score, against 11s. 4d. in May and 11s. 5d. in the same month of last year. The curers will also pay to the Pigs Marketing Board 2d. per score on every pig delivered and accepted during this year, to form a pool out of which will be paid the bonus on pigs delivered during the first four months of the year, in accordance with the 1936 Bonus Scheme.

BUTTER.—The firm tendency has continued this week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 104s.; Australian, choicest salted, 102s.; Danish, 110s.; compared with 102s., 100s. to 101s. and 108s., respectively, a week ago.

CHEESE.—The market remains firm generally. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, factory, 53s. to 56s.; Canadian, finest coloured, 65s. to 66s.; and New Zealand, finest coloured, 58s.; against 50s. to 54s., 65s. and 56s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 5½ cents per lb., as against 5½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "October-December" was quoted 26s. 6d. per 250 kilos., c.i.f. Continent, against 25s. 9d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 26,746 bags; delivered, for home consumption, 9,358 bags; exported, 1,192 bags; stocks, 175,574 bags, against 195,714 bags a year ago.

COFFEE.—The London spot market was quietly steady this week. In New York, the spot market displayed a similar tendency. On Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb., as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 13 cwt.; delivered, for home consumption, 207 cwt.; exported, 400 cwt.; stocks, 10,499 cwt., against 17,486 bags a year ago. Central and South American, landed, 2,326 cwt.; delivered, for home consumption, 2,229 cwt.; exported, 838 cwt.; stocks, 125,757 cwt., against 113,699 packages last year. Other kinds, landed, 3,501 cwt.; delivered, for home consumption, 4,305 cwt.; exported, 1,206 cwt.; stocks, 178,078 cwt., against 128,503 packages last year.

EGGS.—The market remains steady. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 9s. 9d. to 10s. per 120, as against 9s. 9d. to 10s. last week, while Danish (15½ lb.) made 8s. 9d. to 9s. per 120, against 8s. 9d. to 9s. last week.

FRUIT.—Unseasonable weather was mainly responsible for a quiet demand over the holiday period. For the same reason, the season for strawberries and other outdoor soft fruit is much later than usual. At Covent Garden, according to *The Fruitgrower*, some poor quality outdoor strawberries have been available, while some indoor are still on offer. Green gooseberries made a better showing, selling at from 3½d. to 5d. per lb. Hothouse grapes remained in fair demand, but Guernsey green figs declined. Melons sold fairly well, while peaches and nectarines were steady in price. Spanish apricots were easier, on increasing supplies, but plums from the same source were dearer. Pears continued to sell well, but, in response to a heavy increase in shipments, apples were a point easier. The moderate supplies of oranges remained in demand at firm rates, with grapefruit rather easier. Lemons continue short and dear.

MEAT.—Trading at Smithfield Market has been on a moderate scale, prices showing little change. On Wednesday last Argentine chilled hindquarters were quoted at 3s. 4d. to 3s. 11d. per 8 lbs., as compared with 3s. 4d. to 3s. 10d. a week ago. New Zealand frozen mutton was 3s. to 3s. 6d. per 8 lbs., against 3s. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 9,700 tons, an increase of 909 tons on the corresponding week last year. Beef and veal accounted for 5,274 tons, mutton and lamb, 3,005 tons, and pork and bacon, 848 tons, as compared with 4,989, 2,691 and 729 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered, 7 tons; stocks, 1,759 tons, against 2,235 tons a year ago. White, landed, nil; delivered, 79 tons; stocks, 12,181 tons, against 18,179 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 9d. per cwt. ex warehouse on Wednesday, as compared with 8s. 9d. per cwt. a week ago. "June-July" in singles to Continent and U.K., was quoted at 7s. 7½d. per cwt., against 7s. 7½d. for "May-June" last week. Movements in London during the past week were as follows: Landed, 6 tons; delivered, 366 tons; stocks, 1,282 tons, against 6,684 tons a year ago.

SUGAR.—The spot markets, both in London and New York, have been quietly steady during the past week. The spot price in New York on Wednesday was 3.72 cents per lb., as compared with 3.72 cents per lb. last week and 3.72 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 8½d. to 4s. 8½d., against 4s. 8½d. to 4s. 8½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 18,355 tons, against 1,127 tons last week and 9,103 tons in the same week of last year; deliveries, 19,455 tons, against 17,758 tons last week and 15,666 tons last year; stocks, 170,010 tons, against 171,110 tons last week and 124,204 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
May 30, 1935	d. 11-38	d. 12-35	d. 13-90	d. 9-45	d. 8-22	d. 10-03	d. 11-99
Apr. 30, 1936	12-79	13-66	16-05	10-94	10-49	11-99	13-48
May 7, "	12-79	14-09	15-67	11-02	10-54	11-69	13-55
May 14, "	12-59	13-66	15-08	10-89	10-36	11-86	13-19
May 21, "	12-41	13-00	14-21	10-81	10-21	11-75	12-81
May 28, "	12-37	12-98	13-61	10-43	10-05	11-22	12-54

The London market has been closed this week, but public auctions will be resumed on Monday next.

VEGETABLES.—Although the cold weather has reacted unfavourably upon demand, prices of English and Guernsey tomatoes at Covent Garden remain at a fairly high level, states *The Fruitgrower*; arrivals are still moderate. Cucumbers have not sold so well, and are easier. Plenty of asparagus was on offer during the past week at firm rates, but lettuce declined. Mushrooms, however, were a shade dearer. Good spring cabbage and cauliflowers sold well; large supplies of rhubarb are now to hand. Old potatoes still receive fair attention at London markets, best siltland King Edward again realising from 7s. to 8s. per cwt. at the London Borough Market on Tuesday. With increasing supplies Jersey new declined from 28s. to 26s. a cwt., but Spanish Mataros made 17s. to 18s., against 16s. 6d. to 17s. per cwt. a week earlier.

MISCELLANEOUS COMMODITIES

POTASH.—Mainly in consequence of an improvement in international agriculture, the consumption of potash increased last year. World consumption outside France and Germany achieved a new record during the year ended May 31, 1935, amounting approximately to one million tons of pure potash. According to the chairman of the *Mines de Kali St. Thérèse* this high level of consumption was maintained in 1935-36. As a result of new agreements between the Cartel and several "outside" producers, certain consumers have covered their requirements for some time ahead, in anticipation of a rise in prices. These "newcomers" have apparently not joined the Franco-German Cartel, but have entered into agreements with it, in order to eliminate price-cutting. By this means, it is said, peace has been restored to the world market until 1941. During the first four months of the present year, the German Potash Syndicate sold 671,600 metric tons of K₂O, against 664,500 metric tons in the corresponding period of last year. Domestic sales rose by 13.2 per cent., but exports suffered a decline of 44.5 per cent.

RUBBER.—The expectation of a devaluation of gold *bloc* currencies has again restricted business this week. But, although buyers continue to hold off in the hope of a fall in quotations, prices have been maintained. Meanwhile the statistical position of the commodity continues to improve.

The spot price in New York on Wednesday was 15½ cents per lb. compared with 15½ cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. for July-September shipment, as

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against 7½d. to 7¼d. a week ago. Stocks in London and Liverpool at the end of last week totalled 130,560 tons, against 132,745 tons a week earlier. A year ago stocks amounted to 167,906 tons.

VEGETABLE OILS AND OLSEEDS.—Oil seeds opened on a rather firmer note after the holiday, but business is still very restricted. Although there is some demand on Continental account, Plate linseed is neglected by English crushers, for, with the 10 per cent. import duty, it is out of line with Indian descriptions, which continue to be offered freely. In view of the high basic price fixed by the Argentine Government, there is some question concerning the possibility of a reduction in order to compete more effectively in the world market or whether, alternatively, it will be maintained and an export subsidy given to growers. The former is considered

in some quarters as the most probable, but it appears that nothing definite has, as yet, been decided. So far this year Argentina has exported about 655,000 tons, and has an estimated balance of 647,000 tons available for shipment as against 965,000 tons and 920,000 tons last year. India, however, has shipped 108,000 tons, as compared with only 45,000 tons a year ago, and has available another 136,000 tons for export. Trade in linseed oil has developed slightly at the lower levels and prices are steadier. Raw oil, ex Hull mill, for June-July delivery, is now quoted at £24 5s. per ton, naked, later positions being at a small premium. Cotton seed is neglected and a shade lower. Demand for refined cotton oil for export is negligible and prices have dropped to £25 10s. per ton, with crude quoted at £23 ex Hull.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

LONDON, June 3rd				The prices in the following are revised with the assistance of an eminent firm in each department.			
CEREALS AND MEAT				POTATOES—			
GRAIN, Etc.—				King Edward per cwt.			
Wheat—				s. d. s. d.			
No. 2, N. Man. 496 lb.				7 0 8 0			
Eng. Gaz. av., per cwt.				s. d. s. d.			
Barley, Eng. Gaz. av. ...				0 2½			
Oats, ...				0 4½			
Maize, La Plata, landed,				0 8½			
480 lb. ...				0 7½			
Flour, Lon. stan. ex mill,				60 0			
280 lb. ...				60 0 90 0			
Rice, No. 2 Burma, per cwt.				1 2 2 2			
MEAT—				1 0			
Beef, per 8 lbs.—				SUGAR—			
English long sides ...				(Duty, 11/8 per cwt.)			
Argentine chilled hinds				Centrifugals, 96% prpt.			
Mutton, per 8 lbs.—				shipm., c.i.f. U.K./Cont.			
English wethers ...				B.W.I., crystallised ...			
N.Z. frozen ...				Java, white, c. & f. India			
Lamb, per 8 lbs.—				Oct-Dec ...			
N.Z. frozen ...				Nominal.			
Pork, English, per 8 lbs.—				REFINED—London—			
5 2 5 8				Yellow Crystals ...			
OTHER FOODS				Cubes, M'brough ...			
English ... per cwt.				Crushed ...			
Irish ...				Granulated ...			
Danish ...				Home Grown ...			
Dutch ...				TEA—			
HAMS—				Indian—per lb.—			
Canadian ...				Pekoe ...			
American ...				Broken Pekoe ...			
BUTTER—				Orange Pekoe ...			
Australian ...				Broken Orange Pekoe ...			
New Zealand ...				Ceylon—per lb.—			
Danish ...				Pekoe ...			
Dutch ...				Broken Pekoe ...			
CHEESE—				Orange Pekoe ...			
Canadian ... per cwt.				Broken Orange ...			
New Zealand ...				TOBACCO—			
English Cheddars ...				(Duty, 9/6-10/6½ per lb.)			
English factory ...				Empire growth, 7/5½			
Dutch ...				8/3½ per lb.)			
COCOA—				Virginia leaf—			
(Duty, British grown,				Common to fine ...			
11/8; foreign, 14/- cwt.)				Rhodesian leaf ...			
Accra, f.f. ... per cwt.				Nyasaland leaf ...			
Trinidad ...				East Indian leaf ...			
Grenada ...				strips ...			
COFFEE—				s. d. s. d.			
(Duty, British grown				COTTON—			
4/8; foreign, 14/- cwt.)				Mid-American ... per lb.			
Santos sup. c. & f. cwt.				Sakellaris, f.g.f. ...			
Colombian, good ...				Yarns, 32's twist ...			
Costa Rica, med. to good				60's twist ...			
East Indian ...				FLAX—			
Kenya, medium ...				Livonian ZK ... per ton			
EGGS—				Pernau HD ...			
English ... per 120				Slanetz Medium 1st sort			
Danish ...				HEMP—			
FRUIT—Oranges—				Italian P.C. ... per ton			
Valencia ... boxes				Manilla, Apr.-June "J 2"			
Brazilian ...				Sisal, African ...			
Lemons, Malaga ... cases				JUTE—			
Apples: Amer. (var.) boxes				Native 1st mks. ... per ton			
(var.) boxes				c.i.f. H.A.R.B.			
Onions—				June-July ...			
Valencia, case ...				Daisee 2/3 c.i.f. Dundee			
Egyptian, bags ...				June-July ...			
Grapes, Almeria, barrels				SILK—			
Grapefruit, Jamaica ...				Canton ... per lb.			
LARD—				Tussah ...			
Irish bladders ...				Japan ...			
U.S. ... per cwt.				Italian—raw, fr. Milan			

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

UNITED STATES

(New York quotations unless otherwise stated)

June 5, 1935					June 5, 1935				
Wheat, No. 2, Winter, nearest					Sugar, Cuban Centrifugals, 96				
future, Chicago, per bushel...					deg., spot, per lb.				
83½					Cotton, middling, spot, per lb.				
Maize, nearest future, Chicago,					Rubber, smoked sheet, spot,				
per bushel ...					per lb. ...				
80½					Petroleum, Mid-Continent crude				
Oats, nearest future, Chicago,					33 deg., to 33-90, at well, per				
per bushel ...					barrel ...				
35½					Copper, "Electrolytic," Do-				
Rye, nearest future, Chicago,					mestic, spot, per lb.				
per bushel ...					Copper, "Electrolytic," Export				
47½					prompt, per lb. ...				
Barley, nearest future, Chicago,					Spelter, East St. Louis, spot,				
per bushel ...					per lb. ...				
(a)					Lead, spot, per lb. ...				
Coffee, Rio No. 7, cash, per lb...					Tin, "Straits," spot, per lb. ...				
7					51.30				
Santos No. 4, cash, per lb. ...					46.75				
8½					45.87½				
Cocoa, Accra, nearest future,					42.75				
per lb. ...					(a) Nominal (b) May futures (c) July futures.				
4.40									

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THE STOCK EXCHANGE—

nearly £205 millions by 1940, against an average of £44½ millions in 1925-29. This greatly increased monetary basis, if associated with a psychology of expansionism, offers the prospect of a great—possibly even a dangerously large—price rise in the course of the next ten years.

If economic factors alone are taken into account, the long-term outlook, on this showing, is more hopeful than is generally believed. Unless the universal experience of past monetary history is at fault, we may expect a world-wide rise in prices, sooner or later; for if any one nation—the United States, for example—were to apply the torch to this combustible material, the resulting conflagration could not possibly be localised. Almost every country in the world which has enjoyed substantial recovery since 1932 has taken increased British exports, and under a regime of world-wide economic expansion the prospects for Britain's depressed areas would assume a new and more hopeful aspect. If the movement were not unduly delayed, any interim recession in national industrial activity might even be tided over without any serious loss of confidence. It might be argued that, as yet, there has been no serious threat to any one of the three main factors in contemporary domestic recovery—cheap money, devalued sterling and cheap food; and that the effect upon employment of a possible decline in the building trade (whose activity was responsible for nearly one-fourth of the total rise in employment between 1932 and 1935) might for a while be offset by such developments as the Government's re-armament programme.

Can we safely rule out, however, the possibility that events may take a different course, owing to the intrusion of factors which may quite properly be omitted from a review of purely economic possibilities? Can we dismiss the danger of an outbreak of war in Europe or of the continued distortion of international trade policies by pre-occupation with the fear of war? If not, how will British industry fare if world trade has shown no decisive expansion in two or three years' time when our re-armament programme has been completed? Can we confidently assume that a "controlled" economy, in these circumstances, can indefinitely maintain prosperity at or near a peak level? Or will its efforts prove increasingly restrictive? These are grave questions which cannot be dismissed from any comprehensive survey of the future. Economically, there are many reassuring factors in the long-term outlook. But now, as ever, the extent to which they will have "time and space to work and spread" depends on the policy of the world's rulers more than on any other single factor.

MR EDEN'S TWO VOICES

THE speech Mr Eden made to his constituents last Saturday gives the impression of a man trying to push his way through a thicket of thorns and briars who, in spite of his utmost effort, is brought to a standstill. Evidently this is the impression which the speech has made in Italy, where it is being interpreted as a sign that Signor Mussolini's totalitarian victory over the League in general, and over England in particular, is now very near to being acknowledged by his vanquished adversaries themselves. Possibly the tone and content of the speech have given the same satisfaction, and for the same reason, to a section of opinion in this country, which—with suicidal blindness—is congratulating itself on the discomfiture of the League.

Throughout the pronouncement we seem to detect a discord between two voices: the authentic note of Mr Eden himself and the very different refrain which he is compelled to recite in his official capacity as Mr Baldwin's Secretary of State for Foreign Affairs. This confusion of tongues gives the speech an unfortunate air of inconsequence. Time and again premise and conclusion simply do not fit.

Though the League has suffered a setback, we must keep the League in existence, Mr Eden declares, because His Majesty's Government in the United Kingdom still [*sic*] maintains its confidence in the League as the best instrument available to mankind for the preservation of international peace. We cordially agree; but how does the warmth of the Government's feeling square with the lukewarmness of its action? Does one so lightly sell a fort which one believes to be the key to one's own citadel? And what does the Government mean when it tells us, through the Foreign Secretary's mouth, that any modifications

which may be necessary in the structure of the League must be approached with the desire to make that body as effective as possible for the maintenance of peace? Does this admirable sentiment signify an intention to accept an increase of our obligations under Article XVI now that the Italo-Abyssinian test has shown that the minimum action at present required of States Members of the League is insufficient for the purpose? As we read Mr Eden's speech, we find ourselves confirmed in the suspicion that the Government is playing with the idea of watering down the coercive provisions of the Covenant, instead of fortifying them.

Confirmation comes from no less a person than the Chancellor of the Exchequer. In a speech on Wednesday evening he characterised as "the midsummer of madness" the suggestion that sanctions should in any way be intensified. For, said Mr Chamberlain, we must recognise their failure; reduce the obligations of the League to a point conformable to its capacities; and leave to those countries alone whose vital interests are involved the task of organising security in certain regions, under the general ægis of the League. What a wealth of inconsequence and myopia is here! Where do the vital interests of a world-wide Empire end? Mr Baldwin's obvious reluctance in the House on Thursday to answer a bombardment of questions whether Mr Chamberlain's statement expressed the Government's foreign policy will confirm the country's suspicions. Mr Chamberlain seems to have been expressly put up by the Government to prepare the nation for its change of policy.

With this watering-down there naturally goes an emphasis on national re-armament. We can have no quarrel in the present international situation with a policy of national re-armament in the service of collective security; and this is the policy which the Government is perpetually promising, whenever its spokesmen urge re-armament upon us. Indeed, when Mr Eden proceeds to tell us that "the objective of British foreign policy is the maintenance of a peace that should not be limited to one or two countries, or even to one or two continents," we seem to be hearing the speaker's true voice. But in the very next sentence the "official" voice breaks in to pull us up short again. "There are clearly certain areas in which our vital interests are more immediately affected by a disturbance of the peace; and one of these areas is Western Europe." And Mr Chamberlain's speech was one long paraphrase of this. Yet our supreme vital interest is surely one that cannot be defined—or confined—within regional limits. In conceiving of our vital interests in geographical terms, the Government is relapsing into an anachronistic view of armaments as instruments of national policy—as though our national welfare could be secured without a constructive organisation of the international society to which we belong.

Moreover, even if we were to accept the old-fashioned geographical view of security, we should surely have to revise our geographical scale in the light of recent technical developments. Yet when Mr Eden goes on to describe what our British regional interests in Western Europe amount to in the Government's opinion, it comes down simply to an undertaking to fulfil our Locarno obligations towards Belgium and France in the event of their being attacked by Germany. "These obligations affect the independence and integrity of countries which we regard, and which our forefathers before us regarded, as of vital importance to the British realm." But what on earth is the relevance of our forefathers' views about the strategical basis of British foreign policy to the new problems of an age which has seen the invention of flying? Our forefathers sought—in vain—to limit our concern on the Continent to assuring the integrity of of the Low Countries. Does Mr Baldwin imagine that, in substituting France for Holland as the second Continental country, in addition to Belgium, whose integrity we must maintain at all costs, he has brought our forefathers' strategy up to date? Does he not understand that, since the conquest of the air has brought Berlin within less than four hours' flying distance of London (over Dutch territory), the minimum area on the Continent to which Great Britain can afford to confine her strategic interest embraces the whole of Europe, including the western fringes of Russia? Does he not realise that if Germany—expanding eastwards—were to bring under her dominion all Eastern Europe up to the Ukraine, she could then

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mobilise the entire air power of this huge empire on her western frontiers, within two hours' flying distance of English shores? In order to be able in the end to dictate to Great Britain and France, Germany does not need to attack either of them; she need only induce them to give her a free hand to outclass and eventually overshadow them by a career of expansion in the opposite direction.

This is a point which has not been hid from the French. It may be that absorption in her domestic problems and her deep-seated desire for a quiet life may induce France, for a while at all events, to rest passive even in the face of growing intrusion from Germany into Central Europe provided she can get a sufficiently binding guarantee of her western frontier. But Mr Eden's speech reminds us that even the British Government has misgivings about this policy. "There are points," he says, "which are not clear about the non-aggression proposed by Germany in Central and Eastern Europe, and about the circumstances of Germany's return to the League of Nations"—and Mr Eden concludes his speech with a reminder that the British questionnaire to Germany still lies unanswered. Here is perhaps the greatest inconsequence of all. For is not the Foreign Secretary himself virtually inviting Herr Hitler to ignore any British questions about Eastern Europe when Mr Eden is forced by his own Government's policy to reassure Herr Hitler in the same breath that Western Europe, in the narrow sense of Belgium and France, is the only patch of the Continent in respect of which the British Government is prepared to accept any definite commitments?

In this welter of confusion there are still voices in this country that would counsel us to make our peace with Herr Hitler, and leave him free to vent his energies on the penetration of Central and Eastern Europe. There is even a childish view that France has "gone Communist," and that if Herr Hitler tries to make war on Russia—and subjugate Central and Eastern Europe beforehand to facilitate it—he should be allowed to. This, it is suggested, will keep Germany occupied for decades to come. For a period, at all events, we should enjoy the benefits of isolation—even though at the cost of maintaining extravagant armaments. Others—who regard the imperialist ambitions of Italy as a passing phase, or at all events as of minor importance—would hem Germany in by the policy of the ringed fence. The first policy involves a great sacrifice of liberty in Europe and the surrender of the ideal of international order and the rights of small nations. The second involves something akin to the outlawry of Germany and a refusal to consider her alleged economic grievance. Both lead inevitably to disaster for Europe and for ourselves.

The only solution of this dilemma is not to water down, but to strengthen the efficacy of the League by increased assurances of support which should be clearly defined and organised in advance. But to this should be coupled the offer to Germany of frank co-operation within the League and the removal of obstacles to close cultural and economic association with her on the part of those coun-

tries that freely desire such co-operation. A strong League is the only way to ensure that such developments are entered into freely and not under compulsion. And a strong League is the only safeguard that they will not become a danger to others.

If, on the other hand, the British Government's policy is to make humiliating terms with a successful aggressor on June 30th, it were better that Signor Mussolini should leave the League. The League that would then remain would at least be a League of Powers vitally interested in the collective preservation of national integrity against potential aggressors. Such a League would afford the widely ramifying British interests more reliable safeguards than meek acquiescence in the policy and achievements of militant expansionism.

THE ADVERTISING INDUSTRY—II

In a preceding article, we reproduced the estimate of a well-known agency that last year's expenditure on "display" advertisement of branded goods, in some 151 newspapers and journals, amounted to £16,770,000. We may now proceed to trace the life history of a typical newspaper advertisement.

Suppose a producer of "food drinks" were starting an extensive sales campaign. The initial discussions between the advertiser and the agency handling his business would be entirely unconcerned with the form of the intended advertisements. They would be directed, rather, towards the determination of the size of the potential market for the product in question, the extent of competition, and the public's reasons for buying existing food products. They might include various tests to discover whether the "food drink" was likely to be popular or whether (e.g.) its flavour might be slightly modified to suit the public's taste. The packing of the article would be a matter of careful consideration. All possible retail outlets would be examined. Factory costs, retail discounts, selling prices, and gross and net profits would be determined. A "sales plan" would be drawn up, co-ordinating every relevant feature of the technique of salesmanship. Among the points covered in this programme would be the sales manager's plans, the instructions to be given to the manufacturer's travelling salesmen; the preparation of printed matter for the retail trade, and of window and counter "sales material"; the drawing up of circulars to be distributed by retailers to the public; and, finally, the extent of Press, poster and, perhaps, film and radio advertising. In short, the distribution of the commodity from the factory to the retailer, and from the retailer to the public would be "planned" as a single all-embracing operation.

The next point to be determined would be the best means of distributing the advertiser's message among his prospective customers. At this stage it would be the duty of the advertising agent to give expert advice on such highly

technical matters as the geographical distribution, circulation, "coverage," and "pulling power" of individual newspapers and journals, and the habits, age, sex, earnings, etc., of their readers. Finally, the form of the proposed advertisements would be discussed, and questions of their size and frequency of appearance would be settled. Commercial designers and advertisement writers would collaborate, a choice would be made of several alternative "lay-outs," and the finished advertisement would be prepared with the help of typographers, compositors, blockmakers and stereotypers.

It is no exaggeration to say that efficient modern advertising involves as careful and detailed planning as the technique of factory production. The initiative in its development has come less from the manufacturer than from the advertising agent, who works in a keenly competitive field. It has been inevitably associated, in the main, with the sale of "consumption goods," identifiable by a trade name. In more recent times, however, "co-operative" or "collective" advertising has assumed increasing importance. This form of advertising is based on an association of numerous manufacturers (who may, individually, be competitive producers) in an endeavour to increase the demand for a single class of product. Gas, electricity, tea, bread, coal, English tomatoes, beer, concrete, paint, and port, have all been the subject of collective advertisement.

The "market" for the advertising industry is tending to widen. Collective advertising, which was initiated as far back as 1911 by the gas industry and was widely developed after the war, has now attained a certain seniority. More recent entrants to the field have been official and semi-official institutions like the Empire Marketing Board, the Post Office, the "National Mark" organisations (for beef, eggs, etc.), the Milk Marketing Board and the Herring Industry Board. All these, in a sense, are "collective" advertisers. All have something to sell, and all have exploited modern advertising methods with powerful effect.

The permanence of advertising as an ancillary of modern industry seems assured, so long as consumers retain their idiosyncrasies of taste and freedom of choice. It is the resultant of many factors, including the Education Acts, the wider spread of post-war incomes, and the elevation of many former luxuries and "instruments of leisure" to the rank of "conventional necessities." Its objective is to overcome the conservatism of the average consumer, and then to make that conservatism its most powerful ally. Once a well-advertised product or a "brand" has become a household word, its producer enjoys a quasi-monopoly; but he retains it only by further advertising, by maintaining quality, and by selling at a competitive price.

FRANCE'S COLONIAL MARKETS

(BY A CORRESPONDENT)

TO-DAY France possesses the second biggest Empire in the world. Unlike Great Britain, however, France has only in recent years begun to pursue a systematic policy for the economic development of her colonies. French colonial economic policy is indeed the child of the economic crisis. The collapse of French exports to foreign countries has emphasised the importance to France of the development of trade with her colonies, where she is in most cases allowed preferential treatment. Since 1929 French goods have been progressively excluded from the world market, and so far French exports have not shared in the recent revival of world trade. While total French exports have declined during this period by two-thirds, however, exports to the colonies have only been reduced by one-third. The proportion of French exports going to the colonies has therefore risen from year to year, amounting in 1929 to 17.9 per cent., in 1931 to 24.1 per cent., in 1933 to 32 per cent., and in 1935 to 32 per cent.

The following table shows the development of France's trade with her colonies.

(In million francs)							
	1929	1930	1931	1932	1933	1934	1935
Total Imports	58,220	52,510	42,205	29,808	28,450	23,047	20,945
of which from							
Algeria	2,989	3,299	3,428	3,290	3,864	2,813	2,305
Tunis	704	664	584	724	449	415	463
West and Central Africa ..	908	840	511	378	376	509	658
Indo-China	692	526	404	404	582	613	589
Madagascar	367	254	243	244	261	263	211
Morocco	504	300	392	486	466	468	375
Syria	74	62	43	33	28	28	23
Total Exports	50,139	42,835	30,463	19,705	18,474	17,850	15,472
of which to							
Algeria	4,500	4,563	3,976	3,270	3,309	3,083	2,578
Tunis	1,006	915	800	754	665	618	567
West and Central Africa ..	677	633	334	258	215	223	282
Indo-China	1,013	896	537	462	434	449	438
Madagascar	249	260	222	221	189	189	184
Morocco	1,291	1,110	881	721	585	465	415
Syria	179	163	156	147	142	103	85

France's trade with her colonies has suffered considerable fluctuations, and both the import and export figures have fallen, owing partly to the fall in raw material prices on the world market. But as the fall in the prices of those materials produced in French colonies was relatively less than that in other primary-producing countries, the proportion of French trade with French colonies has risen.

The relative stability of French exports to the colonies has been of particular importance to France in the depression years, for 60 per cent. of French exports to the colonies are manufactured goods and these are the goods which have suffered most severely in the export markets in the depression. The colonies take 40 per cent. of total exports of manufactured goods. An analysis of French exports to the most important colonies—Algeria, Tunis, West Africa, Madagascar, Syria, etc.—shows that the commodities taken in the largest quantities by the colonies are cotton goods, perfumes and soap, metal manufactures, silk goods, pharmaceutical products, machinery and motor vehicles—all of which are articles containing a large proportion of French labour. A recent analysis of French exports published by Pierre Jeramec shows that industries which before the war accounted for the major part of French exports—textile and luxury industries—are precisely those which have been hardest hit by the crisis, while the "new" export industries, those working on mass production lines, have fared better. The French colonies have always been good customers of the "old" export industries. Not many figures are available about these industries, but estimates made by the President of the Roubaix Chamber of Commerce show that in 1934 28 per cent. of the output of the cotton industry went to the colonies, and only 3 per cent. to foreign countries. For the perfumery and soap industry and for the pharmaceutical industry also, the colonies form a very important part of the market. Trade with the colonies has thus been a stabilising influence for French industry, and has to that extent mitigated the effects of the depression.

The stability of French exports to the colonies is mainly a result of the preferential treatment France enjoys in these countries. The French colonies can be put into three classes in their commercial relations with the motherland. First, there are the "assimilated" colonies into which French goods enter duty-free. These include Algeria, Madagascar, Réunion, Martinique, Indo-China, Guadeloupe, Guiana and New Caledonia. In these colonies, which form an integral part of France's tariff system, French goods are treated in the same way as if they were being sent from Tourcoing to Toulouse. The second group contains those colonies which grant preferences to French goods. These are the Protectorates of Tunis, West and Central Africa, Oceania and the New Hebrides. Here French exporters derive advantages of various kinds. Of these benefits some measure is given by the tariff system of French Africa, under which French goods pay *ad valorem* duties averaging from 5 to 7 per cent., while foreign goods are taxed about 12 per cent. The third category includes the mandated territories—Syria, Togoland and the Cameroons—and the Protectorate of Morocco, in all of which foreign goods have to be allowed to enter on equal terms with French goods by international treaty. With one or two minor exceptions, therefore, these countries are under an "open-door" system. In the colonies giving preferences, the proportions of total imports coming from France in 1929 and 1934

respectively were in Algeria, 77 and 82 per cent.; in Tunis, 65 and 75 per cent.; in Indo-China, 47 and 58 per cent.; in West Africa, 50 and 50 per cent. In the "open-door" territories, on the other hand, the proportion sank between 1929 and 1934, in Morocco from 47 to 39 per cent.; in Syria from 17 to 15 per cent. Figures for the year 1935 are only available for a part of the colonial trade, but on the whole there seems to have been a reduction in the French share of the total trade with French colonies compared with 1934. The proportion of Algerian imports coming from France rose, it is true, to 87 per cent.; but the corresponding proportions for Tunis, Indo-China and Morocco fell to 70, 50 and 36 per cent. respectively.

The French share of imports into certain assimilated territories, such as Madagascar, Réunion, Martinique, etc., has also fallen. But in these territories French trade has already acquired a dominating position. Col. Mornet recently estimated that purchases of French goods per head in Martinique, Réunion, Guadeloupe and Algeria amounted to 1,100 francs per annum: whereas in Tunis similar expenditure only reached 500 francs; and in Senegal only 300 francs. According to Col. Mornet, the expansion of France's colonial markets depends principally on their economic development, which is calculated to increase the purchasing power of the populations. He pointed out that much remained to be done in this direction. Indo-China, for instance, possesses fewer railways than Siam, though it is larger in area. France owns one-third of Africa; one-quarter of the population; and one-fifth of the railways of that continent. While the British colonial Empire contains 220,000 km. of railway, the French Empire includes only 15,000 km. The shipping and harbour position is the same. The French merchant fleet, which maintains trade with the colonies is technically out of date. (A few modern ships for the Algeria service, for the transport of bananas, and certain cold-storage ships have been constructed in recent months.)

But French colonial circles feel that the Mother Country has stinted the colonies of resources for development. Public colonial capital issues in France have increased almost fourfold since 1929. In 1929 they amounted to Frs. 414 millions, and to Frs. 1,533 millions in 1934. On the other hand, private issues for colonial companies have fallen from Frs. 1,493 millions to Frs. 206 millions in the same period. An important colonial conference which took place a few months ago worked out an elaborate plan, which has been accepted by the Government, for the economic development of the colonies. But what is needed by the colonies for this development is not so much the approval and blessing of the State as plenty of private enterprise and initiative. The growing importance of the colonies as a profitable outlet for French industry makes such enterprise an urgent necessity.

THE SUPREME COURT ONCE MORE

(BY OUR WASHINGTON CORRESPONDENT)

THE decision of the Supreme Court that the Minimum Wage Law for Women in the State of New York is unconstitutional has suddenly damped the national, almost mystic, reverence of the public for the Court. Its finding against the N.R.A. was widely popular. The nullification of the A.A.A. was considered a hardship, but possibly a necessary price for the defence of local government against over-centralisation. The ruling against the Guffey Coal Act had been a foregone conclusion. But the veto of the New York wage law has suddenly thrown doubt on the Court's ineffable inspiration. Constitutional law is a web of complexities, into which are woven the personal opinions of judges during a century and a half. The vital question arises repeatedly whether the precedent of interpretation or the simple doctrine of the original document are of greater importance.

In 1923 the Court threw out a minimum wage law for women in the District of Columbia. This was the stumbling-block in the way of the justices this year. The New York law and the District statute were not as alike as two peas, but it would have strained consistency to uphold the one after annulling the other. Justice Hughes was

E X P O R T

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willing to apply the strain, and in his dissenting opinion argued, in effect, that the two peas were definitely dissimilar. Justice Stone, however, wished to leap over the stumbling-block altogether, and to base an opinion on quite another precedent. This was the most inviting Nebbia decision, which declared: "So far as the requirement of due process is concerned, and in the absence of other constitutional restrictions, a State is free to adopt whatever economic policy may reasonably be deemed to promote public welfare and to enforce the policy by legislation."

When the Court rules that control over social conditions by the Federal Government is impossible, since it invades the rights of the States, the average layman may agree. State legislation, however cumbersome and uncertain, is preferable to anything that looks like a drift towards a totalitarian super-State. But it is a different matter when the Court kills a State law regulating wages for women on the ground that it violates the right of contract and so infringes the due-process clauses in the Constitution. Its action then appears, not as the defence of State rights, but as the negation of any sovereignty whatever in a vital range of modern industrial life. President Roosevelt's careful description of the opinion was to say that it left a "no man's land." This was far more circumspect than the dissenting opinion of Justice Stone, who hurled this paragraph at his colleagues in the majority: "It is difficult to imagine any grounds, other than our own personal economic predilections, for saying that the contract of employment is any the less an appropriate subject of legislation than are scores of others, in dealing with which this Court has held that Legislatures may curtail individual freedom in the public interest."

To say that Washington was shocked by the decision, is no exaggeration. The majority opinion was roundly denounced in private by conservatives and liberals alike. The only delight evoked was from the professional feminists, who objected to the New York law because it "protected" women and thus singled them out for regulation in defence of their theoretical equality as citizens. William Allen White, closest friend of Governor Landon, thundered: "The Republican Party must not let the Democrats fire the first shot in the battle of human freedom. The Party cannot shut its eyes to the fact that, somewhere in the Government, power should lie which will make this Government an agency of human welfare." As Mr White is chairman of the Resolutions Committee at the Republican Convention, it will be known whether he has succeeded in having the first shot fired, about the time this letter is published. But his challenge takes it for granted that the constitutional issue no longer can be left dormant by the Democratic Party.

It may be incomprehensible to Englishmen, happy in their unwritten Constitution, why Americans should approach this issue so gingerly. They may ask President

Roosevelt himself for the reason. After the N.R.A. decision, confident that the country would be offended, he spoke testily about a return to the "horse and buggy" era. But the country did not respond. It was not wroth over his words; it was simply moribund. From that moment the President determined, one may imagine, that he would not raise the issue either of the Constitution or of the power of the Supreme Court. Instead, he would wait—to put it bluntly—until death permitted him to nominate more liberals to the highest bench. Since the Constitution is what the Supreme Court finds it to be, he could bring about its revision in interpretation, if not in text. That would avoid any offence to American susceptibility over attacks on either the Constitution or the Court. An amendment, on the other hand, whatever powers it extended to the Federal Government, was certain to be misconstrued as a drift towards totalitarianism. Of the four "conservatives" on the bench of the Supreme Court, Justice Van Devanter is 77, Justice McReynolds 74, Justice Sutherland 74 and Justice Butler 70. Justice Hughes, who has sided with the conservatives in several instances, is 74, and only Justice Roberts, the "baby" of the Court, is relatively young at 61. Within four years, if the President were re-elected,

he probably could create a more liberal Court which would last well beyond his own second term. This may appear like waiting far too patiently; in fact, it may be the swiftest way to obtain a relaxation of constitutional restrictions. Any amendment would be required to pass Congress by a two-thirds majority, and then to be submitted to the States for ratification by two-thirds—a process which might take years.

With the minimum wage decision, however, the Supreme Court has forced its way back to the footlights. Labour, on whom the President must rely heavily, cannot accept a "no man's land" where its economic interests cannot be protected. Nor is labour alone in demanding action at the Democratic Convention in Philadelphia. All elements which have worked for reforms through legislation will urge the Party to take a stand. The seventeen States which have similar laws to the New York Minimum Wage Act wish to save them. And the Democrats can hardly evade the issue. If Mr Landon is to be judged by his friend William Allen White, the Democrats will not be alone in criticising the Court. There may be no amendment for years to come, but the prestige of the Court has fallen heavily. Its halo is displaced and awry.

NOTES OF THE WEEK

The Budget Leakage.—The Budget Tribunal's report has had immediate repercussions both in the City and Parliament. First, Mr Alfred Bates, who was held by the Tribunal to have used for private gain unauthorised information given him by Mr Thomas, offered to refund the claims paid to him by Lloyd's underwriters. The net amount was £10,750, and the underwriters have decided to accept the offer. On Saturday the Committee of Lloyd's appealed to all underwriting agents "not to accept purely speculative risks without first satisfying themselves that the assured has a legitimate interest in the covering of such risks nor without requiring the name of the assured to appear in the slip." The Committee also propose to keep a permanent sub-committee from which underwriters may obtain a ruling on doubtful cases. These provisions should certainly go far to obviate the necessity for legislation. The whole matter, however, clearly required discussion in the House of Commons, as was freely admitted by Sir John Simon in reply to Opposition questions on Tuesday. Whether a debate was possible, however, depended on the Attorney-General's decision on the advisability of criminal proceedings; and he announced in the House on Wednesday that there would be no prosecutions. The principal reason for this decision was that the evidence would be insufficient to secure convictions under the relevant Acts. On Thursday both Mr Thomas and Sir Alfred Butt made personal statements to the House in which they reiterated their denial of any conscious disclosure of official secrets, but announced their decision to resign their seats. Sir Alfred Butt complained that he and Mr Thomas had been condemned by a Tribunal from which there was no appeal and that they had not been granted a trial. Mr Baldwin, speaking subsequently on a motion to "consider and accept" the Tribunal's findings, said that the impartiality of the Tribunal was beyond challenge and that the House "had no course but to accept it." With this there will be general agreement. But though the decision not to prosecute is endorsed by legal opinion, the man in the street will think it odd that after the Tribunal's report there should be no prosecution, and that the persons concerned should not be given an ordinary trial. In the circumstances, however, it is difficult to see what other course could have been followed; and the debate in the Commons may be taken to be the end of a thoroughly unhappy business.

A Tariff Innovation.—Late on Tuesday night, in the committee stage of the Finance Bill, Dr Burgin, Parliamentary Secretary of the Board of Trade, opened discussion of Clause 6, Sec. 3, under which power to alter duties

on certain iron and steel goods is proposed. On this occasion Mr H. G. Williams led an impressive attack upon procedure which, he alleged, without any adumbration by the Government in the Budget speech or the Second Reading of the Bill, would enable the British Iron and Steel Federation to secure the benefit of the lowered duties on these goods to associated members of their organisation, and would involve discrimination in favour of imports from the Steel Cartel countries, thus forcing this country to infringe the most-favoured-nation clause. Dr Burgin, replying, admitted that the Federation and the Cartel between them could alter the list of goods; and he read an undertaking given by the Federation which ostensibly guaranteed equal treatment to all British importers, but included the following doubtful passage—"membership of affiliated associations shall be open to all firms who are eligible under their rules and willing to observe them." An impressive all-Party phalanx, including Sir Percy Harris, Mr Lees-Smith, Sir Francis Acland, Mr R. C. Morrison, Mr Pethick-Lawrence, Mr Michael Beaumont, and Mr Attlee tried to secure postponement of the debate, but the Deputy-Chairman ruled that the clause must be passed or rejected. Eventually, Dr Burgin was compelled—and he himself expressed his desire to do so—to lay the Federation's undertaking before the House and promise a half-day debate on the whole matter at an early date. Representatives of all parties showed themselves anxious about a procedure which would allow important economic interests, rather than Parliament, to fix and alter tariff rates, control liberty of trading, and so entrench themselves in a position of unchallengeable economic monopoly. The iron and steel industry's return in exchange for protection has been, not reorganisation, but the seeking of powers to import more iron and steel goods from "Cartel" countries and to vary duties—downwards for the present, but also upwards. This innovation in fiscal practice might only too easily render the costs-basis of our industrial structure subject to the arbitrary decision of a monopoly.

The Republican Convention.—Amid the traditional blare of bands, and amateur pageantry intended to symbolise the various "favourite sons," the Republican National Convention opened in Cleveland, Ohio, on June 9th and entered its first phase—the sounding of the "keynote" by Senator Steiwer of Oregon. The second phase is the drafting of the "platform"; and the third, the choice of the candidate. The chief contest promises to centre about the platform, which must attempt

to reconcile the profound, and in instances, bitter differences of conviction which separate the various sections of a heterogeneous party of opposition, without becoming diluted into pure platitudes. For example, the most concrete passages of the Keynote speech re-affirmed the ancient faith in high protection and denounced Secretary Hull's reciprocal trade agreements; yet among the Eastern Republicans some of the most irreconcilable opponents of the New Deal make a solitary exception in favour of those same agreements. The candidate indicated is Governor Landon, of Kansas, who at the outset claims 481 of the 1,001 delegates, with the rest divided and split. For many months it has been conjectured that Republican strategy might include an effort to attract the support of the so-called Jeffersonian (anti-New Deal) Democrats; and it has even been suggested that it would go as far as to offer the Vice-Presidential nomination to a representative of that group. The opening hours of the Convention have not disclosed the slightest gesture in that direction. It is increasingly probable that the form of the Republican campaign will be shaped by the personality of the candidate and will be largely improvised. There is no corpus of Republican party doctrine; and there is little party loyalty except among the professionals. At the moment the Republicans can hardly go further than an opposition of negation—they can invite to their Cave of Adullam every "out" with a grievance against the "ins"—which is not unlike the historic position of the Democratic Party. In the summer of 1932 mere denunciation of the "ins" would have been sufficient to overturn the Party charged with responsibility for the depression. In 1936, a prosperous electorate will hardly be so responsible to negation; but no positive programme should be sought in the proceedings of the Convention or in the platform there adopted. If it is to appear at all, it will evolve later.

M. Blum Acts.—On Friday of last week, M. Léon Blum broadcast an announcement that he was proceeding to lay Bills before the Chamber providing for a 40-hour week, collective labour contracts, and 14-day paid holidays. Thus the chief grievances of the "stay-in" strikers were promised immediate redress. The new Cabinet met in the evening of last Friday, and unanimously approved M. Blum's Ministerial Declaration, which promised the introduction of Bills on Tuesday providing, in addition to the features mentioned above, for a political amnesty, raising of the school-leaving age, reform of the statute of the Banque de France, nationalisation of war industries, a public works scheme, revision of those Laval *décrets de misère* which press upon civil servants and ex-soldiers, and an Office to valorise wheat, wine, meat, milk, etc. M. Blum's Declaration also promised a further batch of Bills providing for revision of agricultural debts, pensions for older urban workers, and the simplification of taxation; and he promised that new resources of taxation would only be sought in "acquired fortunes," the prevention of fraud, and a general recovery of taxable capacity. M. Blum, in presenting this ambitious programme, called for the full authority of Parliament in the name of an effective democracy, pledged to oust corruption and to bring positive achievements; and he received 384 votes—a majority of 174 over the opposition. Where the money is to be found was not stated in detail; so prospects of devaluation have increased rather than diminished. In fact, the programme seems to have rendered devaluation inevitable; for it is calculated that the 40-hour week alone must raise French costs prodigiously. Last Saturday, as an earnest of M. Blum's intentions, he removed M. Tannery from the Governorship of the Banque de France and appointed M. Labeyrie, Procureur-Général at the Cour des Comptes, to the post. (This appointment, and the repercussions of M. Blum's programme upon the franc, are discussed in Financial Notes on page 613.) Finally M. Blum declared himself against any "monetary coup d'Etat," such as devaluation of the franc—or, as it is now generally termed in nearly all political circles, "alignment of the franc." How M. Blum expects to lure French capital out of internal and external hoards with such a programme, which renders French costs

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more out of alignment than ever, is a riddle we cannot pretend to solve. M. Blum put forward his programme in the name of the Front Populaire; and the Communists in that Front, though they voted for him, are still against, while the Right and Centre are for, devaluation. M. Blum has chosen a difficult and dangerous row to hoe.

—And France Wonders.—A kind of stupefaction followed the tabling of the first block of M. Blum's new Bills on Tuesday. Some of the "stay-in" strikers still stayed in—testifying to the spontaneous nature of the strikes; and as we go to press many remain on strike in various parts of the country, though the action of M. Blum has met most of the men's demands. Negotiations are proceeding with employers, who say the 40-hour week will put business out of their reach; some Radical members of the Popular Front are supporting them; and the textile employers sent a deputation to M. Blum on Tuesday demanding a subsidy on exports and higher protection—a demand which bears an ominous similarity to Dr. Schacht's "new plan," and emphasises the dangers of an attempt to maintain the franc at a level which current legislation must render more over-valued than ever. M. Blum also issued a decree on Tuesday which places M. Daladier, Minister of National Defence, in supreme control of all three Services, and makes him President of a new Permanent Committee of National Defence. He is given supreme authority to co-ordinate all three Services with special reference to the re-armament programme, mobilisation of industry, and the allocation of Defence Votes. A beginning with the purge of "unreliable elements" has been made by the supersession of one or two officials in various services. Surely nothing quite so sweeping and expeditious as M. Blum's programme has happened in a European democracy since the war. Most of his reforms are familiar features of English life, and long overdue in France—which may account for the wide measure of popular support accorded him. The only danger is the old one, which must still dog his footsteps: the over-valuation of the franc. If he can finally clear away that danger without involving France in the toils of exchange restrictions and general control of all trade, as in Germany, he will have effectively set France on the road to recovery at last.

Uproar in Palestine.—There are now seven battalions of British infantry in Palestine, besides a detachment of the Royal Engineers and a unit of armoured cars. Still the uproar among the Arab population shows no signs of calming down. This was the burden of Mr Ormsby-Gore's first declaration in the Commons as Colonial Secretary. Attacks on Jews, on motor-omnibuses and on railway lines

continue; and in the countryside, even within close range of the towns, there have been miniature battles between the British troops and the armed bands of Arab insurgents. The strike of Arab workers goes on; the threat of a strike of municipalities is gathering head; and there is a spontaneity about the whole movement at this stage which makes it very difficult to suppress it even by the expeditious course of arresting and interning the strike leaders. At the same time, there has been one move on the Arab side in the direction of a settlement by negotiation. Last Sunday five authoritative members of the Higher Arab Committee—including the Mufti of Jerusalem and the Mayor—paid a visit to Amman, the capital of Transjordan, to discuss the situation in Palestine with the Amir Abdullah, prince of the Transjordan Arab State. The Amir is reported to have asked his visitors whether they were in a position to call the insurgents to order. They are said to have replied that it would be hopeless for them to make the attempt unless they were able to promise their people some definite concession to their demands. The minimum concession on the strength of which they would be prepared to act would be a suspension of Jewish immigration into Palestine during the period that will be occupied by the inquiries of the proposed Royal Commission. Jewish immigration was, in fact, suspended at the time of the disturbances of 1921 and of 1929—and these are certainly precedents. But the practice of conceding to violence a demand that falls on deaf ears so long as all is quiet is not, after all, one that becomes reputable just through repetition; and the British Government has already made concessions enough to violence in the international sphere. At the same time, the fear which is driving the Arabs frantic is that of seeing the Jewish element in Palestine still further strengthened in numbers, wealth and power up to a point at which the Jewish will quite overshadow the Arab community. Is our objective a Jewish Palestine with an Arab minority? Or is it a bi-national Palestine in which the two nationalities are stabilised at an even balance? It is high time for us to declare our policy.

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Dr. Schuschnigg Visits Italy.—Last week Dr. Schuschnigg paid a flying visit to Italy, which included a two hours' meeting with Signor Mussolini at the Duce's Romagnol country seat, Rocca delle Caminate. The meeting is reported (though this is perhaps no more than common form) to have been satisfactory to both parties. We may judge that the Head of the Italian State has made up his mind to support the Austrian Chancellor against his obstreperous ex-colleague, Prince Starhemberg. Probably this decision flows from a number of considerations: a belief that Dr. Schuschnigg is a more serious person and a stronger personality than the rather showy leader of the Heimwehr; a calculation that Dr. Schuschnigg's supporters are a larger and more solid element in the population of Austria than are Prince Starhemberg's; and, last but assuredly not least, a conviction in Signor Mussolini's mind that, when a dictator and one of his henchmen fall foul of each other, the dictator ought to have the last word, while the henchman ought to give a good example of discipline. These unpalatable views of the Italian dictator's were no doubt impressed upon Prince Starhemberg himself when he was in Italy after his fall from power in Austria; and although he does not seem to have obeyed with complete meekness Signor Mussolini's exhortations to him to behave like a good boy, he will assuredly think twice before he shows fight against Dr. Schuschnigg, now that he knows for certain that the Austrian Chancellor has the Italian dictator behind him. But what is Austria to do if Italy resigns from the League of Nations, or is expelled from it? Is she to follow suit, and thereby forfeit all claim on any country except Italy for support in the present Austrian Government's struggle against absorption by Germany? Or is Austria to cling to the League at the cost of allowing a rift to appear in her solidarity with her present Italian patron? More serious still, what is to happen to Austria if Italy retorts to an implacable League by seeking a rapprochement with Germany? Can Italy and Germany, and will they, do a deal with each other at Austria's expense? Dr. Schuschnigg seems to have envisaged this in his conciliatory speech on Tuesday, when he promised an amnesty

to political prisoners, and held out a hand to Herr Hitler. It is evidently as difficult for Signor Mussolini to acquiesce in the *Anschluss* as it is for Herr Hitler to renounce it; and, for our part, we believe that the possibility of an Italo-German entente will be paraded as a bogey without being easily turned into a reality. Nevertheless, if we had the misfortune to lie in Dr. Schuschnigg's bed, we fancy this bogey would prevent us from sleeping sound o' nights.

* * *

Dr. Schacht on Tour.—Dr. Schacht is on a visit to the capitals of Central and South-Eastern Europe, where he is to have conversations with the respective Central Bank governors. His visit emphasises the importance of Germany's trading policy, which, under his hands during the last three years, has resulted in enormously increased German imports of agricultural products and raw materials from these countries, the proceeds of which promptly became "blocked." Thus, these countries could be forced to liquidate their "blocked marks" by taking German manufactures, at prices 30 to 40 per cent. above those of British, French or Czech products. Germany now owes Hungary and Yugoslavia for agricultural products about Rm. 25 millions each; she is in arrears to Roumania for heavier purchases of petroleum; a few weeks ago it was calculated that she owes the Greeks about Rm. 40 millions; finally, whereas Germany took 26 per cent. of all Bulgaria's exports in 1932, this figure rose to 36 per cent. in 1933 and to 48 per cent. last year, and this year it is expected to reach 60 per cent. Already in Athens and Bucharest strong counter-moves are being demanded against this German procedure, which many observers in Central and South-Eastern Europe have not scrupled to call "economic expropriation for political purposes"; and the same feeling is evidenced by the insistence of the Little Entente States on their essential unity of interests. M. Titulescu has concluded agreements with the French to increase Roumanian oil exports to other markets than the almost exclusive German market; and the Greeks are beginning to take measures to obviate the necessity to pay 25 or 33½ per cent. more for German goods—forced on them by earlier German imports from Greece that went without payment—than they need have paid. The Jugoslavs have hinted that they will limit their exports to Germany so as to reduce their growing dependence on the German market. They may even demand a gradual repayment of arrears, over and above imports to the value of their current exports to Germany. The conference of the heads of the three Little Entente States—King Carol, Prince Paul and Dr. Benesh—in Bucharest on Sunday must have considered the political after-effects of Dr. Schacht's ingenious scheme for increasing Germany's trade at her clients' expense, reckoned both materially and politically. The Roumanian and Greek National Bank authorities are shortly to meet, and it may be conjectured they will consider the same problems. Whether Dr. Schacht is intent on driving hard trade treaties with Germany's small creditors (themselves mostly debtors on international account), or whether it is all part and parcel of Germany's long-range European policy, Dr. Schacht is not likely to find the going easy on his triumphant tour.

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Alarums in the Far East.—The sensational news of the last few days from the Far East has been the Canton Government's "declaration of war" against Japan. The Japanese have probably received the news with equanimity, if not with positive satisfaction; for the military danger to themselves, if there is any at all, is certainly not pressing, while on the other hand this Cantonese gesture gives the Japanese militarists an opportune excuse for extending their encroachments upon Chinese independence to China's furthest extremity. It is not impossible that the year 1936, like the year 1926, may see a Southern Chinese army make a triumphal progress from Canton to the Yangtse; for the Southern Chinese are one of the most forceful and energetic branches of their race. Ten years ago, it was President Chiang Kai-shek's rôle to sweep away the War Lords of the Yangtse Basin in the name of the Kuomintang. This time the President himself will be cast

for the part of the effete War Lord, while the Southerners on the war path will no doubt proclaim that they are fulfilling the mission which their predecessors failed to carry out. The immediate result will be a military collision, not between Chinese and Japanese, but between the rival Chinese centres of political power at Canton and Nanking. This familiar calamity, if it does recur, will enable the Japanese to inform an embarrassed Chiang Kai-shek that they are now so thoroughly convinced of his "sincerity" that nothing will deter them from chivalrously, and zealously, coming to his rescue. A recrudescence of armed conflict, at this stage, between South and Central China might thus greatly hasten the establishment of a Japanese domination over China as a whole. This would probably be followed by a collision between Japanese political and British commercial interests in China, south of the Yangtse. Week by week the instability of the Far Eastern situation increases. It is becoming difficult to see how we ourselves can avoid a violent conflict of interests—in which once more British power and prestige will be searchingly tested. Will it again be found wanting?

* * *

Iron and Steel Production.—The latest returns of the British Iron and Steel Federation indicate that the expansion in the output of crude steel was slightly checked in May. Production of steel ingots and castings last month, at 963,000 tons, showed a reduction of 21,200 tons on April but an increase of 109,700 compared with the corresponding month a year ago. The output of pig iron, however, which is still somewhat below requirements, continued to expand. Calculated on a daily basis, production of pig iron last month was 21,300 tons, against 21,000 in April and 18,000 tons in May last year. So far there are no signs that the recent increase in prices is tending to check demand. On the contrary, the pressure for supplies is as strong as ever. The stringency in semi-finished materials appears, however, to be a little less marked, as imports are now substantially higher than a year ago.

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An Employment Record.—The marked improvement in employment during April continued throughout May. According to the returns issued by the Ministry of Labour the number of insured persons aged 16-64 in employment in Great Britain on May 25th reached a new high record at 10,831,000. This is 119,000 more than a month ago and 472,000 more than at the corresponding date last year. The increase from the April figure was in excess of the normal seasonal movement at this time of the year, and was shared by the majority of the chief industries. The number of unemployed on the registers was reduced by 126,188 during the month. The total of 1,705,042 consists of 1,397,755 wholly unemployed, 225,285 temporarily stopped and 82,002 normally in casual employment, and is the lowest figure recorded since April, 1930. The following table shows the incidence of the reduction in unemployment:—

NUMBER OF INSURED PERSONS UNEMPLOYED IN GREAT BRITAIN

	May 20, 1935	April 27, 1936	May 25, 1936
Coal mining	262,879	218,477	216,676
Iron and Steel manufacturing.....	43,310	32,745	30,247
Engineering	90,883	65,908	60,443
Metal goods manufacturing.....	52,921	43,667	39,804
Shipbuilding and repairing	65,916	49,742	45,525
Motor vehicles, cycles and aircraft.....	24,879	16,781	14,772
Cotton	97,474	74,073	70,930
Woolen and worsted	33,037	21,380	21,828
Hosiery	17,338	13,168	10,360
Textile bleaching, printing, etc.	22,055	19,907	17,352
Building	129,860	119,511	103,297
Public Works contracting	118,218	116,501	110,169
Road Transport	38,655	34,320	32,136
Shipping Service	43,543	39,145	35,859
Dock, harbour, etc., service	52,009	51,914	48,042
Hotel, boarding-house service	61,010	65,261	59,387
Distributive trades	214,084	209,662	194,825
All persons registered	2,044,752	1,831,230	1,705,042

Activity in the building industry is being well maintained. Distributive trades, public works contracting, coal mining and the metal trades as a whole absorbed many more

workers. Textile industries showed some improvement, with the exception of the woollen and worsted industries; but even so the position was substantially better than a year ago. All parts of the country benefited from the improvement. The largest reduction in the number of unemployed was registered in the North-Eastern district, which was the only region where an increase was recorded in April. In London and the North-West the decrease in unemployment was substantial.

* * *

Sterling and International Prices.—Wholesale prices are a shade firmer both in England and the United States. The *Economist's* complete British index number has risen by 0.2 per cent., while primary products have risen by 0.4 per cent. In the United States, the complete Irving Fisher index number is unchanged, but primary products have risen by 0.4 per cent. The French index number has now remained unchanged for a month, so that the uncertainties over the franc are not so far affecting the internal price-level. There has been an advance of 0.2 per cent. in German wholesale prices.

SEPTEMBER 25, 1931 = 100

Date	Economist Indices			U.S.A. Irving Fisher	France, Statistique Générale	Italy, Milan Chamber of Com- merce	Ger- many, Statistisches Reichs- amt
	British Complete Index (sterling)	Primary Products British (sterling)	American (dollar)				
1932							
Jan. 27th	108.3	113.7	93.8	140.4	93.6	95.8	91.6
Apr. 20th	103.8	105.4	83.6	129.5	89.6	97.0	90.3
July 27th	99.5	103.5	84.1	136.9	89.3	91.3	88.1
Oct. 19th	103.1	112.8	94.0	143.8	88.6	88.8	86.8
1933							
Jan. 25th	101.3	107.7	78.0	142.6	80.5	88.1	83.8
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	83.4
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.6
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	88.1
1934							
Jan. 31st	108.2	118.0	124.8	156.7	105.6	87.2	88.5
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	87.7
July 18th	109.5	124.8	136.7	162.4	113.2	81.4	91.1
Oct. 24th	107.9	124.2	146.2	164.5	114.3	79.8	93.0
1935							
Jan. 30th	110.8	124.6	152.4	167.2	118.8	79.1	92.8
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	92.6
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	93.9
Oct. 23rd	118.4	133.6	144.9	166.4	123.7	79.1	94.6
1936							
Jan. 1st	118.1	131.2	143.3	166.2	121.8	80.7	94.9
Jan. 15th	118.5	130.3	142.4	165.8	121.5	81.4	95.2
Jan. 29th	118.1	131.7	145.7	165.6	121.8	82.3	95.1
Feb. 12th	118.0	131.9	145.9	165.8	120.9	83.8	95.1
Feb. 26th	117.4	132.8	145.0	166.0	120.7	85.2	95.2
Mar. 11th	117.3	134.5	144.4	166.0	119.5	85.6	95.2
Mar. 25th	117.4	133.9	144.3	165.8	119.6	85.2	95.3
Apr. 15th	117.7	133.3	145.1	165.8	119.8	85.0	95.3
Apr. 29th	117.3	132.8	143.2	165.8	119.2	85.0	95.3
May 13th	116.7	131.0	141.8	164.8	117.4	85.2	95.3
May 27th	115.5	130.1	140.5	164.3	117.7	85.2	95.4
June 10th	115.7	130.6	141.1	163.3	117.7*	85.2*	95.6

* These figures relate to June 3rd.

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

"ECONOMIST" INDEX
(1927 = 100)

	Sept. 18, 1931	May 13, 1936	May 27, 1936	June 10, 1936
Cereals and meat	64.5	73.4	72.0	72.8
Other foods.....	62.2	58.9	58.7	59.1
Textiles	43.7	59.2	58.4	58.0
Minerals.....	67.4	81.7	81.7	80.6
Miscellaneous	65.8	77.8	76.9	77.3
Complete index ..	60.4	70.5	69.8	69.9
1913 = 100	83.1	97.0	96.0	96.1
1924 = 100	52.2	60.9	60.3	60.4

Grain price movements were irregular, but there was a sharp rise in potatoes and beef was dearer. Among other foods, refined sugar is cheaper, but there has been a big advance in butter. In the textiles group, cotton is firmer, but wool, flax and jute have all fallen. Non-ferrous metals are down in price, the decline in tin being very marked. In the miscellaneous group the prices of hides, linseed oil, rubber and sulphate of ammonia all advanced.

1936 AND AFTER

A SURVEY OF BRITISH ECONOMIC PROSPECTS

INTRODUCTION

It is given to few men to see the times in which they live in due historical perspective. We cannot even guess at the events of next year, which, in the light of after-thought, will seem to follow so inevitably from those of to-day. The chronicler of the future will ignore developments which to us appear crucial, and will bring into the limelight of history happenings which have passed almost unnoticed.

The difficulty of seeing the wood while still among the trees is not least in economic matters. Once in a while, it is true, prediction is comparatively easy. In New York in the summer of 1929, for example, it did not demand a great prophetic insight (though it required the courage of heresy) to predict a collapse of the Stock Exchange boom. But even among those who, in that summer, were prophesying a downward turn of the economic curve, how many can claim to have foreseen the depth, the width and the appalling violence of the Great Depression?

These reflections may fittingly introduce an endeavour to look a few years ahead and foretell the future course of business activity. There are indications that the summer of 1936 may be a period of significant changes in the economic conjuncture of the world in general, and of Great Britain in particular. At home, domestic recovery will by midsummer have lasted for four years, almost without interruption. When a period of recovery enters its fifth year it must, judging by past experience, be considered to have passed middle age and to be approaching senile decay. It is true that the sky is still, on the whole, clear, but there are one or two clouds on the horizon which the prudent prophet will watch carefully.

Outside Great Britain there are also signs of change. Prices, with few exceptions, have been rising, and not falling, recently, almost everywhere in the world. The effort of deflation has been tacitly abandoned even in the gold bloc countries, and it may not be long before those nations draw the logical conclusion and devalue their currencies. The prospects for international trade, as such, cannot possibly be described as bright. But there is at least some reason for thinking that by the end of 1936 the last outposts of deflation will have surrendered and that recovery will have spread to every country in the world. For four years Great Britain, so far, at least, as the tempo of her recovery is concerned, has been the foremost performer in the international orchestra. Are we approaching a period when the tempo will be *rallentando* in this country and, possibly, *accelerando* in many others?

In the following pages we discuss the varying elements in Britain's economic outlook at greater length than is possible in our *Monthly Trade Supplement*. Of prophecy the reader will find little. Of the materials for prophecy, it is hoped

that he will find enough to enable him to form his own opinion. Of one large hazard, however, no account is taken: the possibility of a European war. The economic effects of a war would be far-reaching and, in the long run, disastrous. But the avoidance of those effects is not a matter for economic analysis. It is a matter for Faith, Hope and Charity.

INCOME OR EMPLOYMENT?

At the outset, it may be well clearly to define our terms. What is the criterion of an improving economic position? The classical economists would have answered, without hesitation, "a rising average real income"! Virtually all economic literature in our grandfathers' and even in our fathers' day was unconsciously founded upon that assumption, though politicians may have had other preoccupations. It was only in the first decade of the present century, however, that a full volume of employment achieved equality of status with a rising real income as a criterion of economic efficiency. Since the war we have perhaps swung too far in the opposite direction. There is a tendency to-day, among politicians and economists, to concentrate upon the reduction of unemployment, even at the cost not merely of the real income of those already employed but also of the average real income of the whole population. There are obvious dangers in such an undue concentration upon employment. Carried to its logical extreme, it would lead a country deliberately to seek out inefficient methods of production in order to employ a larger proportion of its labour force in producing the essential minimum of income. Certain Government policies, both in our own and in other countries, in recent years have not been far removed from this objective.

Completely to neglect the volume of unemployment, on the other hand, and to concentrate on average real income per head, is an utterly unrealistic method, which might leave our own Government unduly complacent with the state of Great Britain in the last few years. In the circumstances, accordingly, we have chosen as our criterion of economic improvement a reduction of unemployment, with the caveat that it must not be secured through the agency of a sharp fall in real incomes in the lower income-classes. Some rise in prices there will almost certainly be in the course of recovery. If we say, however, that real wages must not, in the process of recovery, fall below the pre-depression level, we shall probably err on the safe side. Average real income remains the only true long-term test of economic progress, but for a short-term survey we may safely rely on unemployment statistics.

Our first task, then, will be to analyse the existing volume of unemployment into its component parts.

THE STRUCTURE OF UNEMPLOYMENT

The most obvious, and the most neglected, fact about British unemployment is its striking lack of homogeneity. Some industries are prosperous; some are even very prosperous; others are extremely depressed. Some areas have comparatively little unemployment; others have an oppressive proportion. The regional disparity, in particular, is most significant. Of the eight regions into which Great Britain is divided for the purposes of the labour statistics,

it happens that the four with least unemployment (London, the South-East, the South-West and the Midlands) contain almost the same total of insured workers as the four depressed regions (the North-East, the North-West, Scotland and Wales). In July last, the former group contained 6,421,000 insured workers (employed and unemployed together), while the latter group contained 6,206,000. So far as the working population is concerned, these two

groups may thus be considered as two equal halves of the country. But the number of insured unemployed in the southern half of the nation on April 27th last was only 539,000, while the northern half had 1,203,000 unemployed. If one or two isolated "black spots" in the southern half—most of them bordering on the northern half—could be transferred, the contrast would be still more striking. It is no exaggeration to say that Inner Britain to-day is the most prosperous industrial country in the world bar none, while Outer Britain is one of the most depressed industrial countries that could be found.

These facts, or their outline, are not unfamiliar to the public. But there has been a strange reluctance to draw from them the obvious conclusion that unemployment in Great Britain cannot be treated in the mass as a homogeneous phenomenon. It must be analysed into its component parts before anything useful can be done about it.

There are two possible methods of sub-dividing the unemployment total. One would be to divide it according to the nature of the industries in which it occurs. For example, we might differentiate all trades according as they produced mainly for the home market or were dependent for their prosperity on the activity of the export market. An alternative method would be to split the total into portions assigned to different causes of unemployment. A certain minimum of unemployment is inevitable at any time, due to the normal turnover of labour, the existence of a margin of unemployables, and other similar causes. We may, with pardonable optimism, call this "Normal Unemployment." But the residuum of abnormal unemployment may be due to two causes. It may result from the temporary depression of a trade cycle, or from a more fundamental maladjustment of the labour supply, as a result of which large pools of unemployed workers have become attached to industries which have shrunk in size. Men in the second category will not regain their jobs through a revival of internal demand. They can be re-employed only through the removal of the special causes that have thrown them out of work, or by the slow processes of training and transfer. The former category of unemployment we may call "Cyclical." To the latter may be affixed numerous descriptive labels, none wholly satisfactory, such as "Special," "Frictional," "Evolutionary," "Dynamic," "Fundamental," etc. Throughout the present survey we propose to use the term "Special Unemployment," which, being analytical rather than explanatory, is least open to controversy. Here, then, we have a second list of unemployment categories. Our next step should be to see what light statistics can shed on the present position of British unemployment by these classifications.

"HOME" AND "EXPORT" TRADES

To divide the unemployed between, say, home and export industries is no easy task. Of the 100 trades distinguished in the unemployment returns, few can be placed without hesitation into either category, and any listing must necessarily be arbitrary. But an approximate classification reveals that on April 27th the total number of unemployed in "home" industries was about 1,139,000, or 12.2 per cent. of the insured workers in these trades. In the "export" industries, on the other hand, the number of unemployed workers was then 668,000, or 17.8 per cent. of the insured workers in these branches of activity.

These figures provide only the most approximate guide to policy or prospects. They suggest, nevertheless, that the experience of the export trades of Great Britain has stood out in strikingly unfavourable contrast to that of the industries catering wholly or mainly for the home market. The picture, however, is blurred, for it ignores entirely what has come to be known as secondary unemployment, due solely to somebody else's unemployment. This can be readily illustrated. On April 27th last, the percentage of insured workers unemployed in the Distributive Trades (a "home" industry *par excellence*) in the different geographical regions was as follows:—

UNEMPLOYMENT IN THE DISTRIBUTIVE TRADES			
	%		%
London.....	6.7	North-East	13.3
South-East.....	6.4	North-West.....	15.1
South-West	8.1	Scotland	15.8
Midlands	7.7	Wales	20.5

These figures show quite plainly that the primary unemployment of the depressed areas, which is notoriously associated with the malaise of the export industries, causes an unduly high proportion of secondary unemployment in those areas, even in industries which are not directly concerned with the export trade. In any thorough analysis of the causes of unemployment, shop assistants in County Durham or Glamorganshire must be included, equally with coalminers, under the head of "unemployment caused by loss of export markets." But a basic division of unemployment by industries cannot possibly make such distinctions as these.

THREE KINDS OF UNEMPLOYMENT

We are therefore thrown back upon the second line of approach, that of distinguishing unemployment according as it is Normal, Cyclical or Special. Normal unemployment may be due to a variety of causes. At any one time there are always men *en route* from one job to another. There are always, within each industry, expanding and contracting firms and areas. Beneficiaries from National Health Insurance are omitted from the unemployment returns, but there are grades of ill-health which result in unemployment without involving medical treatment. Seasonal fluctuations and "customary" short-time also cause unemployment. All these are normal unemployment. Its volume can be estimated within reasonable limits. The average percentage of unemployment among trade unionists in the forty years before 1914 was 4.8 per cent. If the ten best and the ten worst years be omitted the percentage was about 4.3 per cent. Normal unemployment at present, however, is almost certainly larger than either figure. Unemployment among non-organised workers, again, is likely to be larger than among trade unionists. In addition, the very existence of unemployment insurance tends to increase normal unemployment; short time is more prevalent and employers are less reluctant to discharge workers. Finally the fringe of unemployables, though they may have qualified for insurance, have almost certainly not attained trade union membership. To include these elements we cannot do less than raise the percentage to 5½ per cent. Even this may well be an understatement, but for our present purposes it may be convenient to put normal unemployment, in any region or period, at that proportion of the total of insured workers.

How are special unemployment and cyclical unemployment to be distinguished? The border-line, which is not always easy to draw in pure theory, is still more difficult to define in terms of published unemployment figures. We may, however, in default of a better method, follow the example of those expert authorities who have studied the question under official auspices, and pivot our analysis on the figures for the best employed area. The South-Eastern region, according to the Ministry of Labour's figures, has the lowest unemployment percentage of any in the country. It contains many prosperous and expanding industries, and, omitting London, it even excludes such "black spots" as the docks. Let us assume that special unemployment in this region is so small as to be negligible for our present purpose. The pre-1929 unemployment percentages for the area are not inconsistent with such an assumption. The annual average for 1927 was 5.0 per cent., for 1926 and 1928, 5.4 per cent., and for 1929, 5.6 per cent. The year 1927 was, in part at least, one of exceptional reaction from the General Strike and the coal stoppage of 1926. Otherwise the averages run very close to the 5½ per cent. at which, for reasons explained above, we have agreed to put normal unemployment. Since 1929, however, the unemployment percentage in this region has risen considerably, and in 1932 it reached 14.3 per cent. We may, therefore, proceed to base our analysis on two assumptions, neither of which is unreasonable: (a) that any unemployment in the South-Eastern region in excess of 5½ per cent. is cyclical unemployment; and (b) that the same proportionate amount of cyclical unemployment is present, at any time, in the other regions as in the South-Eastern region.

The next table shows the resulting figures for the entire country, first, before the onset of depression; secondly,

half-way through the worst year, 1932; and, finally, in July, 1935, after three years of economic revival:—

THE NATURE OF UNEMPLOYMENT

	Normal	Special	Cyclical
July, 1929	644,000	484,000	Nil
" 1932	682,000	1,194,000	894,000
" 1935	695,000	1,074,000	164,000

Our next table sets out the figures for July, 1935, in greater detail.

REGIONAL UNEMPLOYMENT IN JULY, 1935

	Normal	Special	Cyclical
London	136,000	31,000	32,000
South-East	59,000	...	14,000
South-West	51,000	32,000	12,000
Midlands	107,000	93,000	25,000
North-East	114,000	322,000	27,000
North-West	119,000	269,000	28,000
Scotland	75,000	179,000	18,000
Wales	34,000	148,000	8,000

The figures are shown for the month of July each time, for the reason that in that month alone accurate figures of the number of insured workers are available, and it is necessary to compare the same month in each year to avoid seasonal distortion.

PROBLEM OF "SPECIAL" UNEMPLOYMENT

These figures, reinforced by those in our first table, enable certain conclusions to be drawn about the unemployment problem. They show, for example, that the scope for possible further progress by way of general recovery is comparatively small, for the figure of cyclical unemployment has already been reduced to small proportions. This conclusion, it is true, needs to be modified to the extent that transfer is possible. General recovery, after eliminating all existing cyclical unemployment, could, in theory, go on to find jobs in new industries for some of the 1,074,000 persons in the category of special unemployment last July. The possibilities of transfer, if it were energetically fostered, cannot be measured. But the actualities of transfer in the last four years can be approximately ascertained. Of the eight geographical regions, four show an insured population increasing at a faster rate, and the other four at a slower rate, than the average. These differences may be due in minor degree to differ-

ences in population growth, or in age composition. But as the four expanding regions are the four "prosperous" regions, it may be assumed that the divergences are due, in the main, to transfer. The growth of the insured population in the four "prosperous" regions has exceeded that of the four "depressed" regions by 13,000 during the year ended July, 1932, 17,000 in 1932-33, 37,000 in 1933-34 and 38,000 in 1934-35. To show the volume of transfer these figures have to be halved (since "every vote counts two on a division"). It appears, therefore, that transfer has not amounted in the best of recent years to more than 20,000. This figure, of course, takes no account of transfers within the different regions inside the two main groups, which have been of fairly significant proportions.

Considerations of transfer (unless something drastic is done to speed up the process) do not therefore substantially modify the conclusion already reached. Comparatively little can be done to diminish unemployment by further general recovery. The main body of the unemployment problem consists of finding means, other than transfer, to reduce special unemployment.

Special unemployment can, within limits, be associated with the decline of the export markets—though not exclusively, since there is special unemployment in industries which do not export, and some of the unemployment in export industries is due to technological improvements rather than to loss of markets. But it is at least true that unemployment caused by loss of export trade is far and away the largest element in special unemployment.

So far as a further reduction of unemployment is concerned, therefore, we have a small problem of continuing domestic recovery and a large problem of recovering export trade. The two problems are largely separate, and their respective pools of unemployment are not interconnecting, since the junction-pipe of transfer is too narrow to equalise the level of unemployment in the two pools. It should, perhaps, be added that because the scope for further re-employment by means of general domestic recovery is small, it does not by any means follow that the damage done by general domestic depression would be equally small. On the contrary, it could, and would, be very large.

Our next task, therefore, must be to examine each of these problems in turn.

PROSPECTS OF THE DOMESTIC MARKET

THE main causes of British domestic recovery in the last four years can be conveniently listed. They have been (1) cheap money; (2) the release of the pound sterling from over-valuation; and (3) the maintenance of purchasing power by way of reduced food prices unaccompanied by an equivalent fall in money wages. These factors are by this time sufficiently familiar to need neither exposition nor emphasis. All three are still present and likely to endure for some time. Money is still cheap. Some observers may have claimed to discern incipient signs of a hardening tendency recently (e.g. in the gilt-edged new issue market). It is generally agreed, however, that if the Treasury has the will to live up to its expressed desire to maintain low interest rates, it has the means to its hand for making any necessary adjustment in the national credit structure, backed by a greatly increased national gold reserve. Sterling, certainly, is no longer under-valued, as it probably was in 1932-33. It is free to move, however, in the sense that it is no part of the duty of the Exchange Equalisation Account to maintain it at any fixed ratio with gold. Rates of wages and salaries are, on the whole, rising, while the volume of employment is growing. And so far, at least, there has been no very significant rise in the cost of living. Altogether, the purchasing power of the people, after they have provided for food, clothing and shelter, is probably larger now than ever before, and is still rising. The fundamental causes of recovery continue in full operation.

There is, however, one fly in the ointment. A substantial though not overwhelmingly large proportion of additional purchasing power has gone, since 1932, into housing. The housing boom is not the cause, but it is certainly the most notable symptom of recovery. Employment in the building and directly ancillary trades increased by some 250,000 between July, 1932, and July, 1935, while total employment increased by 1,064,000. These figures give some idea of the proportion of domestic recovery that has gone into bricks and mortar.

Housing, from the economic viewpoint, has all the advantages and disadvantages of a capital goods industry. Houses are very durable, and one year's production is only a small fraction of the total supply. A comparatively small variation in the total demand for housing may widely affect the building industry. If demand for new houses were to fall off without a compensatory growth in commercial building, the consequences for British employment would be serious. Though cheap money and ample purchasing power might remain, a sudden increase of unemployment in an industry employing 750,000 people would obviously be profoundly disturbing.

The likelihood of a decline in house-building is a question which has been frequently discussed in the *Economist*. The social need for houses is enormous and could keep the building industry busy at its present rate for decades. But social need and effective demand are widely different quantities. Much the largest constituent elements of the social

need are houses to improve the living standards of the very poor and houses in replacement of obsolescent houses. Of these two, the former depends upon subsidies of public money, while the latter depends upon a realisation by the public that its houses are obsolescent. Under both headings some progress has been made recently, and more is promised; but the volume of national effort is still disproportionate to national need.

BUILDING TRADE PROSPECTS

The demand for new houses in the past four years has come, in fact, to a considerable extent not from the poor, but from middle-class owner-occupiers, from the better-paid clerical and skilled manual workers, and, to a certain extent, from the artisan class. Among all those, in fact, whose circumstances have been more "comfortable" owing to the economic factors mentioned earlier in this survey, there has been a raising of conventional housing standards. Families who formerly rented rooms have moved into separate houses; married sons and daughters living under the parental roof have set up for themselves, and lodgers have become householders. This tendency has been superimposed on the normal demand due to increasing population of "householding age." Consequently, something like a million new families, in the sense of "housing units," have appeared at a time when the increase postulated by a study of birth and marriage rates was hardly a fifth of that number.

It is improbable that there will be any abrupt cessation of this "supercharged" demand, which has been facilitated by the ability of the building societies to advance as much as £440 millions on mortgage during the last four years. That it will indefinitely maintain its recent impetus, however, is most unlikely. If a decline occurred, slum clearance and overcrowding programmes, on the scale at present envisaged by the national and local authorities, would take up only part of the slack. Commercial building, however, is on the upgrade. Some sections, possibly—e.g. the building of new cinema theatres—may not

be capable of maintaining their recent semi-feverish activity. But the continuance of industrial prosperity and cheap money should facilitate the accomplishment of a considerable volume of factory reconstruction, due in part to the overtaking of arrears and in part to the setting up of new factories and the enlargement of existing premises.

If a fall in demand for new houses from those capable of arranging the necessary finance for themselves were to produce a drop in the rate of new building from its present level of approximately 360,000 dwellings a year to an annual figure of, say, 100,000, and slum clearance and overcrowding programmes required no more than an additional 50,000 houses per annum, it would be theoretically possible for the rate of building to fall to less than half of its present level. The upper limit of the possible increase in unemployment directly or indirectly due to this cause would be about 500,000. The actual dimensions of a possible falling off in activity, however, between this figure and zero, will be determined by the extent to which other forms of building develop, and displaced workers can be absorbed in other industries. Since the beginning of this year, in fact, the amount of new building plans passed for dwelling houses has been below the figure of last year. The probabilities are, however, that any progressive decline in building will come slowly, and will not disturb the beneficent trinity of cheap money, cheap sterling and cheap food. Building has so far been only the largest of the recovery industries. In other directions, there are no signs as yet of a check to advancing industrial activity. In particular, the Government's re-armament programme will stimulate the heavy industries, and increase the demand for the products of the more depressed parts of the country. In this respect it may be comparable in its effect, from the viewpoint of employment, with a partial revival in the export trade. What are the prospects of a more permanent recovery in exports, taking a long view? This question provides the subject matter for the next chapter of this survey.

THE INTERNATIONAL OUTLOOK

FEW things are harder to foresee than the trend of exports, but few are more necessary to any view of the future of British employment.

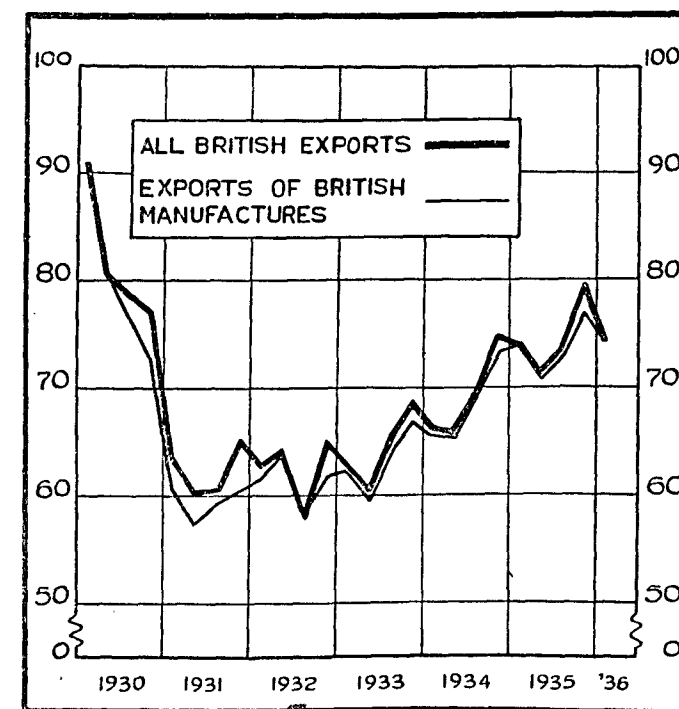
The first point to be noticed is that British exports have increased during the period of internal "recovery" at a more encouraging pace than is usually realised, though their upward trend has been appreciably checked in the last few months. The annexed chart shows the volume of total British exports, and of exports of manufactures, respectively in each quarter from 1929 to March, 1936.

Will this recovery in exports continue? Will it be accelerated or will the check to progress, since the beginning of this year, be accentuated? It is a familiar fact that exports to the Dominions and Colonies have increased more rapidly than exports to foreign countries. It is temptingly easy to draw the conclusion that the increase in inter-Imperial trade was due to the Ottawa Agreements; that the outlook for exports to foreign countries is obscure; and that the only hope lies in increased exports to the Empire. If this argument is correct, prospects are unpromising. It is not difficult to survey the Dominions and the large colonies one by one and to conclude that there is little promise of a very rapidly expanding market for British goods.

The argument, however, cannot bear close analysis. Upon examination it appears that the British countries have taken more goods from the United Kingdom, not because they are British, not because they conferred at Ottawa, but because they are all countries with depreciated currencies and rising price-levels. Between 1932 and 1935 the value of United Kingdom exports to the countries of the British Commonwealth of Nations (excluding the Irish Free State) increased by 31.8 per cent. In the same period, United Kingdom exports to those foreign countries which have

THE VOLUME OF BRITISH EXPORTS

(1929=100)



N.B.—The new Board of Trade indices based on 1930, have been linked on to the old indices, based on 1924.

depreciated their currencies increased in almost precisely the same proportion—i.e. by 29.1 per cent. Exports to the gold bloc currencies, and to those countries which have maintained the value of their currencies by exchange restrictions fell, on the other hand, by 7.7 per cent.

This fact is encouraging, since it shows that wherever recovery takes place more British goods are bought. This general conclusion is qualified by national commercial policies and by the height and impenetrability of the restrictions they impose. But the qualification is of less importance, on a long view, than might be thought. Tariffs are frequently imposed for non-economic reasons and will be maintained even when no economic justification can be put forward. But a very large element in their causation is the economic position. Tariffs, trade and currency restrictions are in the main imposed for economic protection. They were imposed in such profusion in the years 1930-34 because one country after another found itself in possession, not so much of a balance of payments as of an unbalance of payments. The worst excesses of present-day protectionism are a consequence of the disequilibrium which supervened in the world's international economic mechanism after 1928-29. If that disequilibrium can be corrected, the trade restrictions can be expected to diminish—not perhaps sufficiently to restore world trade to its 1929 level, but at least to permit of a substantial increase from the present level. This statement is not pure theoretical surmise; it is corroborated by the hard fact that there is scarcely a country in the world which has started to recover and has not increased its imports.

When, to complete our chain of reasoning, we inquire into the causes of international disequilibrium we find them in many places. But chief among them all is the world-wide fall in prices in the years preceding the crisis. At each stage of our argument we have ignored the minor elements and concentrated on the main thread. But with that qualification we may postulate that, provided the trading policies of the most important countries are not to be solely governed by preparations for the next war, the future of British exports will depend upon the future of the world price-level. World-wide deflation brought our exports low; a world-wide reflation or inflation of prices would at least partially restore them.

THE FUTURE OF WORLD PRICES

What are the prospects for the world price-level? There is no country in the world that has not endured, in the last five years, the rigours of deflation. Even in the countries of Continental Europe which have also had experience of inflation, the miseries of contraction are tending, in the popular mind, to outweigh the perils of expansion. There can be little doubt but that the majority of public opinion all over the world is in an expansionist mood. This, in itself, suggests at least the possibility of a rise of prices.

Pure psychological expansionism, however, is useless by itself. It needs to have a freely increasing supply of money to feed on. These are the two elements of inflation—expansionism and an increasing quantity of money. Either is useless without the other. Expansionism without money causes the short-lived "booms" of a period of declining prices. Plentiful money without an expansionist psychology merely results in stagnant money markets and unremunerative rates of interest. When the two are combined, there is more than a prospect of inflation. We have the expansionist psychology. Have we the expanding supply of money?

In a bank-money country such as Great Britain or the United States, it is not easy to say exactly what constitutes the supply of money. The system by which the banks "create" money means that the supply of money could, within limits, be expanded and contracted to suit the requirements of the moment. Probably, the best measure is to take the quantity of "currency plus the cash basis of the banking system." In countries other than the English-speaking nations, currency can safely be taken as the measure of money.

The cash basis of the banking system can be varied by Central Bank policy. In Great Britain, for example, the Bank of England can vary the amount of the joint-stock bank's cash within very wide limits. But the fundamental

determinant of the cash basis of the banking system, even in these days of management, is the reserve of the Central Bank itself, and that still means gold. With sterling off the gold standard, the Bank of England is more free than formerly to lever the volume of bank cash up and down. But the fulcrum of the lever is still gold. The fiduciary issue of the Bank of England is still fixed at £260,000,000. The Federal Reserve Banks must still maintain a reserve ratio of at least 40 per cent. Central Banks are still as eager purchasers, and as reluctant sellers, of gold as ever. Central Banks have gained a certain amount of freedom of manoeuvre. But it is tactical freedom only; in the strategy of money they are still dominated by gold. An outflow of gold would still predispose a Central Bank to caution and contraction. The possession—and the prospect of retention—of ample stocks of gold will still incline it to encourage expansion, or at least not to hinder the expansionism of the public.

THE WORLD'S GOLD SUPPLIES

The utmost importance, therefore, still attaches to the amount of monetary gold in existence. The facts in this connection are nothing short of startling. Gold production has increased by leaps and bounds in recent years. The estimates of the Union Corporation show that production increased from 19,586,000 fine ounces in 1929 to 31,000,000 fine ounces in 1935. The "record" year, previous to the present boom, was 1915, when total world production reached about 23,000,000 fine ounces. Average production in the decade 1921-30 was about 18½ million fine ounces. Moreover, still higher annual output is in prospect. The probable increase of production in South Africa and Russia alone will lift world production above the 40,000,000 fine ounces mark by 1940.

The increase in output has, of course, been stimulated by the rise in the price of gold. The same rise can be expected to diminish the future demand for gold for use in the industrial arts and for hoarding in the East. Let us assume, however, to be on the safe side, that these two sources of demand continue to take the same number of ounces each year as in the period 1925-29, namely, about 8,000,000 fine ounces. This means that the annual addition to the stock of "monetary" gold may be expected by 1940 to have increased from the 10½ million ounces of 1925-29 to something like 32 million ounces.

An increase in the annual increment, however, would only have a gradual effect unless at the same time there were an increase, from other sources, in the existing stock. There has, in fact, been just such an increase. Gold has been transferred in recent years from non-monetary to monetary uses to such an extent that world monetary stocks have increased from 553.6 million ounces in 1929 to 734.3 million ounces in 1935. These figures include 86.6 million ounces held in semi-monetary hoards in Western countries and also gold in Exchange Equalisation Accounts in 1935, the corresponding figures for 1929 being 50.3 million ounces. The position is, therefore, that the ultimate basis of the world's money has increased by 32.7 per cent., while annual production will soon be sufficient to increase it by a further 4½ per cent. per annum at least. Nor is the increase in monetary gold stocks confined to the United States and France. Omitting those two countries, the world's monetary gold stock has increased from 286.0 million ounces in 1929 to 316.4 million ounces in 1935, or by 10.6 per cent.

These figures as they stand are sufficiently imposing; but they do not, in themselves, tell the full story. For at the same time as the weight of the monetary gold stock has been increasing, its monetary value has been increased by the rise in the ratio of value of gold to money. Very few countries have yet definitely devalued their currencies. Some, indeed, are still protesting that they never will devalue; though their protestations no longer carry conviction. The American dollar has been devalued to 59 per cent. of its former value, the belga to 72 per cent. The pound sterling is currently standing at around 60 per cent. of its former gold value. Let us assume, for purposes of illustration, that when the present period of currency turmoil comes to an end the world's currencies will be devalued

to the average level of 66½ per cent. of their former gold values. This is equivalent to an increase of 50 per cent. in the price of gold. The 553.6 million fine ounces of monetary gold in 1929, at a price of 85s. an ounce, were worth £2,353 millions. The 734.3 million ounces in 1935, at the new price of 127s. 6d., would be worth £4,680 millions. The annual production available for monetary use in 1925-29 was worth about £44½ millions. The annual production available for monetary use in 1940 will be worth nearly £205 millions. In other words, the world's monetary stock of gold has increased since 1929 not by 32.7 per cent. but by 98.9 per cent. Excluding the United States and France, the increase is not 10.6 per cent., but 66.0 per cent.

These figures are most impressive in their implications. They suggest, indeed, that there is a greater unused supply of money, or potential money, in existence now than ever before in the history of mankind. The gold of the Incas which is supposed to have started the sixteenth century inflation, the gold of California after 1848, the gold of the Rand in the 1890's—all these were trifles compared with the increased supply of gold (measured by its monetary value) which has piled up in the last five years. And this piling-up has occurred at a time when the dominant monetary philosophy is one of expansion. Unless the lessons of all monetary history are falsified, a very large rise of prices is in prospect. But when? And how?

Given that the circumstances are ripe as almost never before for a large rise of prices, two preliminary conditions are nevertheless necessary before it can start. The first is that the last brakes on expansion should be removed. So long as any group of large and commercially important countries are still deflating, it will be difficult for a world-wide rise of prices to start. This condition is on the point of being realised. France, the head of the gold bloc nations, has turned her back on deflation. If M. Blum's programme means anything, it means a higher price level. If, in the course of the next few months, the remaining gold currencies are devalued and the customary post-devaluation recovery begins, it will be obvious beyond mistaking that the deflationary phase is finally passed. The countries which at present have exchange restrictions hardly provide an obstacle to expansion. Their economies are fairly completely isolated from the rest of the world. And in any case they are, one and all, practising internal inflation already.

The second pre-requisite for the start of a world-wide rise of prices is that some country should give it a powerful initial impetus. Where is that to come from? Great Britain can be acquitted of nefarious intentions in this respect. If a really rapid rise of prices were to get under way in Great Britain it could, and doubtless would, be controlled by the Bank of England. But the same cannot be said of the United States. There are four factors in the present monetary circumstances of the United States which make it more than likely that there will be a considerable rise of prices in America in the near future. These four factors may be briefly discussed.

AMERICA'S POSITION

In the first place, the cash basis of the American banking system has been increased to an extraordinary degree. America has both a large gold stock and a swollen total of "bank cash." The deposits in the commercial banks are now higher than in 1929. The reserves of the member banks in the Federal Reserve system (i.e. their funds at the Reserve Banks) are more than twice as high as in 1929. Excess, or unused, reserves have recently been larger than the total reserves in the middle of 1929. Thus, there is an enormous potential supply of money in the United States without reckoning the additional "bank cash" which might be created on the basis of surplus gold holdings, at present effectively sterilised.

The second fact of which note should be taken is that the monetary authorities have very little power to control the monetary structure of the country. The record of the Federal Reserve Authorities in 1927-29, when they were attempting (rightly or wrongly) to control an expansionist movement, was not very impressive. But they had many

more instruments in their hands than now. In those years there were no excess reserves, for the member banks were actually in debt to the Reserve Banks, and the re-discount rate had some meaning. If the Federal Reserve authorities, to-day, wished to gain control of the situation, they would need to have recourse to two species of measures. In the first place, they might choose to exercise their legal power to double the reserve requirements of the member banks. In the second place, they might vigorously intervene in the open market, by selling their holdings of Government securities. To the former expedient there would be strong political opposition, while the latter, on any decisive scale, can be dismissed, for the sale of something like \$2,000 millions of Government securities is not a feasible market proposition.

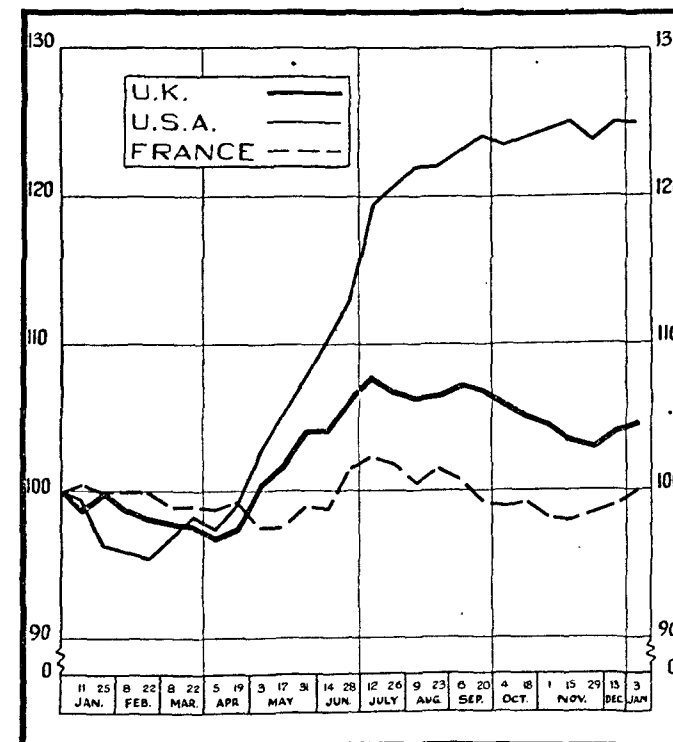
The possibilities of control are thus limited. But in any case the American monetary authorities have shown no desire to control the expansion of credit. The Federal Reserve system has always had an inflationary bias. Its mutual constitution makes the refusal of credit to member banks difficult, and its operations are subject to strong political influence. The personalities at present in control of the system are, moreover, confessed expansionists, and the United States is one of the few countries of the world where a strong inflationary party is entrenched in the legislature.

Finally, the United States Treasury is (and is likely to remain for some time) under the necessity of financing a large deficit. A high proportion of its indebtedness, further, is in short-term paper. An unbalanced Budget has been, in all the classical cases of inflation, a powerful impetus towards still further monetary expansion.

A WORLD-WIDE MOVEMENT?

Here, then, are all the indications of a very strong impetus towards rising prices. It would be imprudent to suppose that a rise of prices, if it started in America, could be confined to America. Even under freely fluctuating exchanges, the bonds of sympathy between one country's price-level and another's are strong. That can be illustrated from the events of the year 1933, when the relative

INDICES OF WHOLESALE PRICES IN 1933 *
(January, 1933=100)



* U.K.: Economist Index. France: Statistique Générale. U.S.A.: Irving Fisher

values of the three leading currencies, the pound, the dollar and the franc, were fluctuating relatively to each other as never before or since. An inflationary boom started in the United States which, though short lived, was very much of the type we have been envisaging. The

annexed chart shows what happened to wholesale prices in Great Britain, France and the United States.

Between the beginning of April and the middle of July, 1933, the index of wholesale prices in America rose by over 22 per cent. Prices in the United Kingdom and in France began to rise almost simultaneously; and although the extent of their increase was nothing like so great as in the United States, the *duration* of their rise corresponded exactly with the first inflationary phase of the American movement.

Would a rise in world prices be advantageous or otherwise? Up to a point (to the point, say, of 1929) public opinion would probably regard it, unanimously, as beneficial. But the magnitude of the available supply of money suggests that the rise in prices might, in fact, go a great deal further. This is not the place to enter upon an analysis of the highly contentious point whether such a movement would be good or bad. Any rise of prices has certain disadvantages—for example, its disturbance of the existing distribution of wealth. Our immediate concern,

however, is with the activity of business and the volume of employment. Here little room exists for doubt that the influence of rising prices is invariably favourable. One school of economists holds that every inflation is soon followed by deflation; that in economics, as in physics, every action is followed by an equal and opposite reaction. But experience of the past seems to show that rising prices can continue for considerable periods during which, though there are groups of good and bad years, the setbacks are neither severe nor lengthy.

If this interpretation of available facts is correct—and an effort has been made not to exaggerate it—the outlook for international trade is more promising to-day than for some time past. A world inflation, if it starts, will affect Great Britain in many ways other than through an expansion of exports. It may be expected, for example, to reinforce the existing impulse of domestic recovery (coupled with the Government's re-armament policy) which in turn would stimulate transfer out of the depressed industries.

CONCLUSION

WE may proceed to summarise the conclusions reached in the present survey.

(1) So far as a further reduction of cyclical unemployment is concerned, there is comparatively little scope for further progress. Moreover, an analysis of the position in the building industry shows that employment in that industry may be expected to decline, the maximum limit of the decline being as high as 500,000, though the actual figure may be expected to be much lower.

(2) There are grounds, however, for hoping that the decline will be neither sudden nor spectacular, and will not initiate a reversal of the general domestic recovery of the last few years. Unemployment caused by a decline in the demand for houses may therefore be offset to some extent by a continuance of expansion elsewhere.

(3) Transfer in recent good years from the less prosperous half of the country to the more prosperous areas has found jobs for only 20,000 men a year—apart from transfer between different regions in each area. This movement can be expected to continue. But the expanding industries cannot be expected to find jobs *both* for the present "specially" unemployed and also for any men who may be displaced from the building trades.

(4) Exports have been expanding for four years, though their improvement appears to have been checked, for the time being, since the beginning of this year. The revival, so far as it has gone, has been mainly due, not to special arrangements such as the Ottawa Agreements, but to recovery in many British and foreign countries. Accordingly, if the tempo of world-wide recovery increases, the rate of re-employment in the British export industries will also increase.

(5) The materials are to hand for a very extensive rise in the world price-level. Events in the gold *bloc* and in the United States show that the beginning of this rise may not be unconscionably far distant. A world-wide rising trend of prices would have favourable effects upon employment everywhere.

What will be the timing of these movements? Here we enter a hazardous zone of inquiry. Even if one is reasonably sure *what* will happen, it is often impossible to predict *when*. Speaking in broad terms, however, three periods of time may be distinguished.

The first is the period before the various influences, discussed above, have begun to operate. Until they do, the outlook is for "the mixture as before"—for a continuance of the trends that have been evident for nearly four years past. This phase may not inconceivably last for as long as another twelve or eighteen months.

The beginning of the second phase can, perhaps, be tentatively put in 1938. During this phase there will be a conflict between a decline in domestic building and a rising world price-level, with various minor factors intervening. It seems probable that there will be some increase in unemployment in this period. If we may imagine employment in building falling by 100,000 a year, while expansion in the export trades and rearmament, and transfer to other expanding industries between them provide 200,000 jobs, we have a net increase of 100,000 employed workers each year. But this would be insufficient to keep up with the increase in the adult population, and unemployment would increase by 100,000 or 150,000 a year. On more pessimistic assumptions there might be a decline of employment of as much as 150,000 a year and an increase in unemployment of 350,000 to 400,000 a year. But the more rapid the decline, other things being equal, the shorter it will be. And in either case, there is little reason to anticipate anything very catastrophic happening to British employment.

Finally, in the third phase, we may look for a period of rising prices, with their usual stimulating effect on employment. The lengths to which such a rise may go, and its effect on employment, elude statistical prognostication at the moment. Its consummation, however, may provide a key to many problems—social, political and economic—which now harass this unquiet world.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE PROGRESS OF RECOVERY

CURRENT production and trade continue at levels which compare quite favourably with recent years, and not a few trades are prosperous, even according to pre-depression ideas. The Federal Reserve indices for April were as follows:—

	BUSINESS INDICES		
	(1923-5 = 100 adjusted for seasonal fluctuations)		
	April, 1935	March, 1936	April, 1936
Industrial production (total) ...	86	93	100
Manufactures	86	93	99
Minerals.....	87	95	104
Construction contracts	27	47	48
Residential	18	26	29
All other	33	64	64
Factory employment	82.4	84.2	84.9
Factory payrolls*	70.8	76.3	77.9
Freight car loadings	61	66	69
Department store sales	73	88	81

* Without seasonal adjustment.

The nature of the favourable business showing is a constant source of argument in the business community; and the discussion appears likely to become a major controversy in the Presidential campaign, which, with the conventions in June, will get under way on a broad scale. Whether the recovery has been preponderantly caused by Government spending, or whether it is largely of the traditional type, is the question in debate.

Government spending certainly has stimulated some trades. The consumers' goods industries have, of course, recovered most, and these gains are certainly related to the distribution of purchasing power through deficit financing. In the heavy goods trades the public works outlays are noticeable. The high degree of recovery in agricultural regions seems in part at least connected with the payments to farmers. The motor industry has been the greatest single contributor to recovery, and Government payments of various kinds have undoubtedly found their way into both new and used cars.

The Government deficit for the fiscal year ended June 30, 1935, was \$3,000 millions; for the preceding fiscal year \$3,630 millions. For the current fiscal year it will exceed \$3,000 millions, to which will be added the bonus distribution, which will become a part of the public debt on June 15th, although the actual cashing of the bonds will proceed into the next fiscal year. And some rough similarity is noted between the annual gains in estimated national income and the amount of the annual deficits.

NEW INVESTMENT PROSPECTS

The opposing point of view emphasises the universal character of the improvement, and attributes the lags in some trades to special circumstances. Enormous shortages were accumulated during the depression, and the demand to fill these, following the cessation of financial panic and the trend towards a re-establishment of equilibrium, is becoming effective. Private investment has occurred in considerable volume, even if new capital borrowing in the long-term market has not been necessarily due to the strong financial position of many companies. Further gains are expected from the re-equipment of the railways and from building in particular, regardless of governmental outlays.



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In any case the expectation of a good autumn is quite general, and while some summer pause is expected, it is not anticipated generally that this will prove more than "seasonal." The indices may be affected to some extent, as in 1934, however, by the steel industry. Steel prices have been advanced \$2 a ton, effective in the third quarter, and some production may occur in June at the expense of July and August as a result.

The weekly business figures reported for May continue to be favourable. Car loadings for the week ended May 23rd totalled 683,406, a gain of 0.3 per cent. over the preceding week, and of 14.2 per cent. over the same week a year ago. Motor production dropped to 109,821 from 117,156 the preceding week, but compares with 100,705 in the same week a year ago.

The commodity price averages have tended to be lower for several weeks. While analysis shows that the chief decline has occurred in some agricultural prices, the downturn has not been confined to these items alone. The following table shows the Bureau of Labour Statistics index of 784 commodities at wholesale, and the chief subgroups at the high record of the index this year, the latest figures, and the average for May, 1935:—

WHOLESALE COMMODITY PRICES
(Bureau of Labour Statistics Index) (1926 = 100)

	Monthly average, May, 1935	Week ended January 4, 1936	Week ended May 23, 1936
All commodities.....	80.2	80.9	78.2
Farm products	80.6	79.3	75.0
Foods	84.1	85.8	77.5
Hides and leather products	88.3	96.6	94.3
Textile products.....	69.4	72.9	69.2
Fuel and lighting materials	73.1	75.5	76.8
Metals and metal products...	86.6	85.9	85.7
Building materials.....	84.8	85.2	85.6
Chemicals and drugs	81.2	80.1	77.3
House-furnishing goods.....	80.6	82.2	82.8
Miscellaneous	68.7	67.5	69.1

The course of commodity prices during this period raises the question how far agricultural restriction and monetary expansion have affected prices. There has, up to now, been no close correlation between business activity, which is distinctly better than a year ago, and prices. These facts have led some to believe that the drought of 1934 was the chief cause of the rise in prices experienced here after the rebound from the financial crisis at the bottom of the depression. But on a broader perspective it can be contended that a rise is in progress; the index was 64.8 in 1932, 65.9 in 1933, 74.9 in 1934, and 80.0 in 1935.

For the present there appears little reason to anticipate a major decline in prices. For stocks are generally at low levels, and demand continues good. Production and consumption seem generally to be well balanced.

NEW YORK, June 1.

FRANCE

A REVOLUTION WITHOUT DEVALUATION

THE first aim of M. Léon Blum as Prime Minister has been to settle an epidemic of strikes, which was all the more dangerous because the claims of the workers were unrestrained. Every day the success of the strikers in one factory was followed by a new strike in a neighbouring one; and agreements between workers and managers were not always ratified by the Unions. M. Blum accordingly announced that he would take in hand the defence of the workers' interests, but he asked for their confidence in return on the ground that "the law must be obeyed." He thus obtained the collaboration of the Confédération Générale du Travail in the drawing up of collective contracts. On the other hand, M. Blum declared before the Chamber that even if the workers stayed in the factories, there would be no "occupation" in the juridical meaning of the word.

The strike movement now seems to be gradually ending. Agreements have been reached between the trade unions and the employers' unions, under the auspices of the Government; a procedure which is being applied for the first time in the French Republic. In many cases, however, the claims of the workers go beyond those put forward on their behalf by the trade unions and accepted by the employers. In some cases, also, the workers are refusing to return to work after the agreement.

Meanwhile, the Government is rapidly tabling in the Chamber the new Labour Charter, which M. Blum asked deputies to vote with the maximum speed. This being the case there are now two possibilities; for the strike movement has two origins, one economical and one political. Economically the workers, having obtained satisfaction, could at once return to work with a new spirit of collaboration. But the increase in wages, which will result from the new Charter of Labour (including rises in wages, the 40-hour week, paid holidays, etc.) will entail increases in costs, which are estimated in certain industries to amount to 35 and 40 per cent. If these new increases are not balanced by other changes, such as a fall in the rate of interest in the price of transport or in taxes, the rise in prices will annihilate the rise in wages, and the workers might finally embark on new strikes more dangerous because of their feeling that they had been cheated.

But certain observers, looking principally at the political significance of the strikes, believe that the workers may be encouraged by their first victory, or even stimulated by new incitements from Moscow. For the Soviet authorities, it is argued, may infer from this week's experience that social revolution in France may be pushed forward more rapidly, since it does not appear to be endangering the financial and military strength of the country.

HIGHER WAGES AND PRICES

But in fact the country could not stand another similar move. For the time, the *status quo* is being maintained by the efforts of the Press to emphasise the return of the workers to the factories and also by the assistance given by the Bank of France to the Treasury, which is preventing its bankruptcy. On the other hand, no rise in prices has yet made itself felt; and the masses of the workers are satisfied with the increase in wages, while small businesses are awaiting the favourable effects of this increased purchasing power on their turnover.

The problem now is to discover the financial policy of M. Vincent Auriol, the Minister of Finance, who is charged with the difficult task of finding the money necessary to speed up internal recovery of trade through large-scale public works and by the organisation of schemes for the valorisation of wheat and other agricultural products.

Two main events so far have indicated the financial orientation of the new Cabinet. M. Blum has declared twice that there will be "no devaluation," and M. Labeyrie has succeeded M. Tannery as Governor of the Bank of France. This last appointment is evidently the preliminary to the reform of the existing Statute of the Bank, which will be tabled in the Chamber on Friday next. This is, moreover, the prelude to the new loans which will be required from the Bank under the form of a "credit which the

country will open to itself," in M. Blum's words. It is rumoured that the new Minister of Finance intends to offer an important internal loan at a low rate of interest, the bonds being discountable at any time and for any amount on demand by individual holders.

The forthcoming Bill to be introduced by the Minister of Finance, which is to embody a summarised balance sheet showing the state of the public finances, will be discussed by the Chamber on Tuesday next. Following the debate, the Government will concentrate its efforts on a reduction in indirect taxes and a lowering of rates of interest. The difficulty will be to reconcile the maintenance of the present gold parity of the franc, with budgetary disequilibrium on one hand, and, on the other hand, with the disequilibrium between French and foreign prices. In any case, however, this goal cannot be obtained without a rapid return of the workers to the factories and without far-reaching financial reforms designed to enhance confidence. It should therefore be noticed that the abolition of the Doumergue and Laval deflationary decree-laws will not be sudden, but progressive and prudent.

PARIS, June 11.

SWEDEN

THE LEAGUE AND DEFENCE

THE Scandinavian countries' attitude towards Geneva has lately been clarified by authoritative statements. In a speech in the Riksdag the Swedish Foreign Secretary, M. Sandler, recently declared that the Swedish Government did not intend for the present to withdraw from co-operation with other nations. A similar statement was made by the Norwegian Foreign Secretary; but while M. Sandler did not express any opinion about the advisability of continuing sanctions against Italy, M. Koht declared himself against a continuation.

Discussions about the future organisation of Sweden's national defence continue with undiminished fervour, and may lead to the fall of the present Cabinet. Since the Government does not consider it advisable to be forced to resign on account of a defeat on its proposal for organising national defences, it will probably put forward as a reason for its resignation the rejection by the Riksdag of its proposals for taxation and pension insurance reforms.

FURTHER INCREASE IN TRADE AND EMPLOYMENT

Foreign trade in April again showed an increase in value as well as in volume, owing to increased imports of raw materials and increased exports of staple goods, particularly pulp and iron ore. The value of foreign trade for the period January-April is shown in the following table:—

	(In millions kronor)	
	1935 January-April	1936 January-April
Imports	444.6	504.1
Exports	345.2	402.4
Import surplus	99.4	101.7

Sales of timber continued to be satisfactory, though the figures of the preceding months were not quite maintained. A number of important contracts were concluded with France, but currency restrictions still hampered timber sales to Germany and Denmark. Sulphite as well as sulphate pulp was in strong demand for deliveries in 1936 and 1937. The iron and steel markets displayed great briskness owing to rising consumption in the home market.

Trade with the United Kingdom has moved as follows:—

	1935		1936	
	January-March mn. kr.	%	January-March mn. kr.	%
Swedish exports to U.K.	61.2	24.9	71.7	24.7
Swedish imports from U.K.	61.2	19.2	69.0	18.4

Employment improved further in April; and the number of unemployed dropped from 53,000 at the end of March to 47,000 at the end of April. This latter figure is 28,000 less than a year ago. The improvement affects practically all trades.

JAPAN

FURTHER INCREASE IN BUDGET EXPENDITURE

THE Government has presented to the present special session of the Diet supplementary estimates of 369,720,000 yen, which, together with the working Budget of 1,934,866,000 yen, brings up the total national expenditure for the current fiscal year to 2,304,586,000 yen (excluding savings in the interest cost of national debt due to conversion operations now in progress). This is an increase of 89,173,000 yen upon the preceding year. The deficit to be covered by fresh borrowing for the year amounts to 518,877,000 yen.

Besides the Finance Bill, Tariff Revision, the discharge allowance scheme, and the Trade Safeguarding (Extension) Bill are a few important Government measures which are now on committee stage in the House of Representatives. The new fiscal policy aims at the increase of the duties on aluminium and its alloys, hoop irons, oil and its products, and aspirin, antipyrin, pyramidon, and carbonate of guaiacol. The proposed increases are all highly protective; ranging from a 17 per cent. advance on petrol to that of 410 per cent. on aluminium. The purpose of the discharge allowance scheme is to make it compulsory for employers to create a discharge allowance fund out of profits. In view of its successful application in the recent trade war with Canada, the Government means to extend for three more years the Trade Safeguarding Act enacted in 1934 to protect trade against discrimination by foreign countries. According to the report presented by the Treasury to the Ways and Means Committee in the House, foreign securities held by nationals on December 31, 1935, amounted to 408,763,000 yen at gold par and deposits and advances abroad to 360,021,000 yen; while Japanese Government and municipal loans and company debentures issued abroad but purchased and held by nationals totalled 721,563,000 yen. The aggregate holdings of securities and funds in foreign currency thus amounted to 1,490.3 million yen, as against 1,448.7 million yen a year ago, an increase of 41.6 million yen.

HIGHER IMPORTS

The foreign trade returns for April show that, as compared with April, 1935, imports, at 247,057,000 yen, had increased by 30,133,000 yen, or 13.8 per cent., while exports, at 205,295,000 yen, remained practically unchanged. More than half the increase in imports is accounted for by raw wool, while iron and steel show a notable decline. On the export side, the decrease in major exports is nearly compensated by the increase in lesser exports. Both raw silk and cotton piece-goods continue to contract markedly. For the first four months imports show an increase of 91,867,000 yen, or 9.9 per cent. over the corresponding period of 1935, to 1,019,818,000 yen, and exports a rise of 22,927,000 yen, or 3 per cent., to 789,707,000 yen. The import surplus amounts to 230,111,000 yen, against 161,171,000 yen.

There are signs of an improvement in many home trade statistics for last month. After a gradual downward movement since November last the Bank of Japan's wholesale index number for April rose a fraction less than 1 per cent. on the month. The aggregate value of all shares listed on the Tokyo Stock Exchange on May 1st was up by 294,822,000 yen to 6,810,966,000 yen as against a month earlier, and nearly recovered the position reached just before the February insurrection. Output of cotton yarn in April totalled 121,525,000 lbs., an increase of 3,998,000 lbs. over March; and rayon yarn production in April

Money somewhat tightened in April, and the total of the joint-stock cash and balances at the Bank of Sweden declined from Kr. 309.3 millions to Kr. 233.9 millions. On the other hand, advances rose from Kr. 3,882 millions to Kr. 3,918 millions following the usual spring revival and the subsequent increase in the bill portfolio.

The turnover at the Stockholm Stock Exchange was comparatively large throughout April, and owing to demand from gold *bloc* countries for Swedish stocks, prices soared upward. These foreign purchases of Swedish stocks are viewed with some anxiety, however, since a devaluation of the franc would induce foreign holders to unload their holdings of Swedish stocks.

STOCKHOLM, June 6.

BULGARIA

"UNINTERRUPTED RECOVERY."

ECONOMIC recovery has been uninterrupted since the second half of last year. Foreign trade and industrial production have increased, and the State finances have improved. Ordinary State receipts for the first quarter of the present year amounted to 1,521 million leva, against 1,276 millions for the corresponding period of last year. The Budget deficit had been reduced from 263 millions to 137 million leva. The Financial Committee of the League is, however, of the opinion that the deficit will not be wiped out this year in spite of the increased revenue. Certain administrative reforms and economies have been suggested.

The foreign trade position for the first four months is far more encouraging:—

	(Million leva)	
	1935	1936
Exports	909	1,096
Imports	805	974
Export surplus	104	122

Both exports and imports have increased in value by over 20 per cent. The German participation in Bulgaria's foreign trade has grown in importance by 66 per cent. for exports and 63 per cent. for imports. This is to be explained by the higher prices German importers are ready to pay for Bulgarian raw materials. Settlement is made by way of the clearing agreement.

For the first time since the war Bulgaria's foreign trade with Great Britain shows a Bulgarian export surplus, amounting to some 12 million leva. Great Britain ranks at present third in the list of Bulgaria's customers.

NEW EXCHANGE REGULATIONS

A rather important change in the foreign exchange regime was made on May 10th. This change tends to simplify the present system by which the National Bank regulates exchange. The principle of compensating imports by exports is preserved, but the lists of exportable products have been reduced from three to two. The Bank still has the right to require the cession of a percentage of free exchange (about 30 per cent. on 80 per cent. of the value of the exports) at its official buying rate, and compensation is authorised for the remainder against the import of goods at an unofficial rate.

Exports are now classed in two lists. The first contains the more important products, such as tobacco, eggs, cereals (except wheat), and oil-seeds, against the export of which imports are allowed only on the basis of regular quotas. The second list comprises such articles as hides, fresh fruit, attar of roses, etc., the exportation of which is more difficult, but against which imports are permitted without any restrictions about quotas. An essential feature of the new regime is the authority which the National Bank acquires to intervene on the market in order to buy exchange at unofficial rates. This is destined to stabilise the compensation premiums for free exchange, which at present fluctuate between 30 and 36 per cent.

SOFIA, June 5.

Investment For Appreciation

by L. L. B. ANGAS

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

A method of forecasting and exploiting industrial cycles. Do not wait for a crisis to read this best seller. Descriptive folder available. Macmillan & Co. Ltd., St. Martin's St., London. Price 1s net.

recorded the highest monthly total at 20,904,000 lbs., or 797,000 lbs. more than in the preceding month.

Following the metropolitan clearing banks, all the provincial clearing banks throughout the country have reduced their deposit rates. The money market is quiet; overnight loans continue to be obtainable at $2\frac{1}{2}$ per cent., fine bills are quoted at $3\frac{1}{2}$ –4 per cent. and bankers' acceptances at $4\frac{1}{2}$ per cent. Conversion operations are in progress; the first series of the conversion scheme for 381 million yen at $3\frac{1}{2}$ per cent. proved a remarkable success, and the Government is now offering the second issue of 413 million yen, ensuring again a favourable response.

According to the report of the Department of Agriculture and Forestry, the silkworm rearing for the season is estimated at 64,643,000 grammes, a substantial decrease of 4,746,000 grammes, or 6.8 per cent., upon that of last year, which, in turn, was 10.4 per cent. less than that for 1934. Cocoon-raising has thus been declining rapidly in recent years. The decrease in rearing this year is largely ascribable to a holding off on the part of farmers due to the great damage done to the mulberry trees by the unusually heavy snowfall last winter. Relief measures for this are being submitted to the present session of the Diet. Cocoon prices, however, are expected to be sufficiently high to compensate for the decreased crop.

TOKYO, May 16.

AUSTRALIA

THE NEW IMPORT DUTIES AND JAPAN

THE new tariff proposals, which were laid before the Commonwealth House of Representatives on May 22nd, have been received with mixed feelings. So far as they give protection to Australian manufacturers or increase the preference to British manufacturers they have been welcomed by those concerned. But there is some feeling that they are likely to hamper the Australian export trade to Japan, should the latter retaliate. The Minister in charge of trade treaties, Sir H. Gullett, stated that agreement with Japan could not be achieved after many weeks of negotiation.

Official statistics show that during the financial year ended June 30, 1935, exports from Australia to Japan amounted to £12,095,514, out of a total of £112,986,037 to all countries. The two principal exports to Japan have been as follows in the last five years:—

	Wheat	Wool and Tops
1930-31	2,173,178	6,478,587
1931-32	3,383,868	7,513,760
1932-33	2,729,812	7,969,600
1933-34	1,042,234	12,127,621
1934-35	2,273,902	8,680,119

These figures are in Australian currency. The exports of wool and tops to Japan in 1934-35, £8,680,119, are 22 per cent. of the total of £39,265,940 (Australian currency) wool exports to all destinations. The total quantity of wool, greasy, scoured and washed, exported in 1934-35 was 857,768,400 lbs., of which 197,151,700 lbs., or 23 per cent., went to Japan.

Australian imports from the United States have greatly shrunk from the amounts reached in the 'twenties, though there has recently been some recovery. In 1926-27 the total was £41,394,277, from which it fell to £30,316,208 in 1929-30 and £17,037,751 in 1931-32, subsequently rising to £11,041,660 in 1934-35. The recovery has been spread over a great variety of articles, including tobacco, etc., imports of which were £1,258,818 in 1934-35 against £587,352 in 1931-32; timber, which amounted to £262,017 against £119,228; and motor cars (bodies and chassis and parts) to £2,110,622 against £112,023. The increase of nearly £2,000,000 in the last-mentioned item is approximately half of the total recovery in imports from America in the three years. Under the heading of oils, imports of mineral lubricating oils from the United States have risen from £487,952 in 1931-32 to £623,985 in 1934-35, but kerosene has

declined from £312,381 to £158,143, and petrol and a group of other oils from £1,722,130 to £738,062. The decline in these American oils has been accompanied by expansion in imports from the Netherlands East Indies.

Direct exports to the United States in 1934-35 amounted to £2,750,534 Australian currency (equivalent to £2,200,000 sterling), as compared with £8,578,504 sterling in 1926-27, omitting gold shipments. The 1934-35 exports (in Australian currency) consisted mainly of hides and skins £933,169, wool £347,678, tallow £331,039, and concentrates £330,893. These figures do not include indirect American purchases. Attempts were made a number of years ago to open trade in frozen meat, but without permanent success.

The Commonwealth Government is now about to issue a $3\frac{1}{2}$ per cent. loan, repayable 1951, for £9,000,000 at £98 10s., the yield including redemption being approximately £3 17s. 6d. per cent. This compares with £3 15s. 5d. for the previous loan issued last December. The increase reflects the hardening tendency of interest rates in the meantime. Some disappointment has been felt in political circles because an amount of £10 millions was not decided upon by the Loan Council, but business interests hold that the Government are inclined to press rather too freely upon available supplies of money in competition with private borrowers.

MELBOURNE, May 26.

LETTERS TO THE EDITOR

INDUSTRIAL ORGANISATION

TO THE EDITOR OF THE ECONOMIST

SIR,—From time to time we get these impracticable suggestions put forward, as made by Mr. T. B. Johnston in your current issue in his letter on industrial organisation.

How would he deal with the case of a firm which subscribes to its trade organisation, pays union rates to every worker, offers no objection to trade unionists, but does not subscribe to a ring or combine and sells its products, which are of standard quality, at 25 per cent. less than the combine prices, and under such conditions makes a handsome profit?

Through its power of competition such a firm can even export its goods to the United States against a 35 per cent. tariff, or to Australia against a 45 per cent. tariff, and can build up a considerable overseas trade. It is quite possible that the average profits would be called unreasonable. Labour is getting its just reward, and its success is entirely due to efficient organisation.

Letters of this description are periodically written even to the best of papers, but generally by those gentlemen who are not familiar with all branches of industry. I contend that the suggestions put forward are not eminently practical and would destroy the initiative of the most progressive firms.

I am,
Yours faithfully,
WALTER F. HIGGS.

Witton,
Birmingham,
June 8, 1936

A MYTH ABOUT ITALY

TO THE EDITOR OF THE ECONOMIST

SIR,—In the first part of his letter your correspondent "Ne Plus Ultra" uses an argument that will hardly be convincing to statisticians. He shows that the Italian Legitimate Live Births, using 1930 as a basis, have decreased fairly rapidly, but he does not bring any figures of deaths or migration into the picture. Does he consider that the trend of these latter figures does not influence the conclusion?

It is far from clear how his comparison with Great Britain since 1881 can affect the question. Surely we are dealing with the present and, assuming that the death rates are almost equal, I submit that any comparison which ignores the fact that the Italian birth rate is at present over 23 per 1,000 of the estimated population as compared with a figure of 14–15 for England and Wales, is bound to be misleading.

Your obedient servant,

Belfast,
Ireland.

ITALIA.

BOOKS AND PUBLICATIONS

"HAVES AND HAVE-NOTS"?*

It has become exceedingly fashionable of late to talk of the economic causes of war, of "have and have-not" nations, of raw materials, Colonies, markets, fields of investment, outlets for emigration, and so forth. To those with any acquaintance with the facts, the flimsiness of the claims made for the economic value of Colonies has long been plain, and several pamphlets have recently been issued expounding the bare statistics of the problem. Sir Norman Angell, who is an old hand at this particular controversy, here produces a devastating refutation not only of the economic case for Colonies, but also of the whole idea that a country's standard of living necessarily depends on the "possession" of certain parts of the globe.

Sir Norman shows that countries without Colonies are often highly prosperous and countries with Colonies often highly depressed. He shows that no great industrial country has ever got the main part of its raw materials and foodstuffs from Colonies. "In the year 1912 Germany drew one-half of 1 per cent. of her raw materials from Colonies." Similarly, the exports of industrial countries do not in the main go to Colonies. Only about 10 per cent. of Great Britain's exports go to her own Colonies, and in 1912 Germany's exports to her own Colonies represented a fraction over one-half of 1 per cent. of her total exports. Nor has a large proportion of Great Britain's foreign investment been in her Colonies, nor has foreign capital been excluded from British Colonies. Even as outlets for emigration, Colonies are of negligible value. "After forty years in the Colony of Eritrea, Italy has managed to establish about 85 agricultural colonists." "There were on the eve of the war more Germans earning their livelihood in the city of Paris than in all the German Colonies."

Why, then, if Colonies are so valueless, do nations hold on to them with such tenacity? Sir Norman does not shirk the question. After pointing out that the United States has actually renounced "possession" of the Philippines for economic reasons, he argues that the desire for Colonies really rests on strategic and political motives. For in war Colonies may become of actual economic importance. This main conclusion cannot be very seriously questioned. But Sir Norman might perhaps have given a little more importance to the value of *secure* export markets, particularly in deflationary periods, and to the operation of "invisible discrimination" in Colonies. He also might have considered how far, in the conditions of to-day, a situation in which a country has an over-valued currency and a rentier-minded Government may not be one in which there is a real economic pressure towards war. For, in these conditions, if devaluation and public works are both ruled out by the rentier interest, armaments and campaigns may appear the only immediate method of curing unemployment. There are pointed similarities between the economic position of Germany in 1933 and Italy in 1934.

In general, however, there can be no disputing Sir Norman's contention that the main remedy for international economic grievances is not the transfer of territories but the freeing of trade, and that the only cure for political and strategic anxieties is the construction of a really effective system of collective security. No open-minded person who reads Sir Norman's clearly written book is likely to doubt these conclusions for long.

SHORTER NOTICES

"The Agricultural Register." The Agricultural Economics Research Institute, Oxford. 407 pages. 5s. net.

For all who would be familiar with the latest developments in the organisation of agriculture this volume is indispensable. Although substantially larger than its predecessors, the third issue has been planned along similar lines. It deals only with the events of the past year, except in so far as reference to earlier years is needed to make them clear. Besides reviewing the legislation of the year, it contains a record of supplies and prices, labour conditions, etc.

* "This Have and Have-Not Business." By Sir Norman Angell. Hamish Hamilton. 206 pages. 5s.

"The Downfall of the Gold Standard." By Gustav Cassel. Oxford University Press. 258 pages. 6s.

In this characteristically vigorous and readable work Professor Cassel expresses the view that the old "automatic" gold standard is gone for good. Indeed, he thinks that the pre-war gold standard never was "automatic," but was, in fact, "managed" by central bankers. Professor Cassel believes that the return to gold after the war was justifiable at the time, and he even approves in retrospect the decision of Great Britain to restore the old gold parity.

The "downfall of the gold standard," as he sees it, began with the return of France to gold at an undervalued level in 1927–28, and the resulting influx of gold into Paris. This, combined with the failure of the American authorities to arrest the deflation that began in 1929, led to an enormous rise in the value of gold that has made the gold standard intolerable. Professor Cassel accordingly thinks that Mr. Roosevelt was perfectly justified in devaluing the dollar, and he praises the President for his message to the 1933 World Conference about "old fetishes of so-called international bankers." There can be no doubt, Professor Cassel contends, that the dollar would be again devalued if another deflation began in America.

The chief hope of the world's economic future seems to Professor Cassel to lie in the sterling area's experiment in a managed currency. He is inclined to be scathing, however, about the Bank of England's failure to declare its monetary objectives clearly, and he would like to see the stabilisation of the wholesale price-level as the Bank's avowed objective. It would be interesting to know Professor Cassel's opinion of the idea of "full employment" as a criterion of monetary policy. But perhaps he is wise to work on the principle of "one step enough for me."

BOOKS RECEIVED

Hitler the Pawn. By Rudolph Olden. (London) Gollancz. 439 pages. 12s. 6d. net.

Europe Under the Terror. By J. L. Spivak. (London) Gollancz. 288 pages. 8s. 6d. net.

Adventures in Investing. By "Securitas." (London) Hogarth Press, Tavistock Square. 208 pages. 5s. net.

Monetary Reform in Theory and Practice. By P. Einzig. (London) Kegan Paul, Trench, Trubner and Company, Ltd. 343 pages. 12s. 6d. net.

World Planning. The I.L.O. and the New Economic Order. Being an account by C. A. Macartney of a Conference held in London by the Industrial Advisory Committee of the League of Nations Union, February 18–20, 1936. (London) League of Nations Union, 15 Grosvenor Crescent, S.W.1. 93 pages. 6d. net.

America Must Act. By F. B. Sayre. (New York) World Peace Foundation, 8 West 40th Street. 80 pages. No price stated.

Freedom of Commerce and Liberty of Trade. By Francis W. Hirst. (London) Liberal Free Trade Committee. 19 pages. 6d. net.

The South African Journal of Economics. Vol. 4. No. 1, March 1936. (Johannesburg) P.O. Box 5316. 135 pages. 6s. net.

Kelly's Directory of Merchants, Manufacturers and Shippers of the World, 1936. Kelly's Directories, Ltd. Two vols. 64s. post free.

The fifteenth edition of this invaluable reference work follows closely the arrangement of previous issues. Volume II covers the British Empire and Volume I the rest of the world, divided by continents. The indexing, which is in four languages, is very complete and makes reference of whatever kind an easy matter.

OFFICIAL PUBLICATIONS

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

British Documents on the Origins of the War, 1893–1914. Vol. X, Part I. *The Near and Middle East on the Eve of War.* 17s. 6d. net.

University Grants Committee: Report for the period 1929–30 to 1934–35. 4s. net.

Ministry of Labour Report for the Year 1935. Cmd. 5145. 2s. 6d. net.

Forty-Seventh Annual Report of the Railway and Canal Commission with Appendix for the year 1935. Cmd. 5154. 9d. net.

MONEY AND BANKING

THE PHOENIX' METAMORPHOSIS

(BY A CORRESPONDENT)

The failure of the Phoenix Life Assurance Society ranks second only in importance to that of the Creditanstalt. Both failures involved widespread financial difficulties in Austria, and both had serious implications for foreign creditors. The following article describes the conditions which preceded the Phoenix failure, and the measures which have been taken by the authorities to deal with the situation.

DR. BERLINER, the late head of the Phoenix Life Assurance Society of Vienna, made of the Phoenix one of the largest existing continental undertakings, with business outside Europe (in Egypt, Morocco, Palestine, Iraq and the Lebanon Republic, and from time to time also in Persia) and with close connections, through re-insurance contracts, with other countries, particularly with Great Britain. Since the nationalisation of the Austrian Creditanstalt after the 1931 crash, the Phoenix had been the only really large Austrian private concern.

The rise of the Phoenix began during the world war. According to an official declaration by the Austrian Press Information Bureau, Dr. Berliner is said then to have won the support and approbation of the authorities by the useful part he played in the issue of State loans, in economic legislation, and in other ways. Subsequently, he applied his attention chiefly to the problem of maintaining confidence in insurance despite the catastrophic depreciation of the currency. The Phoenix took over the liabilities of many other companies in the Succession States, and these companies thereupon withdrew from the field. Although the assets of many of these companies became valueless, the Phoenix revalorised their policies to a substantial percentage of their former nominal value. In many cases provision was also made for the employees of these companies. In recent years, after the currency devaluations in central Europe, Great Britain and the United States, the claims of the policy holders were ranked higher than was justified by the value of the cover of their policies; for the relevant securities had not risen sufficiently in their own currencies to compensate the degree of devaluation. This continual weakening of the company's assets was, it was hoped, to be made good later by profits from insurance business and from various financial transactions, in which Dr. Berliner played, at first, a lucky hand. But, unfortunately, the Phoenix business lay in many different countries, whose restrictions on transfers froze its securities, and thus effectively withdrew large resources from the business. Dr. Berliner set out to overcome these difficulties by extensive canvassing and advertisement. Heavy expenditure for this purpose, combined with very attractive premium rates, was carried so far that, eventually, the annual income of the company was insufficient to build up the necessary actuarial reserves.

Actuarial reserves in life assurance are those reserves which must be accumulated in order to enable the contractual payments on the policies to be met, however the company's future income from all sources may vary. These sums, calculated at a hypothetical rate of interest, appear on the debtor side of the account and must be balanced by assets. If at any moment the value of the assets is less than these reserves, the company becomes—*theoretically*—insolvent. But so sweeping a conclusion would be economically unreasonable. The company's actuarial reserves are, for prudence sake, calculated on the basis of a rate of interest so low that it is certain to be achieved over long periods of years. But it must be recalled that the rate of interest rises when capital values fall; and that it is therefore, at such a time, justifiable to reduce the actuarial reserves by the adoption of an assumed higher rate of interest, in estimating the company's future liabilities. For these reasons, the balance sheet may be *theoretically* negative, without any threat to the real solvency of the concern.

Dr. Berliner was much occupied with this problem—the

continuance of current rates of interest at much higher levels than that on which the actuarial reserves were based. After the Creditanstalt crash in May, 1931, the public's confidence in the banks suffered a severe blow and the insurance companies obtained capital which would normally have gone into the banks' hands and been used for the purchase of investments, or as savings deposits. These sums could be counted as single premiums, as long as the insurance company earned with its funds about one-half of the rate of interest on the investments purchased with the single-premium payments. For at that time, securities in which the single premiums would be invested stood at a very low level on the Stock Exchange, and thus gave a high yield. Dr. Berliner therefore invented the following scheme. The single premium initially paid in was regarded as the purchase price of a security, whose interest was used partly as the current premium of an ordinary insurance transaction, and partly as a normal yield on the company's investments. Owing to the high level of yields on securities, the policy holder did very well out of this arrangement; but it was dangerous for the Phoenix, in that interest rates might be reduced either by conversions or defaults. Then the company's income would prove insufficient for such an insurance transaction. The Phoenix, in fact, had undertaken something very like a guarantee of the price of securities.

Exchange restrictions, especially in Germany, also forced the Phoenix to take over obligations which in normal times would not have come within the purview of insurance activities. Jewish refugees handed over German securities to the Phoenix, against which claims were to be made in other countries, usually Palestine. As the Phoenix could not get the proceeds of sales of these securities out of Germany, the company found itself with obligations in Palestine, Egypt, and other countries, against which it had no cover available in those countries.

The lacuna in the company's reserves therefore widened alarmingly. Dr. Berliner's ideas of the way in which this situation could be cleared up were never made clear; and in any case he had no chance to put them into practice. Last October he developed a major mastoid; refused to give up his work, and in February of this year he died. An operation was attempted, but it was too late. The Phoenix lost its pilot when its need was greatest.

A Council of Ministers, held in Vienna on March 3, 1936, passed a law setting up a fund, on the credit of which new bonds could be issued for the replenishment of the reserve deficiencies of needy institutions. This fund can make a levy on all insurance companies to cover the service of the new bonds. The needy company is obliged annually to repay a certain amount of the new bonds to the fund in proportion to its available resources. Another law, promulgated at the same time, annulled, as from June 30, 1936, the rights of the company's employees, which had formerly been guaranteed by a collective agreement. The resulting discontent did not produce exactly the right atmosphere for steady progress in the work of reconstruction. Moreover, there were innumerable complaints from the other insurance companies, which were burdened by the payments to the fund and had not been consulted before the law was passed.

But the most important threat came from abroad. It had apparently been overlooked. In many foreign branches of the Phoenix, reserve deficiencies appeared; and these could not be covered, since all available resources in Austria were seized to make good, as far as possible, the deficiency in the company's Austrian reserves. The company was thus threatened by the possibility that any foreign policy holder, who could not make good his claims through a local branch, might bring an action against the Phoenix in Vienna. This was particularly likely in places where British legal concepts were prevalent, and no

reserve requirement had been laid down. If premium income in Palestine or Egypt failed to cover the payment of local claims or surrenders, it was uncertain how long local reserves would suffice to carry on the local business of the company.

To obviate this danger a law was passed in Austria on April 4th, which empowers an "Administrator" to carry through the liquidation of the company in terms of the bankruptcy decree. Claims against the company are not permissible; and execution may only be levied on the company for the recovery of taxes and payments due to the State. Certain securities entered in a register, which serve as reserve cover, are to be expressly reserved for the paying of policy holders in Austria. This obviates any claims by foreign holders of the company's policies and makes it much more difficult for the employees to recover compensation for dismissal, or even salaries. Thus, these classes of creditors, who would have been comparatively well placed in normal bankruptcy proceedings, are especially hard hit. The law adumbrates also some eventual modifications in the contractual rights of the policy holders, so that it contributes very little to the satisfaction of that class of creditor. At the same time it was announced that a new company would be formed to take over the Austrian capital of the Phoenix. This company, the "Austrian Insurance Company," was formed on April 29th. The position of creditors of the Phoenix in other countries than Austria depends on the law in those countries. In countries where the rights of insurance policyholders are protected by no specific legislation, as in Germany and many other European States, their claims compete on a level with those of all other creditors. This is the case in Palestine and Egypt, so that the insurance funds can there be transferred to other companies. But owing to the deficiency in the company's premium reserves this will be very difficult.

The Austrian Chancellor, in his speech of April 26th, said that Austria, a small country which had already weathered so many storms, would also live through the Phoenix hurricane. It remains to be seen what conclusions are drawn by the authorities, who must now fully realise the seriousness of the situation from the internal point of view, as well as its importance to foreign countries.

FINANCIAL NOTES

Franc Cross-currents.—This week the Paris Exchange has been subject to wide fluctuations, for an early recovery has been followed by renewed weakness, with spot sterling once more above Frs. 76 and three months' rate at over Frs. 6 discount. There is a general impression that M. Blum's Government may be forced by the pressure of events to introduce some form of exchange restrictions, very likely within the next few days. For political reasons, including the attitude of the Communists, the wage increases gained by the recent strikes, and the fact that the Right is now accepting devaluation as inevitable, M. Blum is unable to contemplate devaluation at least for some months to come. The regrettable consequence of this *impasse* is that the continued flight of funds from France must force the introduction of exchange restrictions as the only possible alternative, for the Banque de France's gold reserves have now fallen to Frs. 55,521 millions, and the cash position of the commercial banks must be very difficult. A clear, if belated, expression of the case for devaluation was made last week by M. Charles Rist, a former Governor of the Banque de France. He called attention to the over-valuation of the franc and its consequences in the shape of economic paralysis and financial stringency, and also cited the benefits derived by Belgium from devaluation. He also made the important suggestion that pending a general return to gold, the franc should be attached to sterling. One disadvantage from the French point of view would be that there would be no profit from the revaluation of France's monetary gold to accrue to the relief of the French Treasury. From the British standpoint, it would throw a new responsibility upon us,

but it would be preferable to the present confusion. It would also resolve any French doubts that simple devaluation might be countered by a competitive depreciation of sterling. These doubts probably possess little substance, for we have been at great pains to keep sterling stable during recent months; and were the franc to be pegged to the pound at a reasonable rate, there would be every reason for us to continue our policy. Quite apart from M. Rist's suggestion of linking the franc to the pound, there is no indication that the French Government has yet asked for an assurance against the competitive depreciation of sterling, and the British Government may well feel it inadvisable to give an assurance in advance of an official request. Here, again, we need to know that any eventual devaluation will be of a reasonable magnitude, so that it will not disturb our own policy of cheap money, or make sterling over-valued in its turn. At the moment these points may not be of such great importance, for M. Blum is unable to consider devaluation. Yet adjustment in one form or another must come sooner or later, if serious difficulties both inside and outside France are to be avoided. There is every argument in favour of clearing the ground in advance so that the change can come about through co-operation between the Governments of England, France and the United States.

* * *

The Pound and the Dollar.—The weakness of the franc continues to drag the dollar down against sterling; and during most of this week the New York rate has been a fraction over \$5.00. The gold export point in Paris is Frs. 15.19 to the dollar, and so long as the franc remains at this rate and also at Frs. 76 to the pound, sterling must be quoted at \$5.00½ as a pure matter of arithmetic and arbitrage. We emphasise this point because it has been suggested that the dollar cannot be undervalued to-day, or else the outflow of funds from Europe to the United States would be rapidly pulling the rate well below \$5.00. The truth is that this movement of funds is being largely covered not only by British official gold purchases in Paris, but by a direct efflux of gold from Paris to New York. During the past fortnight arrivals of gold at New York amounted to \$51 millions from France and \$15 millions from Holland, while engagements for shipment during the past week alone comprise \$42 millions from France and \$6 millions from Holland. So long as the Continent continues to ship gold freely to the United States the dollar cannot rise above Frs. 15.19, and under these conditions it is only British support of the franc at about Frs. 76 to the pound which prevents the pound from rising well above \$5.00, thereby accentuating the under-valuation of the dollar. So far from the under-valuation of the dollar exciting any pull on the exchange, the truth is that the rigid connection between the franc and the dollar forces us to hold down the Paris exchange in order to hold down the New York exchange as well, and if we could push the New York rate down further it would create a better balance between the pound and the dollar. So long as the franc remains on a free gold standard at the present parity, this could only be done by driving the Paris rate of exchange down to Frs. 75 or even lower; and this has apparently not been thought expedient during recent weeks. If the franc is devalued or made subject to restriction, an entirely new relation between the pound and the dollar may develop, and that is the subject of anxious thought to-day. Obviously there will be a real need for close Anglo-American co-operation, and a week ago we were able to suggest that this might be developing. Unfortunately, there have been indications more recently that co-operation is not proving so easy to carry out. There is no doubt that the British authorities are alive to the need, and it is to be hoped that any obstacles which present themselves will be quickly surmounted. It is essential that both the authorities and public opinion in England and the United States should appreciate that equilibrium between their two currencies, with reasonable stability at whatever rate will establish such equilibrium, may well prove in the near future to be the only possible safeguard against serious world monetary disorder with its reactions upon economic stability and progress in the United States as well as elsewhere.

The Banque de France.—The advent to power of M. Blum rendered untenable M. Tannery's position as Governor of the Banque de France, for M. Tannery was appointed eighteen months ago by M. Flandin in the hope that he would further the Government's aims. Instead, he aligned himself with the traditional views of the Banque de France and its Regents, so that his relations with successive French Governments have for some time been none too easy. The victory of the Left, with its determination to reform the Banque de France, settled the matter, and M. Tannery was retired last week-end. He is succeeded by M. Labeyrie, Procurator-General at the Court of Accounts. M. Labeyrie will still occupy his old position and will draw no salary as Governor. He is by profession a civil servant, with no previous banking experience. The bill for the reform of the Banque de France has not yet been tabled, but M. Blum has already stated that it will be introduced almost immediately.

May Clearing Bank Averages.—The May returns of the ten English clearing banks confirm our forecast of last week. As a result of the influx of French money into England, coupled with the French hoarding of British currency, deposits at the joint-stock banks have risen by £23.7 millions, while cash is reduced by £7.2 millions. The offset to these movements is the increase of £40.9 millions in discounts, representing mainly the Treasury bills turned over by the Exchange Equalisation Account to the banks and the discount market in order to make room for the gold acquired by the Exchange Account in its work of supporting the franc and covering the transfer of this French money to London.

(In £ millions)

	May, 1935 (a)	Apr., 1936 (a)	May, 1936 (a)	Mar., 1936 (b)	Apr., 1936 (b)	May, 1936 (b)
Capital and reserves	125.7	125.8	128.8	131.8	131.7	131.8
Acceptances, etc.	113.8	99.1	97.5	105.1	104.3	102.8
Deposits (including undivided profits, etc.)	1,923.4	2,045.0	2,075.7	2,071.6	2,116.3	2,148.0
Total liabilities	2,162.9	2,269.9	2,299.0	2,308.5	2,352.3	2,383.6
Cash	215.5	216.9	209.6	213.5	224.1	216.9
Cheques, balances and items in transit	52.7	58.9	55.1	58.1	61.2	56.9
Money at call	136.9	148.7	146.7	157.7	155.4	153.8
Discounts	215.9	262.4	302.6	250.4	266.7	307.6
Investments	603.5	262.4	595.1	619.8	621.5	624.3
Loans and advances	755.4	823.6	824.1	834.0	849.2	850.3
Investments in affiliated banks	25.2	25.1	25.1	25.1	25.1	25.1
Cover for acceptances, pre-mises, etc.	157.8	142.3	140.7	149.9	149.1	147.7
Total assets	2,162.9	2,269.9	2,299.0	2,308.5	2,352.3	2,383.6

(a) Excludes District Bank.

(b) Includes District Bank.

From the clearing banks' point of view, the most important consequence is a reduction in the aggregate cash ratio from 10.6 to 10.1 per cent. For one of the "big five" the May cash ratio was only 9.69 per cent. In these circumstances it is easy to see why some of the banks have resumed their practice of weekly calling, and have also been reluctant to buy bills; and also why this influx of French money and the operations of the Exchange Account have created an atmosphere of greater stringency.

The Bank of Canada.—As stated in the *Economist* of March 21st, the Canadian Government intended to introduce measures for the "nationalisation" of the Bank of Canada. The Bill, which is being sponsored by Mr Dunning, the Minister of Finance, is now being discussed by the Parliament. Government control is to be established by the issue and purchase by the Government of \$5,100,000 new stock, against the \$5,000,000 now held in private hands. This new issue is deliberately designed to give the Government control over the central bank. In addition, the new Bill makes the Deputy Minister of Finance an *ex officio* member of the Board of Directors and also of the Executive Committee of the Board. To prevent any obstruction of Government policy an amendment was introduced on Wednesday increasing the number of directors

appointed by the Government from four to six, and giving them each two votes. This amendment was based on the Government's fear of a possible coalition between the Governor and Deputy-Governor of the Bank and the seven directors representing the private shareholders. Mr Dunning, in defending the Bill, stressed the need for Government control over the supply of currency and credit, tacitly suggesting that hitherto the financial mechanism has been completely independent of the legislature. This plea is open to question, but the main criticism has come from a different angle, the Conservatives attacking it for falling short of election promises and the Socialists desiring complete "nationalisation" by abolishing the privately-owned shares.

The Money Market.—For the moment rates are definitely firmer. There has been a good demand for loans, and while the clearing banks have not altered their rates, one or another bank has been calling from the market on every day this week. As the May clearing bank returns show, the banks' cash ratios are lower than they have been for some time. Tender issues of Treasury bills have also risen between May 2nd and June 13th from £528 to £578 millions. Many of these bills have been absorbed by the banks, but the market has also had to take up its share. Hence to-day not only are the banks reluctant to buy bills, but the market is having to carry a greater quantity. This readily explains the greater demand for loans.

	May 21, 1936	May 28, 1936	June 4, 1936	June 11, 1936
Bank rate	2	2	2	2
Clearing banks' deposit rate ..	1	1	1	1
Short loan rate:—				
Clearing banks	1-1-1*	1-1-1*	1-1-1*	1-1-1*
Others	1	1	1	1
Discount rates:—				
Treasury bills	1-1-1	1-1-1	1-1-1	1-1-1
Three months' bank bills	1-1-1	1-1-1	1-1-1	1-1-1

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

The immediate consequence is an appreciable rise in discount rates. Last Saturday's Treasury bill tender rate was 14s. 7.12d. per cent., against 11s. 5.54d. per cent. the weeks before. The allotment remained at £50 millions. This week the banks only bought a small quantity of Treasury bills and quickly found them forthcoming at 1½ per cent. As was explained in last week's *Economist*, this greater stringency is solely due to the influx of French money and French hoarding of British currency. It indicates no change in our monetary policy.

The Bank Return.—Further purchases by the Bank have raised its gold stocks by another £1.2 millions. The note circulation is reduced by £500,000, as any additional French currency hoarding has been neutralised by the return of Whitsun currency from circulation. As the result of these two movements the Reserve is strengthened by £1.7 millions.

BANK OF ENGLAND

	June 12, 1935	May 20, 1936	May 27, 1936	June 3, 1936	June 10, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department:—					
Gold	192.7	205.4	206.4	207.3	208.5
Note circulation	398.8	423.1	426.1	433.5	433.0
Banking Department:—					
Reserve	54.7	43.1	41.2	34.7	36.4
Public deposits	7.8	21.0	19.8	8.2	13.5
Bankers' deposits	101.7	80.1	78.3	89.7	86.5
Other deposits	35.9	36.8	36.7	37.1	37.1
Government securities ..	92.3	91.2	91.8	98.5	97.8
Discounts and advances ..	5.9	7.1	6.7	6.2	6.2
Other securities	10.5	14.3	12.9	13.3	14.6
Proportion	37.5%	31.2%	30.5%	25.7%	26.5%

In the banking department discrepancies in the dates of Treasury bill payments and maturities probably explain the rise in public deposits and the drop in bankers' deposits.

THE STOCK EXCHANGE

TIN SHARE PROSPECTS

FOURTEEN months ago (see the *Economist*, April 13, 1935) we suggested that the prevailing short-term attractions in the market for tin shares were set in a background of long-period uncertainty. At that time, the permitted rate of output was no higher than 45 per cent. of basic quotas. Between November and March last, however, the industry was working at double that rate in an attempt to bring depleted stocks into more fitting relationship with current demand. Representative tin shares responded significantly to the upward adjustment of production quotas. The *Investors' Chronicle* index, which stood at 111.2 last April (December 31, 1923 = 100), had reached 119.0 last December, and fluctuated around 124 during the first quarter of this year. April saw a peak of 130.1, but at the end of last month the average level was no better than 122.6.

Events during the past year have increased, rather than diminished, the uncertain outlook for the industry. At one period last autumn the cash price reached £248 per ton, while in January last the quotation dipped below £200. In the last fortnight a spectacular fall from £195 13s. 9d. to £185 has attested the market's uncertainty concerning the renewal of the present restriction scheme which legally expires at the end of the year. In practice a new agreement should be reached some time before that date if control is to remain effective. And meanwhile the policy of the Committee—endowed with the necessity for unanimous decision—suggests a definite loss of leadership and more than a semblance of internal dissension.

It is this major contingency which is in the mind of every tin shareholder. It is, moreover, already evident that any new instrument for control will need to accommodate a lively disparity of views between the principal signatory countries. Malaya, Bolivia, the Dutch East Indies and Nigeria have expressed their willingness in principle to continue control for a further period, provided that Siam, the Belgian Congo and other tin-producing countries participate on satisfactory terms. It is reported that while negotiations with Belgian interests have proceeded favourably, Siam (which is allotted a basic minimum production of 9,800 tons, and is currently producing at an annual rate of 11,760 tons on the 85 per cent. quota) is again endeavouring to exploit her "nuisance value" by demanding a "substantial increase" in tonnage. In plain terms, she asks for at least 20,000 tons per annum as her basic figure. Meanwhile, spokesmen for the Malayan mining industry have declared their opposition to further concessions to augment tin production in other countries to the detriment of Malayan interests. The Malayan and Dutch delegates are now *en route* for Siam, armed with powers to negotiate a settlement. Investors may be loth to yield to premature fears of abandonment of restriction. The odds against it have, perhaps, lessened, but few responsible voices within the industry insist upon its complete abrogation, even if an increasing number stress the need for modification. Among the obvious reforms are the *actual* production of theoretical quotas (suggested by Bolivia's short-fall of 8,896 tons), the holding of larger mine stocks, and proportional representation and majority decision on the Committee.

On the weight of the evidence, tin shareholders may feel that concessions are demanded no less from high cost producers, such as Bolivia, than from new producers, like Siam. The former has a special incentive to maintain the restriction front, for the costs of Patiño Mines were as high as £163 1s. 4d. per ton during 1935. The latter country has a general interest in the welfare of the industry. Shareholders in the typical low cost concerns in Malaya and Nigeria may feel disposed to press for the recognition of this fact in the quota allocations.

The preceding discussion may suggest a case for a careful choice of shares of low-cost producers, assuming that

Company (and Date of Accounts)	Years ending in	Cubic yds. treated	Output Tin Ore	Working Costs per ton	Value per ton	Working Profit per ton	Total Mining Profit
Malaya							
		(mill.)	Tons	£	£	£	£
Kamunting (June 30)...	1929	3.8	1,113	64	127	63	70,287
	1934	4.5	1,222	46	137	91	111,782
	1935	4.9	1,811	33	136†	103†	178,903
Malayan Tin Dredging (June 30)	1929	6.0	1,804	60†	132	72	116,910
	1934	3.7	770	48†	141	93	68,986
	1935	5.0	1,000	47†	141	94	67,606
Pahang (July 31)	1929	...	2,579	106	143	37	98,243
	1934	...	1,264	87	151	64	79,381
	1935	...	1,652	83	157	74	85,123
Petaling (Oct. 31)	1929	6.2	2,469	36	118	82	202,610
	1934	2.6	1,141	20	126	106	121,238
	1935	2.2	1,201	23	126	103	125,705
Southern Malayan (June 30)	1929	5.4	1,271	45†	128	83†	99,438
	1934	3.2	977	39†	142	103†	100,691
	1935	5.1	1,162	39†	141	102†	102,108
Nigeria							
Associated Tin (Dec. 31)	1929	...	2,041*	...	198§	...	91,176
	1933	...	1,256	67	209§	142	92,271
	1934	...	1,949	55	...	...	176,385
Bolivia							
Patiño Mines (Dec. 31)	1929	...	20,800||	154§	204§	50§	1,242,983§
	1934	...	7,035||	176§	229§	53§	685,320§
	1935	...	8,903||	163§	...	...	919,499§
Burma							
Consolidated Tin (June 30)	1929†	...	699†	101†	109†	8†	4,803
	1934	...	884†	82†	126†	44†	40,822
	1935	...	720†	102†	130†	28†	18,336
Mawchi (Dec. 31)	1930	...	2,018†	...	...	...	Dr. 17,801
	1934	...	3,416†	22†	...	...	88,248
	1935	...	4,305†	20†	...	...	142,101
Siam							
Pattani (June 30)	1929	0.1	59	...	143	...	...
	1934	1.4	574	47	139	92	48,793
	1935	1.9	458	62	135	73	34,841
Siamese Tin Syndicate (Dec. 31)	1929	6.3	1,661	68†	122†	54†	104,261
	1933	4.2	1,415	38†	129†	91†	136,449
	1934	3.9	1,105	...	...	...	54,610
Japan							
Toyo Tin (Nov. 30)	1930	...	432	...	...	...	9a
	1934	...	889	77†	...	...	34,144a
	1935	...	820	96†	...	...	12,851a

* 18 months reduced to 12. † Estimated. ‡ Particulars refer to mixed concentrates. § Per ton tin metal. || Metric tons fine tin. (a) Interest and fees from operating company. (b) Costs and value per ton metal; costs including depreciation; operating income before depreciation.

the restriction hurdle is cleared. The ultimate justification for such a policy, however, would be contingent upon consideration of the long-term trend of supply, consumption and prices. Assuming that stocks were increased by at least 10,000 tons to "normal," last year's consumption—at £225 per ton—could be satisfied by a quota little in excess of 70 per cent. This calculation takes no account, however, of the effect of a high selling price on world demand for tin. The value of Malaya's restricted production for 1935 was £9½ millions. Assuming an average price of only £185 per ton, the *current* rate of production would be worth £11.3 millions gross in a full year, with some prospect of slight cost reductions on the higher output. Despite the recent search for substitutes, there is no reason to suppose that demand for tin has lost all responsiveness to falling prices.

For the moment, trade demand is a minor market factor compared with restriction uncertainties. Even the prospect of guildster devaluation, with its possible unsettlement of sterling prices, is less important. If the negotiations break down, prolonged market uncertainty is unavoidable. If agreement is reached—with or without Siam—Malaya's demands will presumably receive some recognition. Provided that no further significant break occurs in the metal markets, opportunities may then recur for selective speculative investment. The accompanying table sets out the operating and profits record of a sample of companies in each principal producing area. Analysis of the figures should take account of the periods covered.

In the group of Malayan concerns, one factor stands out clearly. The reduction in costs since 1929 has been striking, but the tendency during 1934-35 was towards relative stability of costs, despite the increased rate of production. Kamunting, on which 5 out of 7 dredges were working compared with only two during the previous year, secured the most impressive reduction in costs from £46 to £33 per ton of tin ore. This achievement, however, appears to overstate the possibilities for many dredging concerns, which must face the possibility of a restoration of pay "cuts" and of the partial relinquishment of other economies in expenditure effected during the lean years. Certain companies, such as Malayan and Southern Malayan, are in process of distributing profits from the special Buffer Stock quota, produced last year. Both these prosperous concerns in the "Stephens" group, incidentally, are installing a large dredge, which should come into operation a year hence. This policy, which has been officially described as an insurance against the breakdown of the restriction scheme, should further reduce the companies' already low costs. Pahang, a lode producer, has suffered a substantial rise in costs, owing to output reduction, and expanding production would permit a further reduction from the latest figure of £83 per ton. Petaling, with five dredges under-employed, has maintained phenomenally low costs during the past four years, and has now added some 603 acres to her leased area. Re-commissioning of dredges to produce the higher quotas allotted during the current year is, however, likely to entail some increase in costs.

Market interest, last autumn, centred upon the producers of mixed concentrates of tin, wolfram and scheelite, such as Consolidated Tin Mines of Burma, Mawchi and Kramat Pulai. The demand for special steels for armaments and industrial uses has produced a sharp rise in wolfram prices and Mawchi has arranged for increased treatment capacity in England. Kramat Pulai, however, is essentially a short-life proposition, with but two years' supply of ore in sight for the mill. Its prospects are entirely dependent, therefore, upon current drilling operations, as the yield unmistakably suggests. The latest Toyo results, finally, have been disappointing owing to the Japanese operating company's sharp increase in costs and lower realised selling prices. Development, however, has recently been progressive.

The following table of share prices shows that current quotations lie uncomfortably between last year's extremes, and that yields are at speculative, rather than "crisis" levels:—

Company	Ord. Dividends				Ord. Shares						Yield (a) (%)
	1933	1934	1935	Int. Cur- rent year	De- nom.	1935		Present			
						High	Low				
Kamunting	% 15	% 20	% 20	...	5s.	s. d. 14 6	s. d. 10 6	s. d. 11 0	f. s. d. 9 2 0		
Malayan T.D.	164	364	45	57½	5s.	32 9	24 3	28 6xd	9 15 0		
Pahang Consol.	Nil	15	15	10	5s.	14 10½	8 3	14 6	5 3 9		
Petaling	25	40	45	20	\$1	17 2½	13 0	15 0	7 0 0		
Southern Malaya T.D.	5	20	22½	27½	5s.	20 4½	12 3	17 6xd	7 17 0		
Ass'd. Tin Nigeria...	2½	13½	*	...	5s.	9 0	6 1½	7 10½xd	8 11 0		
Patino Mines	Nil	Nil	Nil	...	n.p.	58 9	38 0	47 6	Nil		
Consol. Tin Burma	Nil	2½	2½	...	f1	9 0	5 9	8 0	6 5 0		
Mawchi	Nil	45	65	...	4s.	23 6	15 3	31 6	8 5 6		
Bangrin T.D.	10	10	5	...	f1	30 3	18 3	14 0xd	7 2 9		
Siamese T.D.	55	35	†	...	5s.	31 9	17 6	17 3xd	10 2 9		
Toyo Tin	Nil	17½	4	...	2s. 6d.	5 1½	1 9	1 3	8 0 0		
Kramat Pulai	10	93½	85½	20	5s.	37 6	17 6	18 0	23 12 0		

(a) Based on latest complete year's dividend, unless exceeded by total interim distributions for current year.

* Two interims totalling 10 per cent. † Two interims totalling 20 per cent.

‡ Years to December 31st. § Four interim payments only; final dividend not yet declared.

In view of the major uncertainties in the industry, it may be questioned whether share prices have necessarily reached rock-bottom. And the fact that, for some time to come, tin share operations must be based on hopes and not assurances, may restrain professional speculators from undertaking substantial commitments. Undoubtedly, there are prospects for low cost producers, if a reformed and more elastic restriction agreement is reached. But until that result is achieved, tin shares will continue to be "anybody's market."

INVESTMENT NOTES

Disclosure in Company Accounts.—Each week brings further evidence of the demand for more informative company accounts. This week, Mr T. B. Robson urged the case for improvement in holding company accounts before British Chartered Accountants. It has been pleaded unceasingly in these columns, on the main ground that the investor with shares in a holding company finds it impossible to ascertain the earnings position of the group in the absence of a consolidated statement. He is interested in an economic unit consisting of the holding company and its subsidiaries; under the present legal dispensation he has the right to certain information regarding the income of the holding company only, and in practice the degree of disclosure varies, like equity of old, with the length of the chairman's foot. We have throughout adopted the attitude that shareholders were entitled to fuller information concerning the assets and profits of the group in such cases, since in its absence no significant investment valuation could be placed upon their shares. We have denied the relevance of the refuge of obscurantist boards who appeal to the "best interests of shareholders" by citing the supposed danger of disclosure of information to competitors; concerns with a large number of subsidiaries are precisely those which are likely to have some form of quasi-monopoly over a significant part of their market. The most enlightened forms of company accounts can be freely adopted at present, without waiting upon the law's uncertainties and delays. Recent signs, therefore, that reform in accountancy procedure is being associated with a revision of the Companies Act should not reduce the demand for more information within the framework of the existing Act. It was disclosed recently that the Council of the Institute of Chartered Accountants has been collecting information through a special committee so that the Institute might be ready with definite recommendations if the Government should seek advice regarding company law. The President of the Institute has revealed that the Government department concerned is closely watching the working of the 1929 Act, and has suggested that sooner or later a Commission may be set up to deal with company law amendment. There is force in his suggestion that the whole Act should be reviewed and that piecemeal legislation, even for matters obviously calling for rectification, should be avoided. History, however, teaches the virtues of patience. Amendment of the 1908 Act required 16 years, excluding the war period, and only half that time has elapsed since the substantive changes embodied in the 1929 Act were enacted. Meanwhile, pressure for voluntary reform is likely to bring wider adoption of intelligible holding company accounts. Some months ago Mr Arthur Chamberlain warned the shareholders of Tube Investments, Ltd., that a legal balance might present a more or less truthful but entirely misleading position of affairs. Shareholders may find themselves in regretful agreement with Mr Bumble on the character of the law which makes such a state of affairs possible.

China and the Investor.—The Rising Sun is throwing a lengthening shadow over the Chinese bond market. Since the disclosure by H.M. Inspector-General of Customs of the serious effect of smuggling, under Japanese connivance, on North China revenues, all the Customs-secured loans have been depressed. In these circumstances, the Chairman of the British and Chinese Corporation, Mr D. G. M. Bernard, performed a real service by insisting, in his speech on Wednesday, that there is light as well as shade in the Chinese picture. The Central Government, by all appearances, is making a determined effort to grapple with its internal economic problems. Railway construction, much overdue, is being taken in hand. In the Western and Central provinces about 1,500 kilometres of new lines were completed last year, and a further 2,500 are in hand. For the first time in history a Chinese

railway loan has been issued in Shanghai entirely on its own merits, without collateral security. The currency reforms have opened a new chapter in Chinese finance. If the danger of outside interference were eliminated, the way might well be clear for the programme lucidly enunciated by the chairman of the British and Chinese Corporation. The first desideratum would be a composition between the Government and the holders of bonds which are in default—for hardly one of the half-dozen Chinese railway loans issued by the Corporation during the past thirty years has not been allowed to drift into this condition. The next step would be the balancing of the Budget, which might be helped by the results of the recent currency stabilisation at a "discreetly chosen" level. Already, devaluation has corrected an adverse balance of payments, and if economic factors alone were relevant, investors might well accept the invitation (in Mr Bernard's words) "to pass a vote of confidence in the Chinese Government." But, in view of this week's news (discussed in a Note on page 598), can the bondholder view ultimate prospects with complete confidence? Time and again, China has assimilated her invaders. But treaty ports and railway loans are a sufficiently modern innovation in her centuries-old civilisation still to require the backing, in the last resort, of guns. And will the guns be British? The Central Government deserves every credit for its good faith, but the future of British investment in China hinges on the intentions of Tokyo as well as Nanking.

The Oil Situation.—It would appear from the speech of Sir John Cargill at the annual meeting of the Burmah Oil Company, as well as from the report of the directors of the Royal Dutch Petroleum, that the oil prospect is regarded not unfavourably by the European leaders of the industry, although a recent speech by Mr Walter Teague of the Standard Oil Company of New Jersey, suggested that all was not well in the United States. Sir John Cargill stated that there had been increasingly better control over extravagant production in America and that most other producing countries had regulated their output to the economic outlet available for it. But he was still disturbed by the uncontrolled Roumanian production which found its way to some extent into India and by the development of a new source of production outside India (meaning presumably that of the Standard Oil Company of California in the Bahrein Island in the Persian Gulf) which might also threaten the Indian market. Regarding the situation in America, it may be said that the statistical position has weakened with the rise in crude oil output to above 3,000,000 barrels a day, but has not deteriorated to an extent which threatens the stability of the market. The increase in crude oil production is attributable mainly to the development of the Rodessa field in Louisiana, but on the whole the increase in consumption should more than compensate for it. The Bureau of Mines statistics show that in the first three months of the current year the domestic gasoline demand, in spite of the bad weather, was 9.3 per cent., above the corresponding period of 1935. If consumption for the whole year should show an increase of 10 per cent. domestic demand for gasoline would exceed that of 1935 by 30 million barrels. The increase in gasoline stocks this year may not, therefore, be of serious importance. We are indebted to the Petroleum Press Service for the following adjusted figures of American oil stocks:—

U.S. Stocks (In 000s of barrels)					
	Crude Oil	Gasoline	Gas and Fuel Oil		
	1935	1936	1935	1936	
January 4 ...	322,173	297,899	49,028	52,811	108,002
May 23	323,379	297,325	59,306	67,490	97,637

It will be seen that gasoline is the only product whose stocks show an increase this year (of about 8,000,000 barrels) and that total stocks are in fact down by about 18 million barrels as compared with May, 1935. These figures are calculated after allowing for the new method of reckoning now employed for the published returns of the U.S. Bureau of Mines. The latter show crude oil stocks at about

AN INVESTMENT, FREE FROM LIABILITY, IN 52
BRITISH BANKING AND INSURANCE COMPANIES

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17 million barrels, gasoline stocks at about 5 million barrels and gas and fuel oil stocks about 3 million barrels higher than they had been calculated in the previous year. If Rodessa is the only new important field to be developed this year there is nothing in the American oil situation to threaten a new collapse in oil prices. It is, however, important that gasoline stocks should not be greatly increased this autumn when consumption undergoes a seasonal decline.

Actuaries' Investment Index.—The latest computation of the Actuaries' Investment Index, based on last Tuesday's prices, takes in only the first stages of this week's market improvement. It is clear that the modest recovery has yet to offset the depressing close of the Whitsuntide account, which left no section of the market unscathed. It is not, therefore, surprising that the average level of the 178 ordinary shares included in the index has declined further to 81.9, compared with 82.2 last week and 83.1 four weeks earlier (December 31, 1928 = 100). The corresponding yield figures are 3.80, 3.75 and 3.68 per cent. The irregular movement of certain component groups is recorded below:—

Group (and No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yields (%)		
	Month Ago (May 12)	Last Week (June 2)	This Week (June 9)	Month Ago (May 12)	Last Week (June 2)	This Week (June 9)
<i>Higher this week:</i>						
Coal (7)	96.5	92.8	94.2	4.21	4.43	4.35
Motors (5)	56.4	55.0	55.5	4.19	4.29	4.25
Electric Supplies (10)	137.3	134.3	136.6	3.61	3.85	3.82
<i>Lower this week:</i>						
Insurance Companies (24) ...	133.0	130.1	129.1	3.19	3.26	3.29
Oil (5)	84.3	85.7	82.6	2.56	2.89	3.10
Home Rails (4)	73.0	68.1	67.0	1.56	1.61	1.61
Miscellaneous (56)	75.2	74.8	74.5	4.02	4.07	4.07

Coal shares have registered a slight gain on the postponement of the Coal Mines Bill until the autumn, while motor and electrical equipment shares have been well supported on current trade reports. The oil share market, however, closed the last account rather raggedly after the bulls had enjoyed full scope. The fall, however, seems likely to prove only a temporary correction. The home rail index has lost six points during a month which has reopened the wage issue for complete restoration of cuts.

COMPANY NOTES

Machine Tool Companies.—The accompanying table of profits covers relatively few companies in the machine tool trade, which has remained largely in private ownership, but it illustrates the difficulties which the trade has had to face in recent years. To Sir Thomas Inskip's remark that machine tools are one of the main essentials of adequate armament, there is a corollary: that after the last war the market was glutted with second-hand machinery, which affected business long after the war had stopped. In addition, the trade had to face what is now recognised as an "under-equipment" period affecting

almost every branch of British industry. There were, consequently, many companies which found difficulty in earning profits. Recently, however, conditions have been improving. The exceptional demand from Russia in 1931 and 1932 came at a singularly useful moment when the home market was at its worst. At £2,237,000 and £3,144,000, respectively, the exports for those years easily exceeded the best pre-depression years in the late 'twenties. The Russian sales are not necessarily reflected in profits for the period, however, since the business was mostly on extended credit, and normal practice would only take profits into the accounts as payments were received. In 1933 and 1934 domestic revival began to compensate for the cessation of the exceptional Russian orders. Nevertheless, the "Import Duties" census figures show that in 1933 the total output of machine tools was valued at little more than

(Profits in £'000)

	1930	1931	1932	1933	1934	1935	1936
Wm. Asquith (31 Mar.):							
Earned for Pref.	4.5	12.6	18.4	5.1	Dr. 14.4	Dr. 12.9	27.7
Earned % for Ord.	Nil	1.7*	6.6*	Nil	Nil	Nil	14.2*
			No. Ord. div. paid				
Coventry Gauge (Aug. 31):							
Earned for Div.	10.0	Dr. 4.3	Dr. 1.3	Dr. 1.5	3.3	13.8	...
Earned %	11.4	Nil	Nil	Nil	4.3	17.9	...
Div. %	5	5	2½	2½	3½	4	...
W. H. Dormant (Mar. 31):							
Earned for Pref.	5.4	Dr. 6.6	Dr. 12.2	Dr. 12.1	1.0	11.6	...
	No Pref. div. paid.						Gross annual cost would be £13,750
Greenwood and Batley†:							
Earned for Ord.	19.8	4.2	Dr. 1.1	13.4	17.1	19.8	...
Earned %	5.8	1.2	Nil	4.3	5.3	6.2	...
Div. %	5	5	2½	2½	3½	4	...
Modern Machine Tools (Dec. 31):							
Prospectus profit	...	3.8	4.7	9.8	16.1½	21.4½	...

* Assuming normal pref. div. † Also manufacture other products. ‡ First accounts as public company, possibly on slightly different basis. Also broken period equated to 12 months. § Broken period equated to 12 months.

half the 1930 output (£3,235,000, against £6,139,000), and that the further domestic recovery and rather better exports of 1934, though raising output sharply to £4,825,000, still left it well below 1930. Undoubtedly 1935 will have brought substantial further recovery. Exports rose to the respectable level of £2,246,000, and home demand was certainly larger—as is confirmed both by company accounts and chairmen's speeches. In the current year the flowing tide of capital equipment is being reinforced by the adventitious and powerful stimulus of re-armament demand. The tool makers last year were already showing profits as good as, or better than, any in the past decade. This, however, was not an extravagant achievement, and current prospects are almost certainly better than anything in recent years. It is quite possible that conditions will continue favourable for some time on the combined industrial and defence demand. Subject to the rather limited choice and narrow markets available, therefore, the skilled and active investor may find opportunities. The general investor, however, should not be tempted. In a capital goods industry, the machine tool makers are subject to wide fluctuations in activity; and, in particular, their permanent interests may not be strengthened by sudden urgent demand for re-armament purposes which, once satisfied (as one must hope under peaceful conditions), will subside and leave the makers to find new markets elsewhere.

"Shell" Accounts.—No indication is given in the "Shell" accounts of the group earnings, since the 17½ per cent. tax-free dividend is covered with a mere £8 to spare. Nor is any reference made to the trading position except for a discussion of the United States improvement last year and a cautionary note regarding current prospects in that market. There is, however, sufficient internal evidence to suggest that the 17½ per cent. tax-free dividend was comfortably earned. A good deal of idle tanker tonnage was put into service again last year, and freights jumped by 25 per cent. in October—when sanctions were being discussed on oil and the re-stocking movement was in full swing. The group's own tonnage was occupied to its full

extent. The uncommunicative profit-and-loss account is analysed in the following table:—

	1933	1934	1935
Receipts	2,790,969	3,852,601	5,067,195
Expenses and directors' fees	42,934	45,126	45,949
Earned for dividends	2,748,035	3,807,476	5,021,246
Preference dividends	800,000	800,000	800,000
Ordinary shares (tax free):—			
Earned	1,948,035	3,007,475	4,221,246
Paid	1,809,102	3,015,170	4,221,238
Earned %	8.1	12.46	17.5
Paid %	7½	12½	17½
Carried forward	389,378	381,683	381,691

The major oil interests of the group are unchanged, and the book value of properties and interests in associated companies is £160,000 lower at £33,519,749. Among the general investment holdings, an appreciable amount of "switching" from gilt-edged to T.F.A. stocks is suggested. Investors with a taste for statistical inference may note that the "Shell" profits increased by 31.5 per cent., whereas those of Royal Dutch showed an advance of some 36.2 per cent. The £1 ordinary shares were active on the publication of the report on Thursday, and rose to 98s. 1½d. to yield £3 11s. 3d. net and £4 14s. gross.

Royal Dutch Report.—A dividend up to the highest expectations has proved the curtain-raiser to an impressive recovery report from Royal Dutch. The directors state that, taking the world as a whole—which is no less than the scope of the company's operations in co-operation with the "Shell" group—the past year appears to mark the commencement of recovery in the industry. Expanding demand and more successful control of output suggest to the board that "a somewhat sanguine feeling is not out of place." The report provides the usual particulars of world oil production in 1935, which show a record level of 226,472,024 metric tons, compared with 208,261,193 in 1934. The United States provided 11 out of the 18 million tons increase with a production of 134,980,000 metric tons. Particulars of the group's production are given in the following table:—

ROYAL DUTCH SHELL PRODUCTION (Metric tons)			
	1933	1934	1935
Venezuela	7,597,821	8,168,560	8,469,447
United States	5,514,854	5,549,032	6,840,360
Dutch East Indies	4,815,998	5,152,512	5,000,523
Mexico	2,016,263	2,451,478	3,148,456
Roumania	1,304,372	1,701,054	1,540,117
Total	21,953,473	24,078,012	26,620,019

More tangible results were achieved towards stabilising the American industry, and home consumption rose in gratifying fashion. Russian production increased, but is losing its importance in the international oil market, since exports fell from 4 million tons to 3 million tons last year. The Iraq total figures showed a sharp increase from 1,066,365 to 3,728,681 metric tons, for 1935 was the first full year in which the pipe line was operated. The capacity of the latter is 4 million metric tons per annum, and Royal Dutch has a 23½ per cent. interest in the Iraq Petroleum Company. The group has, in fact, obtained a rather higher share of the expanded world output last year, and since prices were distinctly better last year, dividend receipts from the operating companies rose from Fl. 38,985,312 to Fl. 53,093,121. Whereas in 1934 some Fl. 3,767,516 was required against exchange differences, the slight improvement in the currency position last year allowed the taking of a credit of Fl. 771,867. The 10½ per cent. dividend is well covered by net profits, as the following table shows:—

	(Thousand florins)		
	1933	1934	1935
Gross income less exchange differences	34,743	40,782	58,074
Expenses and debenture service	4,198	2,651	3,795
Net profit	30,545	38,132	54,279
Preference dividend	60	60	60
Ordinary dividend	30,217	37,772	52,881
Rate, per cent.	6.0	7.5	10½
Directors' participation, etc.	...	411	865
Carried forward	547	437	910

The balance sheet shows an increase in investments of Fl. 22 millions to Fl. 82 millions, while shares in oil companies have increased by Fl. 24,471,479. The latter, however, is due to a revision of the book value of investments in other currencies on the basis of existing exchange rates, and an equivalent amount has been credited to specific reserves. The Fl. 100 shares are quoted at £36 15s., being firm on the report.

Brazilian Traction Progress.—Improvement in the position of this utility holding concern was signalled a month ago by the resumption of ordinary dividends with a 30 cents payment, the first since 1932. The accounts for 1935, however, suggest that it was of a negative order during the past year. Operating income of the group in Canadian dollars was smaller at \$30,579,394, despite an increase in business. These earnings are calculated from the milreis figures at arbitrary exchange rates each month, having regard to the exchange position, and the lower exchange value of the milreis was responsible for the fall. The report also notes that earnings were also affected by reduced temporary rates in certain services. The increase in available revenues for the parent concern, therefore, is due to the reduction of bond interest following the redemption of Rio de Janeiro Tramway bonds. The resultant earnings for the equity increased from 51 cents to 74 cents per share, as the following table shows:—

	1933	1934	1935
Consolidated Figures			
Total revenue	28,896,531	31,231,581	30,579,394
Operating expenses	12,973,647	14,616,593	14,144,485
Depreciation	7,720,803	8,067,847	8,508,054
Bond interest, sinking funds, etc.	4,243,678	4,319,206	2,674,509
Brazilian Traction Figures			
Balance, being operating revenue	3,958,403	4,227,935	5,252,346
Add miscellaneous income	260,210	254,274	289,406
Less general expenses and amortisation†	789,658	846,710	331,514
Net revenue	3,428,955	3,635,499	5,210,238
Preference dividend	23,604	23,604	23,604
Ordinary shares:—			
Earned	3,405,351	3,611,895	5,186,634
Paid	Nil	Nil	Nil
Earned per share	\$0.48	\$0.51	\$0.74
Surplus	20,787,193	24,399,087	29,585,721

† 1933, \$450,000; 1934, \$500,000; 1935, nil, \$500,000 being charged by operating companies, and included in depreciation above

All branches of the undertakings recorded an advance in operations last year. Total passengers in the traction group increased from 782 to 824 millions. Some 1,120 million kilowatt hours were supplied by the electricity undertakings, an increase of some 10 per cent. The average daily calls made on the telephone service increased from 1,886,773 to 2,195,476. The report notes, however, that little progress has been made towards readjustment of temporary rates fixed for certain services by the Brazilian authorities after the abrogation of agreements providing for their variation according to the external value of the milreis. The first stages of recovery in Brazil, therefore, have been impeded, so far as the Brazilian Traction accounts are concerned, by precisely the same exchange difficulties which affected the neighbouring Argentine railways last year. Economic recovery in Brazil should assist milreis revenues during the current year, but holders of the ordinary shares, at 12½, must be reconciled to the effects of continued exchange weakness in determining the dollar amounts available for dividends.

Argentine Railway Prospects.—It is almost exactly eight months since the chairman of the Central Argentine Railway protested that out of £277 millions of British capital invested in Argentine railways, as much as £174 millions was earning no interest. Mr W. Howard-Williams had a more grateful task last week, when, at an extraordinary general meeting, he was able to inform stockholders that the Argentine authorities had given tangible evidence of their appreciation of the railways' difficulties.

Last February, the companies were granted special exchange concessions. In return, they agreed to reduce freight rates on maize. It was not clear, originally, whether the balance of advantage from this arrangement would lie with the railways or with the Government. Mr Williams declared, however, that the Central Argentine—which, as a maize-carrying line, is most affected—calculated its net gain under the arrangement, for the current calendar year, at not less than £150,000. It would be welcome to stockholders if the Argentine authorities, after having made so important a step in the right direction, could follow it up by the removal of other anomalies which bear hard on them. The agreement, recently made, providing for mutual arrangements against uneconomic competition between the publicly and privately owned railways, would be even more reassuring if the Government could see their way to introduce a bill to legalise traffic pooling arrangements. Above all, the authorities might use every effort to secure the passing of a road and rail co-ordination bill, on less emasculated lines than those of the measure which has lately emerged from the Chamber of Deputies. British investors, in their own interest, warmly desire the best possible relations with the Argentine Government; and the authorities in Buenos Aires have special reason, at the moment, to reciprocate that attitude. In the near future, both may be parties in the same suit before the High Court of Parliament at Westminster. If the renewal of the "Roca" Agreement proves a test case for the maintenance or otherwise of old-established trade relations which are challenged by "the new economy," investors may count, apparently, on influential allies. The Federation of British Industries, this week, in a considered statement of its attitude, has declared that "there is much to be gained . . . from a progressive increase of trade in both directions," and has expressed the hope that the Government will act accordingly.

Handley Page Accounts.—The report of this concern, which builds heavy bombing and passenger aircraft, provides the market with its first substantial fruits from the Air Force expansion programme, which was set in motion last spring. The omnibus profit figure for manufacturing, interest, royalties and profit on realisation of investments has increased from £135,265 to £195,737. Shareholders would doubtless welcome some division of the latter figure, and a statement whether the investment profits exceed the amount of £9,209 credited to revenue last year. As already announced, the participating preference shares receive a total distribution of 20 per cent., leaving the extremely high-gear, but privately held, ordinary capital with a right to some 265 per cent. The following table analyses the results of the past three years:—

	1933	1934	1935
Balance from manufacturing account, interest, royalties, and profits on realisation of investments (1934-35)	38,463	135,265†	195,737
Expenses and fees	67,439	78,719	102,705
Taxation	...	9,218	10,931
Depreciation	2,558	2,738	4,207
Fixed preference dividend	19,914	19,914	19,914
Further preference dividend	...	9,957	19,914
Ordinary shares:—			
Earned	Dr. 51,448	14,719	38,060
Paid	Nil	9,957	19,914
Earned (%)	Nil	17½	42½
Paid (%)	Nil	132½	265
Carried forward	£43*	5,704	23,854

* Includes £51,975 profit on realisation of investments.

† Includes £9,209 profit on realisation of investments.

The directors state that the company has been actively employed in producing the new type aircraft for the Air Force, and that considerable works extensions were put in hand towards the end of 1935. These statements are fully supported by the accounts. Plant and machinery, less depreciation, is some £11,000 higher at £33,246, and stocks—some £40,000 higher at £128,250—and other current

items reveal a considerable expansion. The Patents Realisation Reserve has been increased by £40,000 received during the year, and now stands at £190,541. Of this amount £116,965 is to be capitalised in new ordinary stock, of which £62,232 10s. will be allotted to preference shareholders in the proportion of 5s. new stock for two preference shares, and the balance of £54,732 10s. allotted to holders of the £7,500 existing ordinary capital. This scheme slightly enhances the participating preference shareholders' rights, and is unobjectionable. The existing preference shares are quoted at 37s. to yield £4 6s. 6d. per cent., without adjustment for rights.

* * *

Kaffir Dividends.—Twelve months ago, writes our mining correspondent, the June distributions of several Rand mining companies proved disappointing, for the market had underestimated liabilities under the prevailing basis of taxation. This year's payments have fulfilled—and even surpassed—market expectations. The declarations so far available—from the Gold Fields and the Johannesburg Consolidated groups—suggest that the change in taxation has on the whole proved beneficial. The payments are set out in the following table:—

	June, 1935	Dec., 1935	Total, 1935	June, 1936
<i>Gold Fields Group</i>				
Robinson Deep "B"	1/3	1/6	2/9	2/-
Simmer and Jack	-/3	-/3	-/6	-1 1/2
Sub Nigel	8/-	8/-	16/-	9/-
<i>Johnnies Group</i>				
Government G.M. Areas ...	3/-	3/-	6/-	2/9
Langlaagte Estate	2/-	2/-	4/-	1/6
New State Areas	2/6	2/6	5/-	3/-
Randfontein	2/-	2/-	4/-	2/6
Van Ryn Deep	3/-	3/-	6/-	2/6
Witwatersrand Gold	2/-	2/-	4/-	2/-

The outstanding advance is shown by Sub Nigel, which was not expected to pay more than 8s. 6d. per share, since net earnings for the half-year represent little over 8s. per share. The decision to pay 9s. is attributable in the main to reduced requirements for capital expenditure, which has been heavy in recent years. Robinson Deep has provided less for taxation, but the chief factor favouring the increased dividend was the release of profits by the recent issue of shares for capital expenditure. The cut in the Government Areas rate is less than might have been expected in view of the shrinkage in profits. Under the terms of the lease, however, the Union Government sustains a greater proportion of any decline in earnings. New State Areas have doubtless been assisted in increasing the rate by the debenture redemption last year. Reduced profits for Langlaagte and Van Ryn Deep—reflecting reductions in the grade of the ore reserves—have played their part, together with increased taxation. The increased Randfontein rate is particularly satisfactory to the market, which has watched the achievement of record profits, almost month after month, resulting from the treatment of increased tonnages of higher grade ore.

* * *

Other Company Results.—Our weekly table of company profits appears on page 653 and includes the results of 55 additional companies. Heavy industry is well represented this week. *William Cory*, whose maintained 17½ per cent. dividend was announced at the end of May, reports slightly lower profits at £646,331. In contrast, *Rickett, Cockerill* have enjoyed a distinctly better year, profits having advanced from £42,870 to £60,800 to provide a 5 per cent. dividend. *Manchester Collieries* also reports an increase in net profits, after providing depreciation and reserves, of £197,326 against £169,844, and the dividend is increased from 3 to 4 per cent. *Ruston and Hornsby*, having re-entered the dividend list with a 5 per cent. payment, shows an increase in earnings from £80,265 to £109,829. The *William Beardmore* accounts show a reduction in the net loss from £64,810 to £32,569, both amounts after charging debenture interest of £59,645 accrued but not paid under the moratorium arrangements. The results may

be somewhat more favourable than appears on the surface, since expenditure on reconditioning certain departments has been charged to revenue. The report makes no reference to current operations, but the works are presumably fully occupied with armament work. The reconstruction scheme has been postponed until the company's earnings capacity is clearer. A sharp increase in profits is reported by *Metal Traders* from £37,505 to £87,413. The dividend is raised from 15 to 22½ per cent., and £25,000 placed to reserve. *Glacier Metal* reports satisfactory profits in its first year as a public concern. Net earnings total £28,324 and a 10 per cent. ordinary dividend is to be paid. The profit of *Denny, Mott and Dickson* are sharply, and those of *Spicers, Ltd.*, moderately, down on the previous year, entailing reduced dividends. Rubber company results are not buoyant, and the *Telogoredjo* results (*Dr. £1,046* against £27,762) are distinctly disappointing. *Straits Plantations*, which appears in this group by courtesy rather than right since it produces copra, has enjoyed a distinctly good year, with profits of £24,998 against £11,645. The tea group includes *Baraooora* and *Lungla*. Further trust company results, including *Witan Investment*, show modest improvement. Among the week's dividend declarations are *South African Breweries* (20 per cent. against 17½ per cent., tax free) and *Goldsbrough Mort*, which has increased its profits from £101,188 to £179,917 and pays 7 per cent. against 6 per cent. *General Electric* announce profits of £1,485,153, against £1,184,483. The distribution is raised from 10 to 15 per cent., and a new issue of ordinary shares will be offered to holders at £3 at the rate of 1 in 10. The *Bristol Aeroplane* dividend of 22½ per cent. was well received in the market on Thursday.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of meetings of the following concerns:—Milk Marketing Board, Suez Canal Company, Antofagasta (Chili) and Bolivia Railway, British and Chinese Corporation, Welwyn Garden City, Burmah Oil, Anglo-Iranian Oil, Associated Newspapers, J. Lyons and Company, Boots Pure Drug, Kepong (Malay) Rubber Estates, United Sua Betong Rubber Estates, Batang Consolidated Rubber Estates, Allied Brick and Tile Works, Gordon Hotels, General Mining and Finance Corporation, Henderson's Transvaal Estates, Tronoh Mines, Geduld Proprietary Mines, East Geduld Mines, Modderfontein Deep Levels, Van Dyk Consolidated Mines, Grootvlei Proprietary Mines and Marjevale Consolidated Mines. The chairman declared that the British and Chinese Corporation had both preached and demonstrated the advantages of Anglo-Chinese co-operation. Sir John Cargill's statement at the Burmah Oil meeting is referred to on page 617. At the J. Lyons meeting Sir Isidore Salmon referred to the necessity for apportioning higher charges over a menu to counterbalance the recent increase in costs. Stockholders in Antofagasta (Chili) and Bolivia Railway were informed that the increase in sterling revenue would have been larger but for differences in exchange rates between 1934 and 1935. Sir Francis Voules, at the Kepong (Malay) meeting, referred to prospects of lower costs in future. The chairman of Batang Consolidated discussed the maintenance of the dividend in relation to a large carry-forward and a higher commodity price. Mr Hay, at the United Sua Betong meeting, considered that rubber regulation was achieving its purpose of reducing stocks. The chairman of Gordon Hotels explained that the proceeds of the sale of the Metropole had been used to redeem the prior mortgage and that negotiations with the debenture-holders had been delayed. At the General Mining and Finance meeting, Sir George Albu stated that investment income had risen steadily during recent years, and now represented the main source of dividends. Mr P. M. Anderson's statements at the meeting of the Union Corporation undertakings will engage the serious attention of mining investors. At the Geduld Proprietary meeting, he analysed the effect of taxation upon the company, and disclosed that a refund of £20,000 might be obtained. East Geduld shareholders were informed that the new taxation basis would not affect the company financially. At the Modderfontein meeting, Mr Anderson disclosed that operations would probably con-

nue during next year, although accurate estimates were impossible to frame. The difficulties encountered and overcome in developing the Van Dyk property received full discussion. The sinking of the No. 4 shaft is proceeding well. Highly satisfactory development work from the No. 1 incline of East Geduld was reported at the Grootvlei meeting. At the Marjevale meeting it was reported that development work from the No. 1 shaft, whose sinking is now in progress, would be started at the end of the year. At the Tronoh Mines meeting, Mr C. V. Thomas emphasised the claims of the Malayan tin industry in a renewed restriction scheme. The Chairman of the Milk Marketing Board referred to repeated requests for a levy subsidy on imported dairy produce. At the Welwyn Garden City meeting, Sir Theodore Chambers stressed the increasing importance of the industrial area of the town. The Marquis de Vogué informed Suez Canal shareholders that by an agreement with the Egyptian Government, the company could face currency movements without anxiety. At the Boots Pure Drug meeting the chairman discussed the prospects of the company in relation to current re-armament activity. The chairman of Associated Newspapers stated that the new plant would be in operation before the end of the financial year.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET
JUNE 23

ACCOUNT
JUNE 25

FROM the moment that M. Blum applied his seal to the sanctity of the franc—and, perhaps, to his own eventual fate—the London market was bound to improve. The removal of the threat of devaluation, which would have provided an immediate technical disturbance irrespective of its ultimate economic consequences, was not the only

relief from Paris, for the handling of the strike situation had been carefully watched from London in view of its possible repercussions here. Technically, the markets were in better trim after the dolours of the Whitsun account. The employment figures made a real impression, whereas last week they might well have gone unnoticed. Wall Street helped with a firmer tone, and since the foreign situation was quiet—though basically more ominous—a recrudescence of modes buying was sufficient to put the market in better fettle than it has known for some time.

Gilt-edged stocks opened better, with bear operators covering their positions. Foreign purchasing became more significant after M. Blum's concessions to the strikers' demands, on fears that the inherent contradictions in his programme would ultimately involve a higher rate of devaluation. Old Consols were favoured by Continental demand, and closed as much as 7/8 higher on Wednesday, but a slight reaction occurred on Thursday afternoon. In the Dominion list, Calgary issues were lowered sharply on the suggestions of a cut in interest rates to 3 per cent.

In the foreign bond market, Far Eastern issues opened under continued depression, with no relieving feature in the Canton-Nanking situation. The market, however, was inclined to put a hopeful interpretation on the talks between Sir Frederick Leith-Ross and the Japanese authorities in Tokyo this week. European issues registered small irregular movements. Brazilian and Chilean issues opened with a reaction, but the former were rather better in mid-week, when San Paulo Coffee bonds also improved.

Among home rail stocks, "bargain basement" buying helped quotations early in the week, although the overhanging wage discussions prevented any real buoyancy in dealings. Modest buying continued on Wednesday, despite the poor holiday traffics. In the foreign rail market, some early support for Canadian Pacific issues was reported and the Argentine stocks were modestly supported, despite the discouraging traffics.

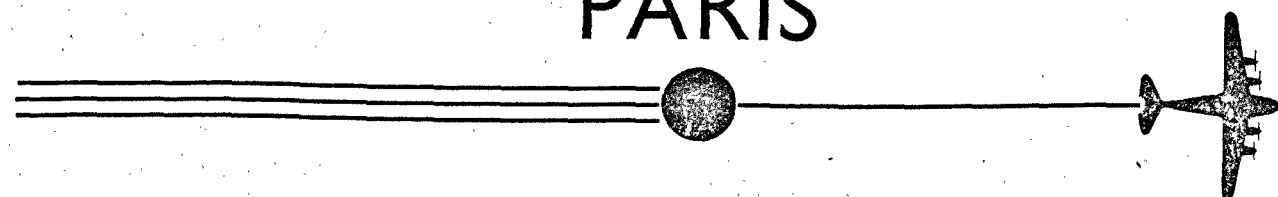
Business in industrial shares has been on a small scale throughout the week, but the investing public appears to be showing more interest in a selected range of shares.

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FREQUENT ELECTRIC TRAINS DIRECT TO GATWICK AIRPORT AND WAITING PLANES. NO TRAFFIC DELAYS. FARES INCLUDE 1st CLASS RAIL

Terminal House, Grosvenor Gardens, London, S.W.1. SLOANE 0091

Cable and Wireless issues showed distinct improvement from the low levels recorded last week. Aircraft issues were in better form, with support for Hawker Siddeley on the meeting and Handley Page on the report (discussed on page 619). Austin and Standard led the improvement in the motor group, impressed by reports of active trading conditions. Although iron and steel shares became irregular after a firm opening, demand was well maintained for Dorman Long, John Brown and Firth Brown shares, while Richard Thomas were in renewed demand on dividend expectations. In the electrical equipment group, Crompton Parkinson were active and again advanced after the cessation of mid-week profit-taking. Callender's Cable closed higher on a maintained dividend, and General Electric were supported in anticipation of Thursday's dividend declaration.

Demand for brewery and tobacco issues remained quiet, and in the latter group B.A.T. were subjected to further precautionary sales. Store shares were steady rather than firm, and the recent rise in Courtaulds was not maintained. Among building issues, London Brick jumped on Wednesday on the publication of record output for May, but the smaller brick and cement issues were inclined to ease. The miscellaneous industrials, such as Turner and Newall and British Oxygen improved, and a number of machine tool concerns, such as Coventry Gauge and Tool and Greenwood and Batley, responded to informed buying. In the shipping group, P. and O. revived, but insurance and bank shares showed little alteration.

The oil share market opened quietly, with a small volume of business and rather jaded professional interest. Eagle issues opened with somewhat faithless support, followed by a mid-week rally. The Royal Dutch and "Shell" reports, however, produced a general broadening of interest on Thursday. Apex (Trinidad) were unaffected by the interim dividend announcement. Further liquidation of tea shares was reported in a rather difficult market and rubber shares remained dull with the trendless commodity.

Although business in the Kaffir market showed no evidence of expansion, conditions remained generally firm, and the tone was assisted by the satisfactory June dividends (discussed on page 620). Possible modification of taxation for newer concerns helped the speculative counters. The temporary settlement of the franc crisis was only slightly encouraging to a market which was inclined to fear worse to come, but Paris support helped the mid-week improvement. Sub Nigel and Randfontein responded to the dividends and a number of finance issues improved. The Rhodesian copper issues turned dull after a promising opening, and East African gold issues remained depressed. Tin shares, whose prospects are discussed on page 615, reacted on the further fall in the metal.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to June 5, 1936	June 4, 1936	June 5, 1936	June 8, 1936	June 9, 1936	June 10, 1936	June 11, 1936
Government and Municipal Loans	4,349	1,072	1,174	1,286	1,066	1,080	1,025
Transport, Communications, and Public Utilities	3,441	892	951	1,152	864	873	886
Commercial and Industrial	16,322	4,328	4,331	4,531	4,176	4,093	4,281
Banks, Insurance and Financial	2,163	549	567	558	573	513	571
Mines (including Nitrates)	4,882	1,410	1,388	1,207	967	964	1,021
Oils	1,047	329	328	319	184	279	296
Rubber, Tea and Coffee	1,009	285	278	324	273	238	196
Total	33,213	8,865	9,042	9,377	8,103	8,040	8,276
Corresponding day in 1935	...	11,849	10,597	Closed	11,203	10,045	9,958

* Including Iron and Steel and Breweries.

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	June 4, 1936	June 5, 1936	June 8, 1936	June 9, 1936	June 10, 1936	June 11, 1936
114.5	107.4	109.3	109.2	109.7	110.0	110.1	110.4

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Mar. 16)	June 4, 1936	June 5, 1936	June 8, 1936	June 9, 1936	June 10, 1936	June 11, 1936
138.4	137.0	137.3	137.2	137.0	137.0	137.0	137.0

FOREIGN STOCK EXCHANGES

NEW YORK

WALL STREET seems to have captured something of the "keynoting" spirit from Cleveland this week. The market opened better, responding more freely to a sustained flow of business and company reports, and with the shadow of franc devaluation once more removed from the current scene. Even the House of Representatives' struggle to secure the Tax Bill and the recent depression over margin regulations seemed to have lost their bearish potency. Business at first was restrained, but industrials advanced—in some cases by over a point—with steel shares in the lead. Strong buying of steel issues continued later in the week, for the achievement of 70 per cent. of capacity (according to *Iron Age* estimates) was accompanied by reports of heavy consumers' buying in anticipation of price increases next month. Business in other markets also tended to expand as the week progressed, and, in addition to improvement in the rail and motor groups, there was some stirring of life among utilities. The bond market remained quiet, but the improved trend in the stock market carried some second-class issues to higher levels. Although the market would welcome a resurgence of Republican spirit, the proceedings at the Convention have been uninspiringly devoted to denunciation rather than exhortation. The improvement in tone suggests that the technical position of the market has now improved sufficiently to be responsive to business news at least in the immediate future, despite operators' concern over the November election.

	June 3, 1936	June 10, 1936	June 10, 1936 Eng. Equiv.		June 3, 1936	June 10, 1936	June 10, 1936 Eng. Equiv.
U.S. 2½% Treas. Bds. 1945-47	103½	103½	103½	Natl. Biscuit	34½	35½	35½
Aetna	71	72½	72	Phelps Dodge	34½	32½	32½
Erie	12½	12½	12½	Pullman	47½	46½	46½
Illinois Central	21½	21½	21½	Sears Roebuck	72½	74½	74½
N.Y. Central	34½	35½	35½	Un. Fruit	77	78	77½
Pennsylvania	30½	30½	30½	U.S. Leather	71	61	61
Southern Pacific	32½	33½	33½	U.S. Rubber	27½	28½	28½
Southern Ry.	15½	15½	15½	U.S. Steel	60½	61½	61½
Union Pacific	126	128	127½	Westinghouse	111½	112½	112½
				Woolworth	48½	50½	50½
Am. Can.	127½	128	127½				
Amer. Smelting	77½	77½	77	Am. Tel. and Tlg.	165½	168	167½
Anaconda	33½	33½	33½	Int. Tel. Teleg.	13½	13½	13½
Bethlehem Steel	51½	52½	52½	Utilities P. & L.	4½	4½	4½
Chrysler Motor	94½	95½	95½	W. Union Tlg.	78½	81½	81½
Corn Products Rf.	78	78	77½				
Eastman Kodak	162½	162	161½				
Gen. Electric	37½	38½	38½				
Gen. Motors	61½	63½	63½	Shell Union	17½	17½	17½
Int. Harvester	83½	87	86½	Std. California	36½	36	35½
Mont. Ward	42½	44½	44½	Do., N.J.	59½	58½	58½

† Calculated at \$5.01½ to £.

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

	1935		1936 (Jan. 1 to June 10)		Beginning of Year 1936	May 27, 1936	June 3, 1936	June 10, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Apr. 8				
351 Industrials	74.5 (a)	112.3	112.7	127.1 (a)	112.3	118.5	118.2	119.5
33 Rails	27.4	43.0 (m)	42.8	51.1 (b)	41.5	47.0	46.8	47.2
37 Utilities	52.2	93.6	91.2	106.2 (a)	93.6	99.4	98.9	101.6
Total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	103.7	103.3	104.7
Average yield of 50 Industrial Common Stocks	3.02% (v)	4.06% (b)	High 3.60% (c)	Low 2.95% (e)	3.22%	3.44%	3.49%	3.53%

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

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

Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	June 3, 1936	June 4, 1936	June 5, 1936	June 6, 1936	June 8, 1936	June 9, 1936	June 10, 1936
147.6	126.2	135.7	133.7	133.6	134.9	635.6	136.5	137.3

TOTAL DEALINGS IN NEW YORK

	June 4, 1936	June 5, 1936	June 6*, 1936	June 8, 1936	June 9, 1936	June 10, 1936
Stock Exchange—Shares (Thous.)	770	630	250	690	880	1,030
Bonds (Value Thous. \$)	10,700	7,960	3,500	7,320	10,520	10,340
Curb—Shares (Thous.)	198	152	66	162	220	253

* Two-hour session.

PARIS

At the end of last week markets responded readily to every gleam of hope, and a substantial improvement in home issues was evident all round, Friday's session being perhaps the brightest since the labour troubles began. Rentes moved upwards, and bank shares showed particular firmness, especially Banque de France. Yet the rally did not survive the week-end, and this week the improvement has not been maintained. The strike settlements failed to produce any tonic effect on a market impressed by the scope of rising wage costs. Conditions have been dull, and industrial and bank shares marked down. Some of the reaction was, however, due also to profit-taking, particularly in Royal Dutch, whose fall was followed by other oil shares. Refugee Internationals have not been very sensitive to variations in the franc exchange, but interest in them has revived a little this week, especially in Suez Canal.

	June 3, 1936	June 8, 1936	June 10, 1936		June 3, 1936	June 8, 1936	June 10, 1936
Banque de France	5,650	5,745	5,745	Wagons Lits	42½	43	42½
Crédit Lyonnais	1,320	1,328	1,280	Mexican Eagle	93½	94½	94½
Suez Canal	19,795	19,650	19,750	"Chartered"	120½	120	121
Chargeurs Réunis	218	223	199	Ford	43	42½	43
Rio Tinto	1,085	1,042	1,053	De Beers	658	643	656
Royal Dutch	28,950	28,480	28,680	"Johnnies"	302	301	320½

BERLIN

Brisk trading at the end of last week was followed on Monday by a slight irregularity. A good demand for Farbenindustrie developed after the announcement of the results though, as this had already been discounted to some extent, actual price movements were unsensational. Siemens improved, but otherwise the differences from previous prices were not very marked. The early irregularity was followed by firmness and then by rapid advances, which were not justified by the increase in the actual volume of business. By Wednesday a reaction set in on profit-taking, but although prices closed below their best they were frequently above the levels of the previous day. The upward movement in Siemens, in common with other shares, was reversed, though prices closed higher than a week ago.

	June 3, 1936	June 8, 1936	June 10, 1936		June 3, 1936	June 8, 1936	June 10, 1936
Reichsbank	184.25	195.90	200.00	A. E. G.	37.00	37.00	36.90
D. Bank	96.25	95.25	96.00	Siemens and Halske	195.00	197.50	198.50
Dresdner	96.50	96.25	96.25	A. K. U.	53.75	53.40	56.60
I.G. Farbenindustrie	174.50	174.40	172.90	Hamburg-Amer.			
Norddeutscher Lloyd (New)	16.75	16.25	16.75	("Hapag New")	15.25	15.25	14.60

AMSTERDAM

In a rather featureless week, the few recorded movements came in response to the exchange situation. The market closed at the end of last week on a more confident—though

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still hesitant—note. The improvement in the guilder rate on Monday brought about a recovery in bonds, which had been markedly depressed during the previous week. Nevertheless turnover remained small and prices moved only within narrow limits. A slightly more brisk demand all round has since developed, rubber shares in particular improving on the publication of better export figures for the Dutch East Indies.

	June 3, 1936	June 8, 1936	June 10, 1936		June 3, 1936	June 8, 1936	June 10, 1936
2½% Dutch Loan	74½	73½	73	Steel Common	37½	36½	37½
5½% German	18½	18½	19½	A. K. U.	20½	21½	22½
Unilever N.V.	114½	114½	113½	Ford Motor	204½	203½	201½
Philips Lamps	192½	187½	187½	Deli Batavia Tob.	169½	164½	168½
Netherlands Ship Union	48½	48½	49½	Royal Dutch	277½	270½	275½
				Handels Am.	246½	244	250½

CAPITAL ISSUES

THE new issue market has quickly resumed its activity after the Whitsuntide holidays. The *Commonwealth of Australia Conversion Loan* was discussed in last week's *Economist*. On the result (which will be announced next week) may depend the decision whether the authorities are again to call a halt to gilt-edged offers. All the remaining issues of the week are on behalf of companies. *Southern Areas Electric Corporation*, which is issuing ordinary shares, chiefly to repay bank loans, serves mainly semi-rural areas, but unit sales and profits have risen rapidly in the last two years. *Sena Sugar Estates* is a well-established undertaking with refineries in Portuguese East Africa. The capital has recently been reorganised, and the status of the debenture stock will depend on the company's ability to avoid the recurrence of such a fall in profits as occurred in 1934. *C.N.A. Investments* acquires almost the entire share capital of a South African publishing house, whose profits have shown impressive recovery from the effects of depression. *G. Hopkins and Sons*, which adopts high denominational preference and low denominational ordinary shares in its capitalisation, takes over a business specialising in the manufacture of brewery and dairy fittings. The cover for the preference shares is not generous, and profits have shown wide fluctuations in recent years. *Greeff-Chemicals Holdings* acquires the issued capital of a chemical distributing business, with a progressive profit-earning record. The purchase consideration includes an indemnity of £68,625 for the cancellation of agreements by the operating company, but a considerable proportion is to be re-invested by the recipients in ordinary shares at the issue price. *Williamson Manufacturing Company* acquires a camera and photographic apparatus business, which is on the Air Ministry list, and is extending its factory to cope with increased business. Last year's profits were two and a half times as great as in either of the two preceding years, and much obviously depends on the continuance of international activity in aircraft construction. *Thomas Blackburn and Sons* is a combination of three ironfounding and engineering businesses in Lancashire whose preference shares are well covered. The earnings of 12½ per cent. shown on the ordinary shares (and reflected in the premium of 30 per cent. in their issue price) presuppose the continuance of the increased activity of 1935. *Steel, Barrel Scammells and Associated Engineers* is another combination of relatively small engineering concerns, floated at a time when its factories are working at high pressure. The increase in profits for 1935 is less striking than in certain other flotations of the week, but the same criticism applies to the basing of a substantial ordinary share premium on the earnings of the best year. Investors cannot assume that, in the engineering industry generally

(Continued on page 626)

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1935				Prices, Year 1936 Jan. 1 to June 10, inclusive				Name of Security	Price, June 3, 1936	Price, June 10, 1936	Rise or Fall	Yield June 10, 1936	Prices, Year 1936 Jan. 1 to June 10, inclusive				Name of Security	Price, June 3, 1936	Price, June 10, 1936	Rise or Fall	Yield June 10, 1936				
High-est		Low-est		High-est		Low-est							High-est		Low-est							(a) (b) (c) %			
British Funds																									
94½	80	87½	83½	Consols 2½%				84½	84½	+	1	2 19 0	5½	dis	6½	dis	Nil	Nil	Anglo S. A. f 10 £5 pd.	6½	dis	6½	dis	...	Nil
118½	109½	116½	113½	Do. 4% Red. at par on or after Feb. 1957 (p) ..				115½	115½	-	1	3 2 0	7½	31½	Nil	Nil	Nil	Nil	American B. f 10 £5 pd.	41½	38½	41½	38½	-1/6	4 0 6
103½	97½	102½	101	Converts 2½% 1944-49				101½	101½	-	1	3 2 0	38½	38½	5(a)	5(b)	5(c)	5(d)	Bank of N. Zealand f 10 £5 pd.	376	376	376	376	-1	3 4 0
107½	100½	105½	104½	Do. 3% 1948-53				104½	104½	+	1	2 8 3	37½	37½	6(a)	6(b)	6(c)	6(d)	Bank of England Stk.	78½	77½	78½	77½	-6d	3 12 3
112½	100½	108½	104½	Do. 3½% after 1961 (s)				106½	106½	+	1	3 2 0	48½	49½	3(b)	2(a)	3(b)	2(a)	Barclay B. (f 10)	47½	47½	47½	47½	-	2 6 9
114½	108	111½	108½	Do. 4½% 1940-44				108½	108½	-	1	2 5 0	10½	8½	3(a)	4(a)	4(b)	4(c)	Bk. of Australasia (£5)	93	93	93	93	-	4 1 3
124½	115½	121½	117½	Do. 5% 1944-64				117½	117½	-	1	2 13 6	£43½	£37	8(c)	8(c)	8(c)	8(c)	Bk. of Montreal (\$100)	£37½	£37½	£37½	£37½	-	4 4 6
109½	98½	102½	99½	Funding 2½% 1956-61				95½	95½	-	1	2 15 6	27½	24½	5(c)	5(c)	5(c)	5(c)	Bk. of N.S. Wales (£20)	25½	25½	25½	25½	-1/2	2 19 0
121½	111½	116½	113½	Funding 3% 1959-69				103½	103½	-	1	2 17 0	95½	80½	6(c)	6(c)	6(c)	6(c)	British Overseas A £5	87½	87½	87½	87½	-	6 19 0
119½	110	117½	113½	Funding 4% 1960-90				116½	116½	...	...	3 0 6	15½	12½	7(a)	7(b)	7(b)	7(b)	Chtd. of India (£5)	14½	14½	14½	14½	-1/2	2 19 0
110½	101½	108½	104½	Victory Bonds 4½%				114½	114½	...	...	3 9 9	16½	13½	3(b)	2(a)	3(b)	2(a)	Cmd. Bk. of Aus. 10/-	86½	86½	86½	86½	-	3 18 0
98½	89	97½	94½	WarLun 3½% after 1952 (p) ..				103½	103½	+	1	3 1 6	90½	85½	8½	8½	8½	8½	District A £5, f 10 pd.	53½	53½	53½	53½	-	3 14 0
104½	100½	103½	102½	Local Loans 3%				102½	102½	+	1	2 16 0	56½	52½	5(b)	5(b)	5(b)	5(b)	Do. B f 10 fully paid ..	86½	86½	86½	86½	-	3 18 0
86½	66½	75½	70½	Austria 3% 1933-53				71½	71½	...	...	3 10 5	11½	10½	8½	8½	8½	8½	Eng. Scot. & Aust. £5 3/4pd	87½	87½	87½	87½	-	3 8 6
95½	76	86½	83½	Do. 3½%				85½	85½	...	...	3 10 7	£110½	£95½	12½	12½	12½	12½	Hambros f 10, £2 pd. paid	11½	11½	11½	11½	+	3 18 9
100½	90	99½	96	Do. 3½%				97½	97½	...	...	3 12 2	63½	61½	6(a)	6(b)	6(b)	6(b)	Hong. & S. (£125)	£104	£98	£104	£98	-£6	5 12 3
119½	112½	120½	116	Do. 4½% 1958-68				118½	118½	...	...	3 6 0	9½	8½	7(a)	7(a)	7(a)	7(a)	Lloyds f 5, with f 1 pd.	62½	62½	62½	62½	+6d	3 17 6
108½	105	107	105	U.K. & Arg. 4% (1947)				105	105	...	...	3 9 0	98½	91½	8(a)	8(b)	8(b)	8(b)	Martins £20, f 2 pd.	9½	9½	9½	9½	-	3 17 6
Dom. & Colonial Govts.																									
113½	106½	112½	109½	Australia 5% 1945-75				110½	110½	...	...	3 13 6	46½	42½	9(a)	9(a)	9(a)	9(a)	Midland f 10, fully paid	92½	92½	92½	92½	-	3 9 9
108½	100½	106½	103½	Canada 4% 1940-60				103½	103½	...	...	3 0 0	16½	15½	7(a)	7(a)	7(a)	7(a)	Mid. of Egypt f 10	44	44	44	44	-	3 10 0
119½	112½	117½	114	Gold Coast 4½% 1956				114½	114½	...	...	3 10 2	50½	466½	8(a)	8(a)	8(a)	8(a)	Nat. of India £25, f 12½ pd.	15½	15½	15½	15½	-	3 15 0
121	116	120	118	Nigeria 5% 1950-60				119	119	...	...	3 5 6	16½	15½	5(a)	5(a)	5(a)	5(a)	Nat. Pr. £20, f 4 pd.	470½	470½	470½	470½	+2	3 12 0
115½	107½	114½	110½	N. Zealand 5% 1946				112½	112½	...	...	3 11 0	98½	90½	9(a)	9(a)	9(a)	9(a)	St. of S. Af. £20, f 5 pd.	15½	15½	15½	15½	-	3 17 0
110	103	109½	107	Queensland 5% 1940-60 ..				108	108	...	...	3 1 6	93½	85½	9(a)	9(a)	9(a)	9(a)	Westminster f 4, f 1 pd.	94½	94½	94½	94½	-	3 16 0
118	113	117½	114½	S. Africa 5% 1945-75				115½	115½	...	...	3 1 3	98½	88½	9(a)	10(b)	10(b)	10(b)	Alexanders f 2, f 1 pd.	92½	92½	92½	92½	-	4 2 0
Foreign Governments																									
101½	98	103½	99½	Argentina 4% Resc. 1952				102	103	+1	1	3 17 0	16½	15½	9(a)	9(a)	9(a)	9(a)	National A f 2½ fly. pd.	6½	6½	6½	6½	-	3 19 0
101½	82	97½	90	Austria 7% 1957				95½	95½	...	...	7 12 6	14½	12½	7(a)	7(a)	7(a)	7(a)	Nat. B f 2½ pd.	15½	15½	15½	15½	-	4 3 0
101½	76½	93	82	Do. 4½% 1934-59				85½	85½	...	...	5 13 0	14½	12½	7(a)	7(a)	7(a)	7(a)	Union f 5, f 2½ pd.	13½	13½	13½	13½	-1/2	3 16 6
63½	51	66	57½	B. Aires (Prov.) 3½%				66	66	...	...	5 6 0	32½	30	40(a)	40(a)	40(a)	40(a)	Alliance f 1, fully paid ..	30½	30½	30½	30½	-	3 0 0
112½	106½	111½	107½	Belgium 7% red by 1956				107½	107½	...	...	6 10 3	16½	14½	13(a)	13(a)	13(a)	13(a)	Atlas f 5, f 1½ pd.	103	103	103	103	-	2 13 3
20	14½	17½	14	Bulgaria 7½% Loan				15½	16½	+1	1	15 3 0	12	10½	20(a)	20(a)	20(a)	20(a)	Gen. Accident f 5, f 1½ pd	26	26	26	26	-	3 1 6
84½	48	77	65½	Brazil 5% Fund. 1914				70½	70½	...	...	6 19 10	28	26	28(a)	28(a)	28(a)	28(a)	Lon. & Lanc. f 5, f 2 pd.	35½	35½	35½	35½	-	2 17 0
91½	71	83½	66	Chili 6% (1929)				77½	77½	-6½	7	7 13 10	13½	12½	31(a)	31(a)	31(a)	31(a)	N.Brit. & Mer. f 1½ fly. pd.	13½	13½	13½	13½	-	2 9 0
100½	84½	95½	80	China 5% (1912)				84½	81	-3½	6	6 6 7	22½	21	35(a)	35(a)	35(a)	35(a)	Northern f 10, f 1 pd.	22	22	22	22	-	3 13 6
113½	99½	112	100	Czechoslovakia 8%				101½	101½	...	...	8 0 0	26	22	22(a)	22(a)	22(a)	22(a)	Pearl f 1, fully paid	23	22½	23	22½	-1/2	2 3 0
103½	93½	100	98	Danish 3%				110	110	...	...	2 14 7	18½	16½	30(a)	30(a)	30(a)	30(a)	Phoenix f 1, fully paid ..	17	17	17	17	-	3 10 6
89½	48	70	66½	Danish 6%				69	69	...	...	9 11 6	40	36½	192(a)	192(a)	192(a)	192(a)	Prudential f 1, fully paid	37	36½	37	36½	-	2 12 6
109½	98	105½	102½	Egypt Unified 4%				103½	103½	-1	1	3 18 0	121½	108½	137(a)	137(a)	137(a)	137(a)	Do. f 1, with 4s. paid	110½	110½	110½	110½	-1/2	2 12 6
30	22½	25½	21½	French 4% (British)				22	22	...	...	5 3 6	11½	10½	11(a)	11(a)	11(a)	11(a)	Royal Exchange f 1,	11	11	11	11	-	3 10 6
78	56½	61	53	German 7% Dawes Ln.				58	58	-1½	1	12 0 0	10½	9½	9(a)	9(a)	9(a)	9(a)	Sea Insur. f 1, fully paid	91	91	91	91	-	3 11 0
58	38½	41	34	Do. 5½% (Young Ln.)				39½	39½	-1	1	14 0 0	5½	4½	8(a)	8(a)	8(a)	8(a)	Sun Insur. f 1 with 5/- pd.	4½	4½	4½	4½	-	2 12 6
37½	30	37½	30	Greek 6% Stab. Ln.				34½	34½	-1	1	...	8½	7½	7(a)	7(a)	7(a)	7(a)	Sun Life Assur. f 1, fly pd	8½	8½	8½	8½	-1/2	2 0 0
45½	31	45½	36	Do. 7% Refugee				41½	40½	-1	1	...	8½	7½	7(a)	7(a)	7(a)	7(a)	Yorkshire f 1, fully paid ..	19½	19½	19½	19½	-1/2	2 6 9
51	38½	48	39½	Hungary 7½%				41½	41½	...	...	9 0 0	21½	18½	11(a)	11(a)	11(a)	11(a)	...	...	...	...	...	...	...
91½	78	90½	79½	Japanese 5% 1936-65				83	80½	-3½	7	7 0 1	...	...	...	...	...	...	...	...	...	...	...	...	...
97	85½	97½	83	Do. 6% (1924) red 1959				90	87½	-3½	7	7 6 9	280	255	6(a)	6(b)	6(b)	6(b)	...	...	...	...	...	...	...
144	113	140	122	Norwegian 4% 1911				130½	130	...	...	2 19 9	80½	59	2(a)	2(a)	2(a)	2(a)	Anglo-American. Deb.	270	270	270	270	-	3 14 0
50	42	49½	41	Peru 7½% 1922				45	45	...	...	7 8 1	5½	11	1(c)	1(c)	1(c)	1(c)	Anglo-Celtic Ord.	67½	67½	67½	67½	-	3 14 0
100½	87	93½	70	Poland 7%				77	75	-2	9	9 6 9	17½	13½	1(c)	1(c)	1(c)	1(c)	Atlas Electric, etc. f 1 ..	6½	6½	6½	6½	-	1 Nil
16½	7	13½	8	Roumania 4% Con. 1922 ..				10	10	...	...	253	245½	4(a)	4(a)	4(a)	4(a)	Brit. Assets Trust f 5	14½	14½	14½	14½	-	4 1 3	
113½	106	114½	112	Swedish 3½% 1908				145	145	...	...	2 7 0	95½	77½	1(a)	1(a)	1(a)	1(a)	Debenture Corp. Stk.	248½	247½	248½	247½	-	3 16 6
84	75	82	79	U.K. & Argentine 1933				113½	113½	...	...	4 6 0	157½	144½	2(a)	2(a)	2(a)	2(a)	Guardian Investment	149½	149½	149½	149½	-	4 0 8
37½	24	27½	23	Do. Certs. (3% Max.)				80½	80½	...	...	3 15 0	353	310	3(a)	3(a)	3(a)	3(a)	Indus. and Gen. Ord.	265½	265	265	265	-	3 15 6
120½	114½	119½	116½	Berlin 6% 1932-57				24½	24½	...	...	3 2 10	183	167½	3(a)	4(b)	4(b)	4(b)	Invest. Trust Ord.	320	315½	+2	3 16 2		
122½	115½	120½	119	B'mgham 5% 1946-56				116½																	

(Continued from page 623)

the earning power of a "boom" period will be indefinitely maintained. *Alpine (Barborton) Gold Mine* is a frankly speculative offer of Transvaal properties on which the consulting engineers report conservatively but favourably. The week's "statements for public information" include debenture stock issue, partly of a conversion character, by a well-established investment trust and an issue by a retail boot and shoe enterprise.

ISSUES OF THE WEEK

January 1 to June 6, 1936, including conversions, Old Basis, £153,980,936.
January 1 to June 6, 1936, excluding conversions, Old Basis, £89,405,556.
January 1 to June 6, 1936, including conversions, New Basis, £218,710,042.
January 1 to June 6, 1936, excluding conversions, New Basis, £153,234,661.

National Savings Certificates, Net receipts week ended June 6, 1936, Dr. £100,000.

	Nominal Capital	Conversions	New Money
To the Public			
Alpine (Barborton) Gold Mine, 920,000 5/- shares at par	305,000	...	305,000
Australia £16,551,402 2½% reg. stk., 1941-43 at 99%	16,551,402	...	...
Blackburn (Thomas) and Sons, 120,000 6% cum. 10/- pref. shares at par	60,000	...	60,000
Do., 440,000 5/- ord. shares at 6/6 each	110,000	...	141,500
N.A. Investments, 500,000 5% cum. pref. £1 shares at 21/- each	500,000	...	525,000
Greeff-Chemicals Holdings, 250,000 5½% cum. pref. 10/- at 10/6 each	125,000	...	131,250
Do., 500,000 5/- ord. at 7/6 each	125,000	...	187,500
Hopkins (G.) and Sons, 130,000 10/- 6% cum. pref. shares at par	65,000	...	65,000
Do., 195,000 2½% ord. at 2/6	19,500	...	24,375
Sena Sugar Estates, £750,000 5½% deb. stk. at par (to repay £607,400 7% 1st mort. debts. at 103 on Dec. 1, 1936, and £94,872 7½% deb. stk. at par on Sept. 7, 1936)	750,000	720,494	29,506
Southern Areas Electric, 450,000 £1 ord. shares at 21/-	450,000	...	472,500
Steel Barrel, Scammells and Associated Engineers, 125,000 5½% cum. £1 pref. shares at par	125,000	...	125,000
Do., 250,000 5/- ord. at 6/3 each	62,500	...	78,125
Williamson Manufacturing, 335,000 4/- shares at 5/6	67,000	...	92,125
Total	19,315,402	17,271,896	2,236,881

To Shareholders only

Alpha Cement, £295,600 4½% deb. stk. at 101%	295,600	...	298,556
Do., 107,000 5½% cum. £1 pref. shares at 20/6 each	107,000	...	109,675
Do., 100,000 £1 ord. at £2 each (subscribed by Power Securities Corporation)	100,000	...	200,000
Do., 69,166 ord. £1 at 37/6	69,166	...	129,681
Castlefield (Klang) Rubber, 1,000,000 2/- shares at 3/-	100,000	...	150,000
Hawker Siddeley Aircraft, 400,000 5% cum. pref. shares £1 at par	400,000	...	400,000
Do., 600,000 5/- ord. shares at 20/- per share	150,000	...	600,000
Jersey General Investment Trust, 102,500 5½% £1 pref. shares at 23/6 each	102,500	...	120,434
Do., 122,500 £1 ord. shares at 26/- each	122,500	...	159,250
Kentan Gold Areas, 500,000 new 10/- shares at par	250,000	...	250,000
Kim (Malacca) Rubber, 450,000 2/- ord. shares at par	45,000	...	45,000
Do., £67,500 6% conv. deb. stk. at par	67,500	...	67,500
Sphere Investment Trust, 100,000 £1 ord. shares, at 21/6 each	100,000	...	107,500
Total	1,909,266	...	2,637,596

By Stock Exchange Introduction (at opening price)

Anglo-American Investment Trust, £1,500,000 4½% deb. at 98½, opened at 99½	1,481,250	...	1,496,250
General Consolidated Investment Trust, £200,000 4½% cum. "A" pref. £1, at 20/3 each	200,000	...	202,500
Kitchen and Wade, £25,000 4/- ord. shares, at 5/9	125,000	...	179,688
Quirk, Barton and Co., £66,925 4/- ord. shares, at 5/4 each	113,385	...	152,360
Stream-Line Filters, 304,000 5/- shares at 11/-	76,000	...	167,200
Total	1,995,635	...	2,197,998

By Permission to Deal

During week ended June 6, 1936	2,978,662	...	4,044,936
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Total Capital raised—

	Including Conversions	Excluding Conversions	Total Offered for Subscription—	Including Conversions	Excluding Conversions
January 1 to date—			Whole year (Old Basis)—		
1936 (New Basis)	246,999,349	164,252,072	1935.....	548,351,393	236,147,637
1936 (Old Basis)	176,027,309	94,180,033	1934.....	410,980,300	169,108,700
1935 (New Basis)	204,910,457	119,504,626	1933.....	467,921,500	244,780,500
1935 (Old Basis)	141,519,579	52,344,837			
January 1 to date—			1932.....	2,699,684,265	188,909,963
1934	253,055,475	93,476,628	1928.....	683,100,056	369,058,073
1933	178,257,148	105,581,327			
1928	...	420,860,861			

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

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	65,113,778	19,703,852	794,344,442	184,252,072
1936 (Old Basis)	55,607,624	8,819,569	29,752,840	94,180,033
1935 (New Basis)*	36,209,568	26,882,333	56,412,725	119,504,626
1935 (Old Basis)	21,770,808	17,781,440	12,792,589	52,344,837
Whole year—(Old Basis)				
1928	212,917,900	45,062,600	111,177,600	369,158,100
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in twenty-four weeks ended June 15, 1935.

PUBLIC OFFERS

Southern Areas Electric Corporation, Ltd.—Issue of 450,000 ordinary £1 shares at 21s. £430,000 of proceeds to repay bank loan. Holding company incorporated 1933, owns *inter alia* Sussex Electricity Supply Company, Ltd., and Mawdsleys, Ltd. Combined profits, after depreciation and before bank interest, of Corporation and six subsidiaries: May 6 to December 31, 1933, £15,406; 1934, £2,510; 1935, £32,849.

Net profits of Corporation: period to December 31, 1933 £6,472; 1934, £8,328; 1935, £10,510. Dividends, 4 per cent. Lists closed at 9.30 p.m., June 9th. Oversubscribed. Allotment letters posted June 10th. The larger applications received 40 per cent. on allotment.

Sena Sugar Estates, Ltd.—Issue of £750,000 5½ per cent debenture stock at par. Secured by first charge on land, plant etc., in Portuguese East Africa and Portugal. Redeemable by 1 per cent. sinking fund by December 1, 1971, at par, or or three months' notice from December 1, 1941, at various rates. Profits, before depreciation, years to December 31: 1933 £103,475; 1934, £47,356; 1935, £120,214. Net assets, December 31, 1935, £1,741,880, of which £1,291,562 land plant, etc. List closed 9.5 a.m. June 10th.

G. Hopkins and Sons, Ltd.—Issue of 130,000 6 per cent cum. 10s. preference shares at par and 195,000 2s. ordinary shares at 2s. 6d. Formed to acquire business of similar name founded 1879, brewing, dairy and general engineers. Profits, after depreciation: 1933, Dr. £12,412; 1934, £14,064; 1935, £14,446. Net assets, £72,300, purchased for £75,500, £50,000 in cash, and 255,000 ordinary shares.

Greeff-Chemicals Holdings, Ltd.—Issue of 250,000 5½ per cent. cum. 10s. preference shares at 10s. 6d. and 500,000 5s. ordinary shares at 7s. 6d. Acquires share capital of R. W. Greeff and Company, Ltd., founded 1881, distributors of industrial chemicals. Trading and investment profits of operating company, after depreciation: 1933, £29,077; 1934, £35,337; 1935, £41,603. Net assets, £123,337. Total purchase price, £300,775.

Alpine (Barborton) Gold Mine, Ltd.—Issue of 920,000 5s. shares at par. Formed to acquire from Swaziland and General Gold Mining Co., Ltd., gold mining claims held under licence for £147,500, payable £27,500 cash and 480,000 5s. shares. £175,000 available for working capital to carry out development programme suggested by Bewick, Moreing and Company.

BY OFFER FOR SALE

Steel Barrel Scammells and Associated Engineers, Ltd.—Offer for sale of 125,000 5½ per cent. cum. £1 preference, at par, and 250,000 5s. ordinary shares at 6s. 3d. Formed to acquire Steel Barrel Co., G. Scammell and Nephew, and Carrimore Six Wheelers. Combined net profits, after depreciation: 1933, £18,222; 1934, £19,258; 1935, £23,399. Net assets, £225,282, of which land and buildings, £145,000. Total purchase price, £225,000 in 100,000 preference and 500,000 ordinary shares.

C.N.A. Investments, Ltd.—Offer for sale of 500,000 5 per cent. cum. preference £1 shares at 21s. Formed in South Africa to acquire 103,090 £1 shares (out of 103,930) Central News Agency, Ltd., publishing business founded 1896. Profits (South African currency), after revision of depreciation, years to June 30: 1933, £91,361; 1934, £94,734; 1935, £94,423. Net assets, £1,011,961. Shares purchased at £9 11s., of which £4 16s. payable in cash, and £4 15s. in 19 ordinary 5s. shares.

Williamson Manufacturing Co., Ltd.—Offer for sale of 335,000 4s. shares at 5s. 6d. Issued capital, 500,000 shares. Formed to acquire photographic apparatus business of similar name. Profits, after depreciation: 1933, £5,776; 1934, £5,956; 1935, £14,922; four months to April 30, 1936, £9,278. Net assets, £52,067. Purchase price, £68,000, payable £35,000 in cash and £33,000 in 165,000 shares. List closed 9.5 a.m. June 10th. Heavily oversubscribed.

Thomas Blackburn and Sons, Ltd.—Offer for sale of 120,000 6 per cent. cumulative preference shares at par and 440,000 5s. ordinary shares at 6s. 6d. Acquire ironfounders', engineers' and road-making machinery businesses. Combined profits, before depreciation: 1933, £9,249; 1934, £9,642; 1935, £26,424 (or £20,136 after depreciation). Net assets, £135,040. Purchase price, £135,038, payable by 10,080 6 per cent. cumulative 10s. preference shares and 519,992 5s. ordinary shares.

BY STOCK EXCHANGE INTRODUCTION.

Anglo-American Investment Trust.—Issued capital, 2,500,000 £1 S.A. shares. Issue of £1,500,000 (sterling) 4½ per cent. debentures at 98½. Redeemable at par December 31, 1954, at 102½, or after June 30, 1941, on three months' notice. Secured on £2,068,000 Diamond Corporation, Ltd., 4½ per cent. debentures. Latter acquired, together with 1,305,000 £1 shares, £2,068,000 debentures and 171,727 £2 10s. deferred shares of De Beers Consolidated Mines, for £4,430,303 in cash. Vendors take whole of issued shares at £1 10s.

The Charter Trust and Agency, Ltd.—Particulars of issue of £250,000 3½ per cent. debenture stock, redeemable at par June 1, 1961, or from June 1, 1956, on three months' notice. Proceeds to repay £86,850 4½ per cent. debenture stock (convertible into new issue at 98) and for general purposes. Formed 1907 as an investment trust company. Investments

less liabilities, £561,837. Profits before debenture interest, years to November 30: 1933, £29,483; 1934, £31,331; 1935, £28,539.

The Stylo Boot Company (Northern), Ltd.—Issued capital, 400,000 5s. shares and 40,000 5s. management shares. Acquires boot and shoe businesses at par for £58,588 15s. by allotment 194,355 ordinary and 40,000 management shares, latter carrying eight votes per share. Combined profits before depreciation, years ended January 31: 1934, £9,719; 1935, £11,391; 1936, £14,413.

Kitchen and Wade, Ltd.—Issued capital, 625,000 4s. ordinary shares. Acquires net assets of drilling machines business valued £88,124 (including £30,100 drawings, designs, etc.), for £103,500 in cash, of which £15,400 for goodwill. Seton Trust are to take up 459,500 shares, and vendors 163,500 shares at par, out of the purchase consideration. Profits, before depreciation, years to March 31: 1934, £8,676; 1935, £18,392; 1936, £28,074.

Quirk, Barton and Company, Ltd.—Issued capital, 566,925 4s. ordinary shares. Producers of lead sheets, pipes, etc. Profits before depreciation: 1933, £10,687; 1934, £10,266; 1935, £11,732. Total assets, December 31, 1935, £161,608.

BY TENDER

Southgate and District Gas Company.—Offer for sale by tender of £15,000 consolidated (7 per cent. maximum) stock, authorised to be raised in accordance with the provisions of the Southgate and District Gas Acts and Orders, 1866 to 1936. The minimum price of issue has been fixed at £155 10s. for each £100 stock. Applications may be made for £50 stock or for any multiple of £10 stock above £50.

BONUS ISSUE

Metal Box Company.—Continued expansion, state the directors, necessitates the raising of further capital, and ordinary shareholders are to be offered one new ordinary share for every ten held at the price of £3 per share. This will mean the issue of 98,715 shares.

ISSUES TO SHAREHOLDERS ONLY

Hawker Siddeley Aircraft.—400,000 5 per cent. cumulative preference shares are issued at par and 600,000 5s. ordinary shares at 20s. per share.

Jersey General Investment Trust.—Issue of 102,500 5½ per cent. preference shares of £1 at 23s. 6d. per share and 122,500 ordinary shares of £1 at 26s. per share.

Kentan Gold Areas.—The directors offer 500,000 new 10s. shares to shareholders registered on May 29th for subscription at par in the proportion of one new share for every four shares held.

Sphere Investment Trust.—100,000 ordinary shares of £1 are offered to ordinary shareholders registered on May 30th at 21s. 6d. per share in the proportion of one new ordinary share for every five ordinary shares held.

Salisbury (Southern Rhodesia) 4½ per cent. Municipal Loan of £100,000.—Numbers are announced of certain Bonds drawn for redemption at par on June 30, 1936.

The New Transvaal Chemical.—The offers made on behalf of Lever Brothers, Ltd., to the holders of first preference and "A" preference shares of the New Transvaal Chemical Company to exchange their preference shares for preference shares (to be converted into stock) of Lever Brothers, Ltd., have been accepted by over 90 per cent. in value of each class of preference share.

Japanese Conversion Loan.—Japan is to convert 352,000,000 yen of 5 per cent. bonds maturing 1940-42 into 3½ per cent. bonds to be issued from July 15th.

CONVERSIONS AND REPAYMENTS

Commonwealth of Australia Government.—Offer of conversion to holders of £16,551,402 South Australia, Western Australia and New South Wales stocks into Commonwealth of Australia 2½ per cent. registered stock, 1941-43, at 99. New stock redeemable at par, January 1, 1943, or from January 1, 1941, on three months' notice. Lists closed at end of banking hours, June 9th. Conversion lists will close June 15th.

Charter Trust and Agency.—The company will repay the whole of the 4½ per cent. debenture stock at 102 per cent. on December 1, 1936, and is creating a new series of £250,000 3½ per cent. debenture stock of which £86,850 has been reserved for the conversion of the existing 4½ per cent. stock and the balance will be issued at such price and on such terms as may from time to time be arranged.

India (Government of) 5½ per cent. Stock, 1936-1938.—This stock will be paid off at par on and after July 15, 1936.

OTARD'S

ESTABD. 1795

THE BRANDY WITH A PEDIGREE

FORTHCOMING ISSUES

Philco Radio and Television Corporation of Great Britain.—An issue of shares is expected to be made next week.

Gas Consolidation, Ltd.—It is proposed, at an extraordinary meeting on June 30th, to name the existing ordinary shares "B" ordinary shares, and to create £500,000 of new ordinary shares which will be known as "A" ordinary shares. It is proposed also to create £250,000 4½ per cent. irredeemable cumulative preference shares of £1 each.

Alders (Tamworth).—A public issue is expected to be made shortly by this company.

OTHER RESULTS OF ISSUES

Anchor Line.—The lists for issue of £500,000 5½ per cent. cumulative preference shares were closed at 9.5 a.m. June 5th. Fully subscribed.

Consett Iron.—Hambros Bank states that of the 5,000,000 shares offered for subscription to the debenture and share holders, applications for approximately 94 per cent. have been received.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, June 3, 1936	Price, June 10, 1936
Birmingham 3%.....	99	39	2-1 pm xd	2-1 pm xd
Bradford 3%.....	99	35	1-1 dis	1-1 dis
Cardiff 3%.....	99	5	1-1 dis	1-1 dis
Cement Ltd. 5½% Deb.	100	50	1-1 dis	1-1 dis
County of London Electric 3½% Deb.	par	25	1-1 dis	1-1 dis
Croydon 3%.....	99	5	1-1 pm	1-1 pm
Elephant Trading (S.A.) Ord. 5/-	5/-	7/-	...	6/4-6/10½
Do. 5½% Pref. £1	2/6	1/6	...	6d dis-par
Huddersfield 3%.....	99	30	1-1 dis	1-1 dis
Kellner Partington 4½% Deb.	100	30	3-1 pm	3-1 pm
Kitchen and Wade Ord. 4/-	...	...	...	6/11-6/7½
Lewis (J.) Props. 3½% Deb.	95	25	1-1 dis-par	1-1 dis-par
Messons 5½% Pref. £1	10/-	...	...	9d-6d dis
Do. 4½% Debts.	100	40	1-1 dis	1-1 dis
Salford 3%.....	98½	15	1-1 dis	1-1 dis
Shethfield 3%.....	99	29	1-1 dis	1-1 dis
South Shields 3%.....	99	19	1-1 dis	1-1 dis
Stockton-on-Tees 3%.....	99	29	1-1 dis	1-1 dis
Vokes 2/-.....	...	...	...	3/11-3/7½

REPORTS AND NOTICES

(See also page 655)

ANGLO-IRANIAN OIL COMPANY.—The report for 1935 states that normal development has continued at the fields. The policy of exploring further areas is being pursued. Consumption of oil products increased and sales benefited thereby, although exchange and import restrictions in various countries caused serious trading difficulties. Refinery, tanks and other fixed assets have expanded from £3,599,757 to £3,994,348, and stores, stocks, etc., from £796,000 to £801,497. Investments in subsidiaries total £19,227,729, and in allied and other companies £6,571,295. The comparable figures for 1934 were £21,163,415 and £7,252,123. Stocks of crude oil, products, etc., have increased from £2,343,291 to £2,575,340. Holdings of British Government securities stand at £4,857,318 as against £3,315,896, and other marketable securities at £775,728. The market value of the two combined is £6,161,325. Cash item is reduced from £2,274,516 to £1,991,525. Reserves are unchanged at £7,665,629. The total of assets, £44,808,575, compares with £45,624,938.

MANCHESTER COLLIERIES, LTD.—Profit for year ended March 31, 1936, £262,795, after providing for income tax, comparing with a profit of £251,315 for year to March 31, 1935. Profit on sale of investments amounted to £19,875, as compared with £37,958. The ordinary shareholders receive a 4 per cent. dividend, absorbing £129,551, against a 3 per cent. distribution for previous year. The carryforward is increased from £99,693 to £100,268. Cash stands at £263,075, compared with £158,578. Debtors stand at £398,530, compared with £443,750. Creditors stand at £164,519, compared with £135,322. Meeting, Midland Hotel, Manchester, June 23rd, at noon.

CORY (WILLIAM) AND SON.—For the year to March 31, 1936, profits amount to £655,331, compared with £678,503 in the previous year. The income from investments was affected by the sale of securities for the purpose of the redemption of the 4 per cent. first mortgage debenture stock, in January, 1935. Interest on the redeemed debenture stock is

COMPANY MEETINGS, &c.

SUEZ CANAL COMPANY

ANNUAL GENERAL MEETING, JUNE 8, 1936

EXTRACT FROM DIRECTORS' REPORT

The full report may be obtained upon application to the company's inquiry office, 6 Bishopsgate, London, E.C.2.

During the year 1935 shipping through the Canal has been specially active. There is no doubt that this activity, due to an exceptional cause, the Italo-Abyssinian conflict, must be considered, in part, at any rate, as temporary. There nevertheless remains that, under its influence, the transit receipts have, during last year, exceeded by about 31 millions those of 1934. Expenses having, on the other hand, slightly diminished, the amount at your disposal is 620 million francs, an increase of about 39 millions over 1934. We propose to maintain the various allocations, at the same figures as last year, which would permit us, whilst placing 35 millions to the extraordinary reserve, to increase by 15 francs the gross income on the capital share, thus bringing it to 540 francs.

THE GOLD CLAUSE AGREEMENT

Our President explained to you last year the position in which your enterprise had been placed by the decree of the Egyptian Government of May 2, 1935, abolishing the gold clause in Egypt. Long negotiations which have been carried on in this connection between the Egyptian Government and ourselves have terminated in the conclusion of an agreement which gives your company the possibility of obtaining an increase in the maximum transit dues stated in the Statutes to the full extent necessary to maintain its original gold value. It would be superfluous to insist on the importance of the guarantee thus obtained, which in practice protects the collection of your receipts from monetary upheavals, unfortunately always possible.

Besides this advantage of a financial character, the agreement concluded presented the very great interest of tightening the bonds between your company and the State from which it holds its concession. We have therefore undertaken to reserve in future two seats on the board to Egyptian notabilities. We have further agreed to introduce progressively on our staff in Egypt a certain proportion of young men of Egyptian nationality. Finally, we have been able to settle, in a satisfactory manner, a whole set of questions concerning the Customs regime, conceded land, and conditions of upkeep of the towns of Ismailia and Port Tewfik. As a counterpart to the various advantages derived from the agreement by your concern, it has been agreed that an annual payment of E.£200,000 would, in future, be made to the Egyptian Government by the company.

REDUCTION IN TRANSIT DUES

The conclusion of this agreement brings about the condition to which our president alluded last year when he stated that your company was ready to resume its traditional policy of reducing transit dues as soon as the necessary precisions regarding its monetary status were obtained. We have therefore decided that, from July 1, 1936, transit dues of ships will be reduced from P.T.36.56 or 7s. 6d. to P.T.34.125 or 7s. per ton net register. The conservative policy which you have always followed, and which has led to the building up of an important reserve, enables us to contemplate without anxiety for the financial position of your enterprise the reduction in receipts which will result from this lowering of the dues.

In the accounts which are submitted to you we have shown as capital charges the sums which the company would have had to expend if the debenture interest and the capital shares' interest and redemption had continued to be made on the gold basis. The sum representing the difference between the amount thus carried to expenditure and the amount actually paid has been placed to a reserve account. It will be maintained in this account until the Egyptian Courts to which the question has been submitted have decided on how the decree affects the position of the debenture holders.

CANAL TRAFFIC

Traffic through the Canal in 1935 reached 5,992 transits, representing 32,811,000 tons net register. The year 1929, a year of great world prosperity, is the only one which has given the Canal a greater tonnage, and that by a mere 2 per cent.

Compared with the total tonnage of 1934, the maritime movement of last year shows an increase of 1,060,000 tons, or 3.3 per cent., the increase applying to both directions of transit. Unfortunately, this great activity is not due to an increase in trade activity via the Canal. It is due to the Italo-Abyssinian conflict, and to the transport of troops and supplies resulting therefrom.

If deduction is made of the tonnage of ships engaged in this traffic, it is found indeed that the truly commercial movement is slightly under 28½ million tons. This is one of the smallest totals for the last ten years. Compared with 1934, it represents a reduction of about 3 million tons.

The weight of merchandise carried through the Canal was 26,328,000 tons, a reduction of 7.4 per cent. on 1934. The reduction was in the homeward traffic, the total of which is only 17,404,000 tons, instead of 20,464,000 tons. On the contrary, the North/South traffic shows an increase of 940,000 tons, or 11.8 per cent., reaching 8,924,000 tons in spite of a marked reduction in Russian exports during the second half of the year.

The most important item in the South/North traffic still remains, in 1935, that of petroleum products, in spite of a large decrease of 16.6 per cent., which reduces it to 4,285,000 tons. This diminution, which we foresaw last year, is the consequence of the export of Irak petroleum.

The year 1935 was marked, at the same time, by a very active shipping movement, and a falling-off in trade activity. This reduction seems to belie the trend of the indexes which reflect world activity, and which have shown, in the course of last year, indisputable improvement. But the Canal traffic has felt the repercussions of the unusual circumstances which have brought about a decrease of activity for certain trade currents using the Canal.

THE CURRENT YEAR

As regards the Canal traffic, the beginning of the present year shows the same characteristics as 1935: increase of the maritime movement and reduction in the movement of cargo. In the first four months the net tonnage shows an increase of 3.7 per cent. over the corresponding figures of last year. As to the cargo traffic, although there is a slight improvement in Russian shipments as compared with the last quarter of 1935, nearly all items constituting the return traffic show a reduction, and the present outlook of the principal commodity markets does not permit us to expect, for the whole year, an improvement in the position.

However, certain favourable symptoms are apparent. First of all, the economic outlook shows elements of improvement: absorption of stocks, increase in the prices of raw materials, decrease of world unemployment. In shipping there is a reduction of laid up tonnage. This reduction is due, to a large extent, to the breaking up of old ships, but it has, nevertheless, contributed to an improvement in the freight markets. Finally, at the Canal itself, a favourable indication appears in the important increase, during the first quarter of 1936, of ships in Ballast going East of Suez.

Nevertheless, the fact remains that, as a whole, economic activity is still paralysed in its attempts towards improvement by the feeling of insecurity and instability which, unfortunately, increases in all directions and nullifies the most reasonable forecasts, thus discouraging the spirit of enterprise. It is to be hoped that circumstances will, without delay, become more favourable to the development of initiative and efforts on which general prosperity depends.

The meeting unanimously approved all the resolutions presented by the board.

SUEZ CANAL COMPANY

ANNUAL GENERAL MEETING, JUNE 8, 1936

ABRIDGED SPEECH OF M. LE MARQUIS DE VOGUÉ, CHAIRMAN OF THE BOARD OF DIRECTORS

In the changing scene of events during this year, the Suez Canal Company has, without wishing it, had the limelight played upon it on several occasions.

The first was the Italo-Abyssinian conflict. Voices have been heard to ask, almost to demand, that the Canal should be closed to Italian ships. An extensive, sometimes aggressive, discussion was started in the Press regarding the duty and the rights of the company.

COMPANY'S ABSOLUTE NEUTRALITY

Yet the truth is very simple; absolute neutrality is the law of your company. It is stated in the Act of Concession and in the Statutes. Furthermore, it is guaranteed by an International Convention of October 29, 1888, expressly confirmed by the Treaty of Versailles. Article 1 of this Convention says, in the following terms, that "the Suez Maritime Canal will always remain free and open, in time of war as in time of peace, to all merchant or war vessels, without Flag distinction," and it adds that "the Canal will never be subject to the right of blockade." If, by an act of force, which nothing entitles one to anticipate, any Power thought of forbidding entry into the Canal to ships of another Power, that gesture would be equivalent to an act of war, with all its consequences.

As for your board, the question of closing the Canal could not arise, and they were never called upon to discuss it.

THE AGREEMENT WITH THE EGYPTIAN GOVERNMENT

Once again comments in the Press have greeted, even before its conclusion, the agreement we have made with the Egyptian Government.

With regard to the origin of this agreement, I must remind you of what I was saying here last year when speaking to you of the uncertain position in which the Egyptian decree of May 2, 1935—abolishing the gold clause in international contracts—had placed your company. At first sight we were well entitled to believe that, in view of the very terms of the Decree and of the opinions expressed by competent authorities and by virtue of judicial decisions which had fixed its monetary status, the company was not affected by the new legislation. However, these views met with objections, and it appeared to us necessary that the competent authority should give official precisions as to the application in our case of the decree in question.

These precisions have been conveyed to us by a decree of April 30th last which, whilst making the Egyptian Piastre our legal currency, has decided that it will always be possible to raise the maximum of the transit dues to the number of piastres corresponding to the ten gold francs stated in the Act of Concession. Our monetary status, threatened for a moment, rests thus on a solid basis and enables us to face without anxiety the movements which may still take place in the unsettled realm of currency.

In the course of the negotiations which took place in this connection, it appeared that the moment was favourable for a final settlement of several other matters which had long been in suspense, as there was nothing to be gained by postponing their settlement. An agreement was arrived at stipulating on the one hand the granting by the Government of certain concessions to the company, and, on the other hand, the payment of an annual allocation to the Government by the company in consideration of the advantages gained, the details of which you have just heard.

Finally, these conversations have once more shown how useful it would be to tighten the already very friendly bonds which have existed for over eighty years between Egypt and the company. Measures have been taken to render their collaboration closer both on the board in Paris and in Egypt.

INCREASED DIVIDEND

Free from the anxiety that the persistent instability of currencies had been giving us for the future, we now see the

fulfilment of the conditions to which was subordinated the maintenance of your company's traditional policy; which policy, as you know, consists of serving at the same time the interests of its clients, the shipowners, and those of its shareholders. And to-day, whilst proposing to you an increase in the dividend, it gives us pleasure to be in a position to offer the shipowners an appreciable reduction of the transit dues.

In the sharpness of the economic struggle, which is above all a fight against cost prices, an advantage, small though it be, can bring about a change of direction in a commercial movement.

The Egyptian Government has not felt that it should confirm by means of legislation the status of our debentures, which the Court of Alexandria, by a judgment of June 4, 1925, had established on a gold basis. The Court itself, deviating somewhat from its former jurisprudence, on February 18th last, in another case, delivered judgment by which it appears to reject now all reference to gold as regards the franc stipulated in Egypt.

STATUS OF COMPANY'S DEBENTURES

Does the new decision apply to our debentures? There is still room for doubt. The question was submitted to the Mixed Tribunals by a group of debenture holders, and an Egyptian credit Institution, holder of founders' shares and "Part Civiiles," intervened in the proceedings and opposed its views to those of the debenture holders. In this dispute, wherein interests between which we do not wish to distinguish are in conflict—we can only await the legal decision and, pending delivery by the Court of Alexandria of the final judgment, we shall continue to apply the provisional solution adopted last year, the only one which safeguards the various interests concerned.

To summarise, the year which has just closed has given your company appreciable satisfaction. What have the years to come in store? Towards what evolutions—or revolutions maybe—are we drawn by the new ideas which are upsetting the conceptions—economic, political, philosophic and moral—upon which the old world had founded its existence. None knows what the morrow may bring forth.

But whatever may be the difficulties confronting it in the future, one may say that your company is in a better position than in the past to face them, and although exaggerated optimism is out of place, it seems, however, that there is no occasion to fear the future.

Thus, ladies and gentlemen, all circumstances combine to allow your company to pursue its course with confidence, through political fluctuations and the vicissitudes of world economy, and to better adapt to its universal purpose the great work created in the land of Egypt by the genius of Ferdinand de Lesseps.

(Unanimous approval).

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COLLECTIONS AND PAYMENT ORDERS

THE MILK MARKETING BOARD

INCREASE OF 78½ MILLION GALLONS SOLD

SUCCESS OF THE ACCREDITED SCHEME

The third annual general meeting of the Milk Marketing Board was held, on the 11th instant, at King George's Hall, London, W.C.

The Chairman, Mr T. Baxter, presiding, said:—The year we are now reviewing is the second completed year of the work of the Scheme. Consequently, we are able for the first time to examine the operations of the Scheme by having before us actual comparisons of like periods.

The first outstanding fact is the increase of 78½ million gallons in the volume of milk sold and an increase of 4,106 in the number of contracts in operation. The increase in gallonage obtained is due to the additional number of contracts registered, and the rise in sales must be associated with the turn over from stock-raising and farm butter-making on farms to milk selling. The regular monthly cheque provides ready cash for these farmers, but the increased quantities of milk thus marketed must be manufactured on terms which depreciate the collective returns of producers.

PROBLEM OF INCREASING SUPPLIES

This tendency towards increasing supplies is a serious matter. The first result must be that the stock-raising and cattle-feeding areas are turning over to dairy farming, which must create a real problem in efforts to hold the balance of agriculture in this country. I can see a cumulative shortage in supplies of store cattle and dairy cows within a few years. If the Government's long-term policy for assisting the store cattle and beef producers materialised much less milk would have been offered for sale and the Board would have been able to return to milk producers substantially better prices.

If there is to be any measure of price stability for milk producers in this country, there must be introduced into the Scheme some method of relating price to sales realisation in the different markets by the introduction of a standard basic quantity of liquid sales for each producer. Eighteen months ago the Board produced a scheme for the regulation of sales, and on advice it was referred to the Reorganisation Commission for Milk for Great Britain. We believe that such a scheme would prevent the gap between the pool price and the liquid price becoming wider.

Another feature is the cost of administration which, during the year, was one-tenth of a penny per gallon of milk sold. The total income of the fund for this purpose amounted to £845,000, of which £416,000 is unused and is carried to the balance sheet as a reserve.

There is a balance in the general reserve account of £876,314, and if we add to this the sum of £153,385 which was raised in August, 1935, to meet the emergency position you have a total reserve of over one million pounds.

EMERGENCY DISTRIBUTION ARRANGEMENTS

Last year I was able to report that we had concluded the negotiations of the 1934-35 contract with the Central Milk Distributive Committee without resort either to appointed persons or to any other form of arbitration. The terms of that contract were fulfilled without the necessity for alterations other than the revision of the Cheese Milk Formula. When the negotiations for the current contract took place last year matters became much more difficult, and it was evident that there was wide disparity between what we asked and what the buyers were prepared to offer. We asked 15s. 6d. per dozen gallons, and the buyers could not be induced to increase their offer of 14s. 5d. per dozen gallons. There was also disagreement on manufacturing prices, and consequently a breakdown in negotiations was inevitable, and we exercised our powers of prescribing the contract which came into operation on October 1st last.

Between the conclusion of the consultations and the lodging of complaints, considerable inconvenience was caused by the decision of buyers not to sign contracts. In these circumstances we had an obligation to the public, and we decided to create a distributive organisation to provide the public with milk supplies if the distributors persisted in their attitude.

COMMITTEE'S RECOMMENDATIONS

The report of the Committee awards to producers £2,700,000 more than the distributors were prepared to pay. It is to be regretted that our prescribed price of 15s. 6d. per dozen gallons was reduced to 15s. 3d. The previous year's price was 15s. 1d.,

and the distributors had contended that producers should be paid only 14s. 5d.

We agree that it would be unfair to the consuming public to increase liquid milk prices in order to carry increasing quantities of manufacturing milk. The Committee, on the other hand, have shown clearly that the price of 15s. 3d. per dozen gallons is fully justified by the circumstances in which the industry is now placed.

The most unsatisfactory feature of the Committee's recommendations is the suggestion that the price of milk for butter-making should be revised by means of a formula which gives no allowance for the value of skimmed milk. I must comment upon manufacturing prices in relation to the provisions of the Milk Act, 1934. The Act was designed to assist the Board to carry the burden of loss of manufacturing milk over a temporary period by means of loans from the Treasury to bring the price of milk for manufacturing up to 5d. per gallon in the summer and 6d. per gallon in the winter. The Act was a direct result of the depression in world values of manufactured products, and in the last two years £2,000,000 have been paid in this way by the Government to the Board. This money has all been passed to producers. I must explain that the intentions of the Act, as we understood them, have not been fulfilled. We clearly understood at the time that manufacturing milk prices would be guaranteed by the Government up to the level of 6d. and 5d. in the winter and summer respectively. The construction of the Act, however, has not made these minimum prices effective because the minimum "Cheese Milk Price" determined by the Government every month has been substantially higher on the average than the prices which we have been able to realise on milk for butter and cheese.

MARKETING PROBLEMS AND GENERAL TREND OF FUTURE DEVELOPMENT

You are aware of the public interest at present in the nutrition of the people, and the publicity that has been given to the nutritional deficiencies of the food of a great proportion of the population. In these discussions milk plays a prominent part, and we are anxious that ample supplies of fresh British milk should form a basis for this campaign. We have informed the Government that we are willing and able to co-operate fully in order that milk supplies may be made available in increasing quantities to those who most need them. We hope that in the declaration of the Government's long period policy for agriculture facilities will be given for us to carry out this policy.

QUESTION OF LEVY SUBSIDY

I want to make some reference to the request which we have repeatedly made for a levy subsidy on imported dairy produce to be incorporated in the long period policy of the Government. We regard it as indispensable that a policy of a levy subsidy should be implemented. The Government is already committed to this policy, and with the increasing quantities of imported dairy products at low prices and the scheme designed by exporting countries to dump supplies in this country there is no better alternative than to collect by means of a small levy on imported produce a substantial sum to assist the industry at home. The Act in operation at the moment will terminate in September, 1937, and it is our expectation that as from that date the levy subsidy principle will operate. Money raised in this way for the industry should not be confined to assisting manufacturing milk, but should be available to enable us, in co-operation with the Government, to provide schemes to give liquid milk in abundance to the poorer classes of the community.

I am hopeful that the funds of a levy subsidy would enable us to take effective steps to improve further the quality of the milk supply. Last year I was able to announce the introduction of the Accredited Scheme, and you know that it has been a phenomenal success. We have already no less than 16,000 milk producers who have become "Accredited." Many of them have refashioned their buildings; many of them have brought piped water on to their cowsheds and buildings; many of them have used sterilising plant for the first time; and many of them have improved their herds and their method of production. I venture to say that the Accredited Scheme has been a decisive step taken by the Board in the right direction.

We have also extended our manufacturing operations by acquiring sites for factories during the year at Nesscliffe, Crudgington, Swansea, and Camborne in Cornwall, and we hope to extend still further in the current year.

BURMAH OIL COMPANY, LIMITED

IMPROVED TRADING RESULTS AND LARGER REVENUE FROM INVESTMENTS

DIVIDEND OF 20 PER CENT.

FURTHER SUBSTANTIAL REDUCTIONS IN COST

SIR JOHN CARGILL'S REVIEW OF MARKET CONDITIONS

The thirty-fourth annual general meeting of the Burmah Oil Company, Limited, was held, on June 5, within the Merchants' Hall, 30 George Square, Glasgow.

Sir John T. Cargill, Bt. (chairman of the company), presided over a large attendance of members.

The Chairman:—Ladies and gentlemen,—Following our usual procedure, I suppose we may take it that the report and accounts are held as read. (Agreed.) I shall call upon the secretary forthwith to read the auditors' report.

The Secretary (Mr E. Colman) read the auditors' report.

THE LATE DR. LEONARD GOW

The Chairman continued:—Before proceeding to the business of our meeting, I feel sure I shall be interpreting the feeling of all in giving immediate expression to the great loss the company has suffered through the death recently of our colleague, Dr. Leonard Gow, after a long and painful illness borne with wonderful patience and bravery. Dr. Gow's father was one of our first directors, and when the son came to us 19 years ago he brought with him not merely wide business experience but a tradition of pride in the company's past history, confidence in its future, and a whole-hearted determination to serve it to the best of his ability and opportunities. An expression of sincerest sympathy in the loss in which we feel so great a share has already been made by your board to Mrs Gow and her family.

Confirmation of the appointment of Sir Louis Kershaw to fill this vacancy on the board will be asked from you later to-day. A distinguished member of a distinguished service, Sir Louis has held many important positions both in India itself in the earlier part of his career and later in the India Office in London, where he was Deputy Under-Secretary of State on his retirement recently. His great experience and knowledge of India's economic and commercial conditions should make him a valuable addition to the board.

I am sure we all share the regret expressed by Sir Campbell Kirkman Finlay and Sir David McCowan in letters to me that because of illness they are unable to be with us to-day.

THE ASSAM OIL COMPANY

As a result of a further offer made by us in November last to the holders of ordinary and preference shares in the Assam Oil Company, Limited, who did not accept that made them in 1920, the number of members of that company was reduced well below that requisite for a private company and the conversion to that status has consequently since been arranged. In the circumstances the proceedings at the annual meeting of that company will no longer be published but at our own meetings here you will be advised of the position from time to time of this, as of the other investments we have.

Last year its producing, refining and marketing operations were broadly at the level we meantime feel justified by proved crude oil resources. Considering the market situation these had to meet, which you will learn from me later to-day, the Assam Company's trading results must be regarded as satisfactory. They justify payment of preference dividends accrued to 30th instant, but the company was still in indebtedness, not only at December 31st last, but now, so that no ordinary dividend can wisely be paid in respect of 1935. While it is hoped it may be found possible and safe to pay an interim ordinary dividend before the end of the current year, this will depend on there being no serious setback in market conditions during the remainder of the period.

INCREASED REVENUE FROM INVESTMENTS

Now that I have got on to the subject of your outside investments it will be convenient that I should turn with you to the balance sheet and profit and loss account for 1935, which has been in your hands for some days. There have been considerable changes during the year in our holdings of British and Indian Gov-

ernment sterling securities with a net increase of some £38,000 at £4,459,336; an increase of over £1,000,000 in miscellaneous investments, principally in Empire Government loans; and an increase of some £10,000 in investments in subsidiary companies due to the acquisition of further shares of the Assam Oil Company, Limited, already referred to.

On the credit side of the profit and loss account you will see that these investments made a net increased contribution to our 1935 revenue of over £215,000. The fact that increased dividends brought into the account from our investments in the ordinary capitals of the Anglo-Iranian Oil Company, Limited, and of the Shell Transport and Trading Company, Limited, alone amount to some £326,000 emphasises the lower values which have offered for funds temporarily on deposit throughout the period, which, you will observe, amounted, with cash, on December 31st to £1,052,697, or some £13,000 more than at the end of 1934.

ADEQUATE DEPRECIATION

The assets side of the balance sheet does not call for much further comment. Adequate depreciations have, as usual, been provided in the case of the first six items and, as the print states, the value of your investments, at market prices where quoted and on a conservative valuation where there is no quotation, is very considerably above the aggregate value taken for them in your books.

Advances on loan to the Assam Oil Company, Limited, account for the indebtedness of subsidiary companies. The liquidation of this has been steadily proceeding and should be completed during the current year.

On the liabilities of the balance sheet the only items calling for special reference are the allocations to general and fields expenditure equalisation reserves, which your directors have made out of the profits for the year, the former reserve being thereby brought up to £900,000 and the latter restored to the round figure of £1,000,000, at which it stood before resort was had to it in 1934 for the special fields expenditure described by me last year. That special expenditure continued in 1935, and at December 31 some 50 per cent. of the estimated total cost of it had been expended.

Reverting to the profit and loss account, you will see that the balance of trading profit, including £46,795 received in the period in respect of the final repayment of debentures of a subsidiary company which had been written off against revenue in previous years, shows an increase at £1,620,238 of £275,036 on 1934. Parenthetically I might tell you that that company is the Tinplate Company of India, Limited, which has not only thus cleared its debenture debt but is now earning and paying dividends on its ordinary capital.

BALANCE AND ALLOCATIONS

Adding to that increased balance of trading profit of £275,036 the increase of £215,543 from interest and dividends, and allowing for the slight drop in transfer fees, we have a total increased credit of £490,523. Savings as compared with 1934 on the debit side of the profit and loss account as to £53,639 in respect of income tax, £5,148 in respect of subscriptions, and £97,925 in respect of debenture redemption premium, and new share issue expenses, or in total £156,712, increase the 1935 disposable balance in aggregate by £647,235 over 1934 to £2,461,220. To this has to be added the balance of £611,517 brought in from 1934, giving a total of £3,072,737. Preference and interim ordinary stock dividends, less tax, have taken £546,900. The allocation to the reserve accounts I have already referred to absorbs £460,234. We are thus left with £2,065,603, which we are proposing to you to-day should be used as to £1,246,302 for the payment of a final dividend on the ordinary stock of 16½ per cent., less tax, making 20 per cent., less tax, for the year. If that proposal is accepted

the relative contribution to employees' provident fund will take £184,307, and we recommend that the balance of £634,994 be carried forward, being an increase of £23,477 on the amount brought in.

This brings me to some reference to the market conditions in which the trading results have been secured and the present and prospective position in that regard.

IMPROVED WORLD CONDITIONS

The many dividend announcements by the industry have already made most of you aware that 1935 has witnessed generally a considerable improvement in world conditions affecting the market for petroleum products. If not yet complete, or too firmly based, there has been increasingly better control over extravagant production in the United States of America and generally other producing countries have regulated their production to the economic outlet available for it. Roumanian production on the contrary has not been so regulated. It has continued to be forced into export at values which must be absolutely unprofitable to many of its producers and has been a disturbing factor both directly and indirectly because, for purposes of acquiring foreign exchange, some countries which have imported it have offered and given inducements for re-export to others at prices even lower than these consuming countries could have laid them down from Roumania direct.

Then again one country after another, abandoning economics and following a policy of opportunism, whether for reasons of national unemployment or of self-sufficiency or of national defence, have to a greater or lesser extent continued their efforts to reduce their dependence on imports of the natural petroleum which they do not possess by recourse to much more expensive indigenous synthetic substitutes, such as alcohol from crops or the products from the hydrogenation or low-temperature, etc., distillation of coal.

Even so there has, however, generally throughout the world been an increased outlet for natural petroleum. While India has participated in such increased demand in respect of petrol and fuel oils, the demand there for kerosene declined as compared with 1934, making it quite clear that such improvement as there may have been in the world value of agricultural products has not yet filtered through to the cultivator in India who represents such a preponderating part of that country's population and on whose prosperity the purchasing capacity of India so largely depends.

INDIGENOUS PRODUCTION

To an extent perhaps less in volume than in 1934, yet spread more widely than in that year over our market in India, imports of the sort of "distress" Roumanian production to which I have referred and, if for quite other reasons, also from Russia, called, as they may increasingly call, for continued vigorous action by us to defend the outlet essential to the maintenance of the volume of indigenous production. There is, of course, an alternative which we certainly do not contemplate, that is to make room for such imports at the expense of the indigenous industry and of those important indigenous interests of local employment and revenues bound up with it. But before that there could also be a third. We can deal as we have been dealing with the sort of competition I have referred to. It causes us no serious anxiety in respect of our responsibilities to the interests I have mentioned.

INDIA'S REQUIREMENTS

There is, however, developing in our marketing part of the world, but outside India, a new source of production, in hands which hitherto have had no or very little marketing position there, which may or may not—I do not know and cannot say—have ambitions for its outlet which may not fit in to the existing scheme of things. I do not imagine that those who control this new source have other economic views than that indigenous production has the first call on the consuming demand in its own country. India's requirements, however, are not being and never have been completely met by the indigenous production, and there may not be the same sort of recognition by this new production of any vested importing interest there. All I wish to emphasise to-day is that you cannot put more than a pint into a pint pot without an overflow. If then there is to be an overflow which involves us and threatens the maintenance of the volume of indigenous production, our own production may be correspondingly forced into export, and I must point out that to that extent his will cause the pint pots of other markets in their turn to overflow.

BETTER AVERAGE VALUES

We had some compensation in better average values for our reduced volume of sales of our products as a whole in 1935 but our improved trading results were due enormously more to reductions in our costs. Although no effort will be spared soundly to hold the considerable savings we have effected in recent years, we cannot possibly expect to continue indefinitely to offset further unfavourable market conditions in this way. But our resources are very considerable, preponderantly liquid, and entirely unencumbered. Our business is sound, up to date, and efficient in every way. Our balance sheet speaks eloquently as to all this and as to the heavily written down state of our fixed assets, but, even so, it does not, as I have already indicated, tell the whole story of the strength of our position.

While it has been my duty to let you know quite frankly that the industry is not yet so completely or so securely stabilised in respect of the relation of supply to demand as you may have heard or seen suggested in recent months and that there exist, so to speak, atmospheric conditions whose development to good or foul weather has still to be determined it must be satisfactory to you as it is to me that at the same time I can with such complete confidence give you these assurances as to the technical and financial strength of your company to maintain the outlet we require there for our Indian production.

In recent years I have given you very full figures to show the direct and indirect value of your company to India—the employment its operations provide; the purchasing value of its wage and salary disbursements; its contributions to State and other public and commercial revenue; and, less tangible but not least important, to the part it plays in the industrial education of its people to say nothing of the value as a reserve of a healthy, indigenous industry for purposes of national defence. I do not propose repeating these in respect of 1935. Substantially they are unchanged, and I refer to them here only to emphasise that for the greater part—because the crude oil production and refining themselves are involved—these contributions to the economic and technical advance of India are peculiar to indigenous production and would be lost to the extent that India's petroleum requirements are met by unnecessary imports.

GEOLOGICAL SURVEYS AND DRILLING TESTS

While we continue to spend, and immediately charge to revenue, substantial sums each year on geological surveys and on actual drilling tests of geologically promising areas in India and Burma I regret to report that these have added nothing of value yet to the territories the Assam Oil Company, Limited, and we have been operating. There are still one or two areas of which hope has not yet been abandoned, and this expenditure must continue until we are completely satisfied, by the drill or otherwise, that we have nowhere in them anything of commercial value. On the other hand, both as regards the developed field of the Assam Oil Company, Limited, in India and our own territories in Burma, we continue to receive the confident assurances of our technical experts of a long life on our present scale of operations.

In the case of men who have held specially important and responsible positions in our Eastern service you have always, I think, felt with me that it is fitting that reference be made at these meetings when the time comes for their departure. Passage of time has now brought to a close the active association with us in India of two valued members of our geological staff, Mr Lepper, our senior geologist there, and Mr Sale. Men of high scientific attainments, they have served the company with great ability and carry with them into their retirement the best wishes of all who have worked with them.

SIR KENNETH HARPER'S SERVICES

Before leaving these staff references you will certainly wish me to express our congratulations to Sir Kenneth Harper on the honour of knighthood conferred on him in the New Year by his late Majesty for distinguished public service to India in Burma.

Increasingly since the Morley-Minto reforms the progressive development of democratic and representative Government in India and Burma has required that this country's nationals resident there should play the part prescribed for them and their Indian and Burman fellow-citizens in the Legislatures and in public work generally. This is possibly only to the extent that these men can be freed from the commercial and other responsibilities which they carry in the country, and it has been the privilege and duty of your company, as of others, to do this. Sir Kenneth Harper, like his predecessors in our employment, has in this way been able to render valuable service in the Legislatures and elsewhere. He was for some time a representative from Burma on the Council of State, and was a delegate

from that country to the Joint Parliamentary Committee on the Indian and Burman Constitutional changes and on the question of separation of Burma from India. He has been in our service in Burma for some 23 years, and is now joining our London staff on retirement from the East.

MANAGEMENT EFFICIENCY

Before putting the various resolutions in connection with 1935 results I think you will cordially agree with your board that these reflect most creditably on the care and efficiency with which the management, here and in India, whether administrative, executive, or technical, supported by the loyalty and keenness and pride in your and their company of the whole of your employees, have once again looked after your interests, and that you will wish me in this way to express our appreciation for another year's work so well and faithfully done.

I now beg to propose: "That the report of the directors and the audited statement of accounts, including the balance sheet and profit and loss account to December 31, 1935, presented to the meeting will be received, approved, and adopted," and I shall call upon Mr R. I. Watson, your managing director, to second this motion. After the motion has been seconded an opportunity will be given to stockholders to ask questions or make comments.

Mr R. I. Watson: I beg to second the resolution.

The Chairman: Before I put the motion, are there any questions to be asked?

EMPLOYEES' PROVIDENT FUND

Mr Mackenzie Lees: I am sure I voice the feelings of this meeting in congratulating the directors on applying £184,000 to the employees' provident fund. In doing so, I should like to ask if you would kindly inform the stockholders as to the specific parts of the provident fund; in other words, does it apply to pensions or to sickness, and is the fund on an actuarial basis or is it on a voluntary basis entirely? There is another point I would like to raise, merely for information. In the reserves you have insurance £620,000 on the liability side, and further down have fire and marine insurance of £1,448,000. What is the relativity of these two amounts?

The Chairman: I would just like to explain with regard to the provident fund that it is really based largely—as you would realise from what I said to you in the speech to-day and what you knew before—upon the actual dividend paid by the company. In 1919 we formed this fund and we felt that it would be a very strong point if we gave all our employees a direct interest in the results of the business. That is the fundamental basis of the fund. The fund is administered separately. The funds are all invested outwith the business entirely and are administered by a board of directors.

There are no actual pensions attached to it, but on retirement from the business every member of the provident fund is paid out what he has at his credit of the three accounts in the fund, these being created by 5 per cent. paid in on his own salary and 5 per cent. contributed by the company, and the third account is based upon the dividend. I think it is an extremely satisfactory and generous fund, and I and my directors feel it has been a great incentive to all your employees to do their very best for the company. (Applause.)

THE INSURANCE FUND

As regards insurances, sir, the separate fund of £600,000 we created by for many years putting £20,000 a year to that fund as an insurance fund. I told you last year we were not going to put any more to that fund, as we thought it was large enough already.

The other fund represents the savings on the internal insurance. We insure internally for a large amount of our risks, and we created that fund with the premia and the net result is that we have at the credit of that fund that large amount of saved premia which otherwise would have been paid to insurance companies. I hope you are satisfied, sir, with my explanations.

Mr Mackenzie Lees: I am much obliged to you, sir, for what you have told us, and I am sure the stockholders are also of the same opinion.

The Chairman: I have now much pleasure in formally putting to the meeting the motion which I have already proposed and which has been seconded by Mr. Watson. Those in favour kindly hold up their hands; those against; carried unanimously. (Applause.)

THE DIVIDEND

The Chairman: I have now pleasure in moving "that the following dividend on the ordinary stock recommended by the

directors—namely, dividend at the rate of 16½ per cent. per annum (3s. 3d. per £1 unit), less tax, making, with the interim dividend paid in November last, 20 per cent., less tax, for the year—be adopted and that the same be hereby authorised to be paid on June 12, and that the balance of £634,994 be carried forward." I shall call upon Mr Whigham to second the resolution.

Mr G. C. Whigham: I have much pleasure in seconding the resolution.

The Chairman: Well, I am sure, ladies and gentlemen, you are all in favour of that. (Applause.) I have great pleasure in putting together the resolutions confirming Sir Louis Kershaw's appointment to the board—we are very glad to see him with us to-day—and the re-election of Mr. R. A. Murray and Sir Campbell Kirkman Finlay, who are both well known to you, and I shall call upon Mr Ashton to second that.

Mr H. Ashton: I have pleasure in seconding the resolution.

The Chairman: Well, ladies and gentlemen, are you agreeable that these gentlemen should be re-elected? (Applause.) Now there remains the re-election of Mr Wilson as auditor, and I shall call upon Mr William George to move the necessary resolution.

Mr William George: I beg to propose the reappointment of Mr James Herbert Wilson, C.A., as auditor for the current year.

Lieutenant-Colonel A. G. Spiers: I should like to second the motion.

The Chairman: Are you all agreeable, ladies and gentlemen? (Applause.) That concludes the business of the meeting, and I have to thank you for your presence and your patient hearing.

VOTE OF THANKS

Mr C. D. Donald: Ladies and gentlemen,—I have a very pleasant task to perform to-day—namely, to move a vote of thanks to our chairman, Sir John Cargill, who has guided the destinies of the company for over 30 years. I am sure we have all listened with the greatest interest to his admirable, lucid and comprehensive survey both of our company's activities and of the oil industry at large. I think you will agree with me that the past year's results and the magnificent balance sheet laid before you are really worthy of this our jubilee year. (Applause.) I am not going to dilate upon Sir John's past services to the company. That has been done by abler men than I at bygone meetings, but I would like to say this:—Many causes have contributed to the success of the Burmah Oil Company, but two of these have been constant throughout the years—first, the prudence, wisdom and far-sighted acumen of our chairman—(applause)—and, secondly, the loyal co-operation of the team of which he has been captain for so long. Before I move formally the vote of thanks a proposal has just been made to me that, seeing this is our jubilee year, would the directors consider a presentation by the stockholders to Sir John of his portrait in oils? (Loud applause.) I now ask you to accord a hearty vote of thanks to our chairman, and I couple with this his co-directors and the staff of the Burmah Oil Company both at home and in the East. (Applause.)

THE CHAIRMAN'S REPLY

The Chairman: Ladies and gentlemen,—I feel that I have already detained you quite long enough. I need hardly say how greatly I appreciate both the very kind words in which Mr Donald has proposed this vote of thanks and the cordial way you have responded to it. Although this is not really the jubilee year of this company, which was the reconstruction in 1902 of the original Burmah Oil Company formed in 1886, 50 years of prudent building up and able and far-seeing management are nevertheless reflected in the balance sheet which we have been examining to-day and which is, undoubtedly, the strongest balance sheet you have ever had put before you. (Applause.)

Behind this achievement are the men who have been, and are, actively responsible for the building up to the wonderful position of your company as shown in that balance sheet. I always welcome this second opportunity at our meetings to add my own appreciation as chairman to that you have already authorised me to convey to them of their ability and zeal in the conduct of your business. I regard this vote of thanks with which you couple my name and position as your own more direct way of expressing your gratitude for these results to the men who are responsible for the day-to-day management of your great enterprise and in whom you have, I am sure, as I have, the most complete and continued confidence. (Applause.) Mr Donald, ladies and gentlemen, many thanks again both on their behalf and on mine for this extremely kind and hearty vote of thanks.

The meeting then terminated.

J. LYONS AND COMPANY, LIMITED

ANOTHER SATISFACTORY YEAR

VOLUME OF BUSINESS AND CASH RECEIPTS AGAIN INCREASED

PROBLEMS OF PRICE ADJUSTMENT

IMPROVED METHODS OF SHOP VENTILATION

SIR ISIDORE SALMON ON THE YEAR'S ACTIVITIES

The forty-second ordinary general meeting of J. Lyons and Company, Limited, was held, on the 9th instant, at the Trocadero Restaurant, Piccadilly-Circus, London, W.

Sir Isidore Salmon, C.B.E., D.L., J.P., M.P. (one of the managing directors), presided.

DIRECTORS' REPORT

The report of the directors for the year ended March 31, 1936, states that:—

The directors have the pleasure to submit their forty-second annual report, with a balance sheet and profit and loss account, made up to March 31 last, showing the financial position of the company at that date.

	£	s.	d.
The balance remaining available in the trading account after providing reserves against contingencies is	1,010,753	16	2
To which is to be added the amount brought forward from last year	36,601	19	7
Showing a total available for distribution of ...	1,047,355	15	9

	£	s.	d.
From this amount is to be deducted:—			
Dividend on 5 per cent. preference shares paid to November 30, 1935, and proportion provided for period to March 31, 1936	32,353	5	0
Dividend on 7 per cent. preference shares paid to March 31, 1936	350,000	0	0
Dividend on 8 per cent. preference shares paid to March 31, 1936	80,000	0	0
Dividend on 6 per cent. preferred ordinary shares paid to September 30, 1935, and proportion provided for period to March 31, 1936	28,000	0	5
Interim dividend (1s. 8d. per share) on ordinary and "A" ordinary shares already paid for the half-year ended September 30, 1935	138,856	1	8
Interim dividend (4d. per share) on proportional and "B" proportional profit shares already paid for the half-year ended September 30, 1935	15,833	6	8
And the directors propose to deal with the balance as under:—			
To place to reserve (making a total of £1,900,000)	100,000	0	0
To pay a dividend of 2s. 10d. per share on the ordinary shares and "A" ordinary shares for the half-year ended March 31, 1936	236,055	6	10
To pay a dividend of 6.8d. per share on the proportional and "B" proportional profit shares for the half-year ended March 31, 1936	26,916	13	4
To carry forward to next account	39,341	1	10
	1,047,355	15	9

During the financial year the following establishments have been opened:—

- 24/26 Maddox Street, W.1.
- 6 and 10 Northgate Street, Gloucester.
- 16/17 Whitefriargate, Hull.
- 14/15 Wellington Place, Hastings.
- 448/50 Holloway Road, N.7.

Additional premises have been acquired and will be opened in due course and negotiations for other premises are proceeding.

The board and the company have suffered a great loss during the year in the death of Mr H. L. Edwards, who was held in the highest esteem by his colleagues and the staff. His loss is keenly felt.

Mr G. Dee, after more than 40 years' valued service with the company, has, to the great regret of all his colleagues, retired on account of the state of his health.

Mr H. H. G. Bennett during the course of the year, and Dr. L. H. Lampitt since its close, have been appointed employee directors.

Messrs Geo W. Booth and S. I. Salmon retire from the office of director and being eligible offer themselves for re-election.

Messrs G. A. Pollard and H. H. G. Bennett, employee directors, retire, and are eligible for re-election.

Messrs Turquand, Youngs and Company, the auditors, retire and are eligible for re-election.

The dividends received from subsidiary companies have been included in the company's trading account. In the aggregate the profits of the subsidiary companies exceeded the declared dividends. Losses of subsidiary companies so far as they concern this company have been dealt with in this company's accounts.

(Signed) ISIDORE SALMON } Managing
HARRY SALMON } Directors.

Cadby Hall, London, W.14.

26th May, 1936.

CHAIRMAN'S SPEECH

Mr H. H. G. Bennett (one of the secretaries) having read the notice convening the meeting and the report of the auditors.

The Chairman said:—Ladies and gentlemen,—Before proceeding to the main business of the meeting, I must refer to the loss we sustained in July last in the sudden death of our colleague, Mr H. L. Edwards. He had only joined the board as an employee director in the previous year, after nearly 40 years' splendid service with the company as a departmental manager. Mr Edwards was held in the highest esteem by us all—directors and staff alike—and we deeply mourn his loss. (Hear, hear.)

Mr G. Dee, our accountant, who joined the company in the first year of its existence and became an employee director in 1919, retired in January last on account of ill-health. Mr Dee's service to the company will be remembered with gratitude, and he has taken with him in his retirement our best wishes in the hope that relief from the cares of business will bring him a measure of health to enjoy the rest he deserves. (Hear, hear.)

You will have seen from the report that Mr H. H. G. Bennett and Dr. L. H. Lampitt have been appointed employee directors. The former, as you will know, has been a secretary of the company for some years past, and the latter has been, since immediately after the war, the company's chief chemist. We are all delighted to welcome them as colleagues on the board. (Hear, hear.)

DIVIDENDS MAINTAINED

My colleagues and I are pleased to welcome you once again to our annual meeting, this being the forty-second in the series. It is gratifying to us to be able to produce again such satisfactory accounts. The amount which we regard, on the principles which I have explained to you in previous years, as available for distribution is £1,010,753. The amount brought forward from last year is £36,602, giving, as you will have seen in the report, a total available for distribution of £1,047,355. We are dealing with this amount by paying, subject to your confirmation, final dividends at the same rates as last year, again placing £100,000 to reserve, making that account £1,900,000, and carrying forward the slightly increased sum of £39,341.

I am pleased to be able to say that both the volume of business and the total cash revenue show an increase on the previous year. There has also been a very slight increase in spending power, which reflects the general improvement in the country's trade.

BALANCE-SHEET FIGURES

Turning to the figures in the balance-sheet, I will deal briefly with such differences from the previous year as may call for comment. On the property and assets side, "freehold land, buildings, etc." at £10,512,000, shows an increase of £435,000. This amount is accounted for by the purchase of additional plant and machinery and by additional expenditure on land and premises. There have been developments at the factories at Cadby Hall and Greenford, the Strand Corner House has been enlarged with satisfactory results, while the growing business has made it necessary to find other premises for our engineering department, and we have purchased freehold premises at Abbey Road, Park Royal, adjacent to our other property there, to which that department has been transferred. We have added to the number of our teashops and extensive alterations have been made to our teashop at 213 Piccadilly—incidentally the first ever opened by the company.

MODERN PROGRESS—IMPROVED VENTILATION

We have always, as you know, endeavoured to keep pace with modern progress, not only in the equipment of our shops but also in their decoration and amenities. This shop has, in fact, been brought up to date many times; now, in the latest changes, we might almost appear to have passed from evolution to revolution—we hope, however, without the evil effects which often follow the latter. The newest system of ventilation has been installed, whereby the shop can be cooled in summer and warmed in winter, so that a suitable temperature can be maintained throughout the year. This is something strikingly new in teashops, but, like most luxuries, one that the future will probably regard as a necessity. We are pushing forward as speedily as possible with this programme of development, which our experience with our newest teashops indicates is the public taste.

Under the heading "Subsidiary Companies" the first item—namely, the figure at which the shares stand upon our books—shows a reduction, due to a further writing down we have made during the year, of some £42,000. This represents no more than a precautionary provision. The other two items under this heading—namely, loans and current accounts—show merely normal periodic fluctuations.

THE HORNIMAN COMPANY

While I am dealing with subsidiary companies I will mention that the Horniman Company will shortly be applying to the Court to sanction a reduction of £200,000 in its capital. I am telling you this now because if, without warning, you had seen in the papers that there was such an application before the Court, you might have assumed we had incurred a loss which would affect the current year's earnings. Such, however, is not the case. It will have no effect whatever on our accounts, for you may remember that I told you four years ago that we had made provision in the Lyons accounts for possible contingencies by writing down our investments in subsidiaries so that they represented gold assets only. That position still exists, and our balance-sheet figure is a net value eliminating all goodwill and every asset of doubtful value.

The reason for the reduction of the Horniman capital is that, owing to difficulties caused by the currency arrangements of several countries, quotas, tariffs, and the like, the export trade conducted by one of that company's subsidiaries is becoming more and more difficult, and the amount standing in the Horniman accounts as an investment in its subsidiary is not, in our opinion, a proper valuation. That amount is being written down drastically, so that it shall represent the value even at what I may call break-up price. At the same time the whole of the goodwill account in Horniman's books is being written off. This will bring that company's accounts into accord with our own. It may be a very conservative way of treating the figures and it may prove to have been quite unnecessary—for, so far, it is not a question of loss but only of diminished profit—but I think you will agree that it will provide that there shall be no future back-wash from that source, and if it turns out to have been unnecessary so much the better.

CASH RESOURCES

To return to the other figures on the assets side, "loans to associated companies" are down £160,000, the temporary increase which I mentioned last year in our loan to Strand Hotel, Limited, having been repaid. "Stock in trade," at £208,000 more, and "sundry debtors," at £102,000 more, are fully accounted for by extensions in business. Cash in hand shows a diminution against the previous year of £448,000. As I said in 1934, this only means that it has taken another liquid form. Deposits with banks to-day earn practically nothing, and we are fortunate in being able to employ the money—more profitably—in other ways. If

any shareholder has made a calculation as to the cash required to pay the dividends which will be declared to-day, I can assure him he need not worry—the cash is available.

On the liabilities side "mortgages" are £17,000 less, represented by further premiums paid on redemption policies and capital sums paid off in accordance with the terms under which the mortgages were created.

CONTINUED IMPROVEMENT IN TRADE CONDITIONS

I have referred to the indications of the continued improvement in trade conditions generally. There are signs that the recovery from the years of depression is being maintained, but there is still much political, financial, and economic uncertainty throughout the world, which has its repercussions on us. Though money is plentiful and interest rates correspondingly low, our customers have not yet apparently fully recovered the spending power they had before the depression set in, nor can we expect them to do so until world conditions generally improve. The economists have assured us that a rise in world prices, particularly of primary products, and a resumption of international trade freed from restriction will bring a full return to prosperity here and elsewhere. If they are right we may perhaps regard increasing cost of raw materials with a certain degree of equanimity.

INCREASED COST OF RAW MATERIAL

There has been a tendency throughout the year to an increase in the cost of those articles which are the raw material of our business. This has had its effect on the manufacturing cost of bakery goods and it has caused us, during the latter part of the year, to raise our prices for such goods here and there. This increased cost to us of what I have called raw material has amounted to no less a sum than £150,000, and you will recognise from this that there has had to be compensation in other directions to enable us to obtain the results we have shown.

ADJUSTMENT OF RETAIL PRICES

Unfortunately these compensatory factors are showing signs of falling off and, from present appearances, it will be necessary soon to extend the list of our products to be raised in price. Here are a few of the things which have risen in price: Butter, eggs, lard, flour, milk, cream, potatoes, sugar, and—to take one section only of our business—it is difficult to assess these costs in an equal manner over the various items of a menu. Many items cannot be raised without disturbing their relation to others. The adjustment of these figures to cover increased costs is a mathematical operation, yet immediately any small change is made someone who, presumably, feels he knows much more about our business than we do suggests it is iniquitous and accuses us of profiteering.

For example, if we were to put ½d. on a cup of tea, it would, at once be pointed out that a halfpenny on a cup of tea, with so many cups to a pound, means so many shillings, and that the only additional cost we have to pay is a few pence in the cost of tea or it may be a few pence additional duty on tea, altogether overlooking the fact that there may be other reasons for the increase than the mere duty or even the cost of the tea itself. When prices are rising it is an impossibility to raise every item on the menu even by so small a sum as ½d. That indeed would bring, in a return, always assuming that we did the same volume of business, out of all proportion to the required amount of cover.

APPORTIONING MENU CHARGES

One item may call for ¼ of a penny, another ½, and so on, so the result is that some one item has to be increased to cover half a dozen others which remain at the old price and, as the cup of tea is one of the readiest means of arriving at the balance we seek, it may be that item which is chosen in order that several others may continue unaltered. After this explanation I hope it will be recognised that if the price of a cup of tea or any other item of a similar character were to be raised at a time which happened to coincide with an increase of duty, it would not necessarily be for the mere purpose of recovering the 2d. per pound or other duty imposed, but that there might be a number of other costs the recovery of which was being sought in this manner.

I need only, I think, add this—we do not view the passing on of increased costs and charges to our customers with equanimity, taking the view that they are easily borne by them. We delay it as long as we can, until in fact it is inevitable; but I do want to stress the point that sooner or later it must become inevitable. There is this consoling thought, that if the general improvement in the country's trade continues, we may reasonably expect that our customers' purses will expand to meet any increased demand we may have to make on them.

TRIBUTE TO THE STAFF

That, ladies and gentlemen, concludes my survey of our activity for the past year, and I feel sure you endorse our feeling of satisfaction in the results we are able to put before you. They have been achieved not solely by the efforts of my colleagues and myself, but by the co-ordinated effort of a magnificent team with more than 30,000 members, each doing his best, and I will end by paying a tribute to the directors' behalf and on yours to the loyalty and devotion of the whole of our staff to the company's interests.

I will now propose: "That the report of the directors and the balance sheet submitted to this meeting be and are hereby adopted; that the payment of interim dividends of rs. 8d. per share on the issued ordinary and 'A' ordinary share capital of the company and 4d. per share on the proportional profit and 'B' proportional profit share capital of the company for the half-year ending September 30, 1935, be and are hereby confirmed; and that a dividend be paid for the half-year ending March 31, 1936, of 2s. 10d. per share to the holders of ordinary and 'A' ordinary shares of the company and 6.8d. per share to the holders of proportional profit and 'B' proportional profit shares of the company who were on the registers on May 14, 1936." (Applause.)

MR HARRY SALMON'S VIEWS

Mr Harry Salmon, J.P. (one of the managing directors): Mr Chairman, ladies and gentlemen,—I have pleasure in seconding the resolutions my brother has proposed, and in doing so I should like to add a little to what he has said, particularly on the effect of increasing cost of commodities and increasing charges of various kinds. I wonder how many of those people who talk so glibly about prices and profits realise how much is represented in the price they pay by the rates, taxes, duties, and charges levied on us by the Government and local authorities. They amount in our case to an enormous sum annually and they seem to be always increasing. I have had some figures prepared which I think will interest you.

During the year under review we paid in income tax, local rates, motor taxes, petrol duty, various Customs and Excise duties, quotas, State Insurance, etc., no less a sum than £1,600,000, and in the coming year the recent Budget will add a very substantial figure to the bill. There is actually very little in the incidence of taxation by Government and local authorities in this country that does not touch us at some point and, through us, our customers, even to the 15s. a year local taxation licence for a gardener or two at our Greenford factories. This process of taxation goes further and touches our suppliers who have had to find all the charges made on them in their turn out of the price we have to pay them for our commodities.

THE CONSUMER'S CONTRIBUTION

There is a general reluctance to admit that rising prices of commodities and other increases in costs must in due course become a charge to the consumer; from my point of view this is inconceivable. We have had of late such an organisation as the Milk Marketing Board stating that although they may be paying more to the milk producer this should not raise prices to the consumer. Yet it should be obvious that, unless someone has been making an abnormal profit or is carrying on his business in a most inefficient manner, increased cost of commodities cannot be provided out of profits, and the supplier must recover the additional cost or be forced out of business; and who would benefit by that?—not labour, nor capital, nor, I venture to think, the community.

So far as we are concerned, we claim that our business is run efficiently and that there is no abnormal profit anywhere. The margin of profit is so small, the margin between profit and loss so narrow, that it would frighten most business people and therefore in our case rising costs of whatever kind must mean increased charges to our customers. If business is carried on properly that must always be the case, and the sooner it is recognised by the public the better.

I am offering no argument either for or against rising prices of commodities. That is a matter best left to the economists. I am merely stating what, in my opinion, is an obvious and undeniable fact. (Applause.)

The Chairman then invited questions from shareholders, and, none being asked, he put the resolution, which was carried unanimously.

Mr Harry Salmon proposed the re-election of Mr George W. Booth and Mr S. I. Salmon as directors of the company.

Mr Stanley Taylor seconded the resolution, which was unanimously adopted, and Mr George W. Booth, on behalf of his

colleague and himself, thanked the shareholders for this mark of their continued confidence.

Major M. Gluckstein (one of the managing directors) moved that Mr G. A. Pollard and Mr H. H. G. Bennett be re-elected employee directors of the company, and Mr Julius Salmon (one of the managing directors) seconded the proposition, which was unanimously agreed to, and was briefly acknowledged by Mr Bennett on behalf of Mr Pollard and himself.

On the motion of Mr A. J. Wood, seconded by Mr Stanley Taylor, Messrs. Turquand, Youngs and Company were re-appointed the company's auditors for the current year.

SHAREHOLDERS' APPRECIATION

Mr Maurice G. Liverman proposed a cordial vote of thanks to the chairman, directors, and staff of the company for their services during the past year. He said that such a resolution might almost seem redundant, but he felt that the shareholders would be failing in their duty if they did not record, briefly, their appreciation of another magnificent year's work and offer respectfully to the directors their warmest congratulations on the results achieved, the profits constituting once more a record profit for the great house of Lyons. The investments which were held by shareholders, great or small, in this company might quite accurately be described as gilt-edged, although that term was not usually applied to industrial shares. When they saw a business built up on such strong foundations, on such progressive lines, and on such conservative finance, adapting itself to all the exigencies of the situation—anticipating difficulties and preparing for whatever might arise—they might feel convinced that their money was not only giving them a reasonable return but was being thoroughly well looked after. (Applause.)

Mr A. Wood seconded the motion, remarking that the results achieved were more than the shareholders really comprehended having regard to the very keen competition to which the business was subject. The report submitted reflected very great credit on the board, and, in fact, on all concerned. He might add that before they met again the Coronation celebrations would have been concluded, and he sincerely hoped that the "powers that be" would relax the irritating licensing regulations during that period, so that they could get the atmosphere of "Merrie England" once again. (Laughter and applause.)

The vote was passed with acclamation and, the Chairman having briefly acknowledged the compliment and announced that the dividend warrants would be posted that evening, the proceedings terminated.

BATANG CONSOLIDATED RUBBER ESTATES, LIMITED

DIVIDEND MAINTAINED

The sixteenth ordinary general meeting of this company was held, on the 5th instant, at 19 Fenchurch Street, London.

Mr E. F. Slade, J.P., chairman of the company, presided, and in the course of his speech, said:—The profits for this year do not cover a dividend of 2½ per cent., but in view of the large carry-forward and the fact that the present price of the commodity is some 1½d. per lb. higher than last year's average, we think we are justified in recommending the dividend indicated. The lower profit for 1935 is explained by two facts—first, that our average selling price of rubber for the year 1935 was 5.889d. per pound, as against 6.128d. for the previous year; second, owing to the smaller output and unavoidable increase in wage rates, the f.o.b. cost per pound for the year was approximately ½d. higher than the previous year.

It is very satisfactory to know that consumption has gone, and is going, forward in increased ratio, and that the statistical position is eminently sound. Some people doubted the wisdom of the International Committee in increasing the exportable quota by 30,000 tons from July to December this year. I think they were right.

No doubt you have worked out for yourselves the par capitalisation per acre of the property, which is £92. In 1920, for certain reasons, a reorganisation was effected by which each shareholder was given two and a half new shares of 2s. each for each old one held, and a subsidiary company was absorbed. To-day properties can be bought at very much less than £92 per acre. Remember this, that if the capital stood at half the amount your dividend to-day would be 5 per cent. instead of 2½ per cent. It would make no difference to you in actual income, but the capitalisation would stand at a figure which would put the company in the position to consider the acquisition of a desirable property with younger trees if such became available.

The report and accounts were unanimously adopted.

BOOTS PURE DRUG COMPANY, LIMITED

PAST RECORDS EASILY BEATEN

The forty-eighth annual ordinary general meeting of Boots Pure Drug Company, Limited, was held, on the 11th instant, at Station Street, Nottingham, the Right Hon. Lord Trent, chairman of directors, presiding.

The Chairman, in the course of his speech, said:—The net balance amounts to £770,889, an increase of £20,853 over last year, and easily a record for the company. Under the circumstances, even taking into consideration the periods of severe weather which increased the demands for drugs and medicines, I think you will regard this as very satisfactory.

After payment of all preference and preferred ordinary dividends, and of four quarterly dividends of 6 per cent., less tax, on ordinary shares, we have a balance of £290,139, which, together with the balance brought forward, amounts to £550,230, as compared with £506,571 last year.

Your directors recommend the payment of a bonus of 3d. per share, free of income tax, on the ordinary shares, absorbing £80,000, a transfer to the general reserve of £100,000, the transfer to the freehold reserve fund of £17,948 and the transfer to the contingencies reserve fund of £54,193, making that fund £200,000. This leaves £298,089 to be carried forward to next year.

During the year our subsidiary companies have made steady progress, and besides enlarging and modernising a large number of shops, have opened 45 new branches and closed four, bringing our total at March 31st up to 1,120. The number of our sales transactions increased by over six and a half millions.

Our total sales and number of prescriptions dispensed easily beat all our records.

During the past year we have taken the first step in a pioneering enterprise which may lead to important developments in the future. After careful preliminary investigation your board decided to open our usual type of chemist shop in New Zealand. The first Boots branch in New Zealand was opened in Wellington in January of this year. It is too early yet to indicate to what extent we shall be able to expand our business in New Zealand and thereafter, perhaps, in other parts of the Empire, but, needless to say, our plans are not confined to the one branch already open.

Colonel Braithwaite and I returned from the Dominion a few weeks ago, and I can assure the shareholders that they have reason to be proud of both shop and the staff there. During our visit we had the privilege of conferring with members of the New Zealand Cabinet and explaining to them our aims and policy in launching out in the Antipodes as well as acquainting them with our methods of business and the ideals by which we are guided.

During the year Dr. Brett also made a trip round the world in connection with the British Medical Association's meeting in Melbourne. As a result of the personal contacts we have made and of the knowledge we have gained in the course of our journeys, we may reasonably expect a stimulation of our export trade.

Progress with the centralisation and extension of our various Nottingham manufacturing units at Beeston continues according to plan, and we hope to move into the first section during the summer.

In the fine chemical department we have had to contemplate a considerable extension both of factory accommodation and plant. We have not only to meet a great and rapidly increasing demand for special medical products, such as Boots Insulin for the treatment of diabetes. We have also to provide for the manufacture of an extending range of fine chemicals, for we have continually in mind the importance of making this country independent of foreign supplies.

On the research side of our business we are enjoying still closer co-operation with medical men, hospitals, institutions and learned societies. We attach particular importance to this work because of the part it plays in helping to create and maintain the world-wide reputation we enjoy for the quality of our products and our service.

The veterinary and agricultural department continues to develop. An increasing number of livestock owners and farmers are making use of our branches for supplies.

In addition to the developments at Beeston, there is also nearing completion an important extension of our London warehouse in Stamford Street. The new block has been designed on the most modern lines, and its architecture and interior decoration worthily represent the progressive spirit of the firm.

I spoke last year of the introduction of our new series of Number Seven Beauty Preparations. The success of this new line is now definitely established.

Our library service continues to grow in popularity, and the reduction of the Class B subscription to 7s. 6d. a year—or less than 2d. a week—has brought in a new public which is not satisfied to confine its reading only to cheap fiction.

Turning to staff matters, I think you will be interested to hear that we are nearing the 20,000 mark. At the end of March our staff numbered 19,665, of whom about 7,000 were in the manufacturing and wholesale departments and about 12,500 in the retail. The figures show an advance of nearly 1,000 on the previous year, which is another indication of the rapid development of the business.

The pension scheme for the staff, which was introduced in April, 1935, is working with complete success.

I need hardly say that it is highly appreciated by those who are already enjoying its benefits, and the sense of security or of favours to come that it offers to the whole staff is one of many factors operating to make the employees of the firm one of the most contented communities in British industry to-day.

The five-day week is now established as a permanent institution in our Nottingham factories, and we may take pride in the fact that we have provided an example which is likely to have an important influence on the industrial life of this country. The provision of more leisure is the inevitable corollary of mechanical efficiency and large-scale production. In one form or other we are likely to see in the future a steady reduction of working hours or working years. More leisure per head not only means a fairer distribution of available employment, but also it makes for more spending and thereby tends to create more employment.

After a prolonged trying-out of various methods of granting extra holidays, I am very glad to be able to inform you that we have arranged for the whole of the retail staff to have the equivalent of an extra week's holiday in the year.

Urgent appeals have recently been made to employers to encourage by every means in their power recruiting for the Territorial Army. Ever since the Force was started in 1907 the firm have allowed employees the full fortnight off for camp, besides their normal holidays, and in addition have made up their Army pay to what they would have earned had they been at work. In view of the present international situation, your directors feel that we should now go further. They have, therefore, decided to allow full pay during the fortnight's training, in addition to their ordinary holidays on full pay.

It is, as you know, our constant aim to enable those who work for the firm to share in its prosperity, whether in the form of wages, pensions, better working conditions, more leisure, opportunities for sports and games, or a variety of other amenities. In some respects we are, however, hampered in our efforts owing to circumstances over which we have no control.

There appears to-day to be an unfortunate tendency to increase retail hours, already unduly long. In some districts, such as holiday resorts, not only are shops permitted during the summer months to remain open for very long hours, but advantage is also taken of exemption from the half-holiday closing.

If retailers generally are to get the type of employee so necessary to the continued success of their businesses, some adjustment must be made to bring the working hours more into line with those worked in factories and warehouses.

THE FUTURE

Under present conditions, he would be a foolish man who would forecast business conditions for twelve months ahead. If the purchasing power is in the pockets of the public, there is no question as to the excellent prospects of your company. But with the nations equipping themselves less and less for productive pursuits of peace and more and more for aggression on the one hand, and self-defence on the other, the world seems to be organising for sterility rather than for stability. Money spent on armament programmes creates an illusion of prosperity in certain sections of the population, but such expenditure is, by its nature, largely unproductive, and sooner or later has to be paid for in a diminution of purchasing power, which reacts upon the world as a whole. Here in this country, after emerging a long way from the world depression, we have been compelled by external pressure to embark on a rearmament programme. We can probably afford this unavoidable expenditure better than almost any other nation, but it is a programme of waste, and does not make for healthy economic conditions. So far as your company is concerned, therefore, we feel it essential to keep ample funds in hand, so that we may be prepared for any eventuality.

The report and accounts were adopted.

BRITISH AND CHINESE CORPORATION, LIMITED

IMPROVED CONDITIONS IN CHINA

MR D. G. M. BERNARD'S INTERESTING REVIEW

The thirty-eighth ordinary general meeting of the British and Chinese Corporation, Limited, was held, on the 10th instant, at the registered office of the company, 3 Lombard Street, London, Mr. D. G. M. Bernard (chairman of the corporation) presiding.

The Secretary (Mr E. R. Morris) having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said:—Your directors are happy to be able to recommend a dividend of 10 per cent. on the paid-up capital, free of tax—the same as last year—and to place £20,000 to the general reserve. I hope shareholders will consider this a satisfactory result of the year's operations.

The general trade depression, the repercussions of which were felt in China later than in other countries, was shown during the latter half of last year in a general decrease in gross railway earnings of from 7 to 13 per cent., with the exception of the Tientsin-Pukow Railway, whose earnings continued to increase.

It is satisfactory to be able to report that payment has at last been resumed by the Peking-Mukden Railway of the service of the hanghai-Fengching Railway Mortgage Redemption Loan of 1914.

The balance of interest due in February, 1926, and two other interest coupons have been paid.

The advance made in 1929 for purchase of rolling stock for the Hankow-Shanghai Railway has now been repaid. Two coupons of the 1903 loan, due December 1, 1933, and June 1, 1934, have been paid; three half-yearly coupons and six instalments of principal still remain in arrear. The distribution of the share of net profits from 1933 to 1935 according to holders of net profit certificates is now under discussion.

CHINA'S PROBLEMS

In any nation a change over from autocratic to republican rule is scarcely fail to prove a painful process. Nevertheless—and it is a notable tribute to the tenacity and essential solidarity of the Chinese people—during all this toil and trouble the Government of China, the Nanking Government, appears to have been successfully and slowly but surely consolidating its position and extending the area within which the writ of its authority may be said to run. The hostility which formerly reigned between the Governments of the North and the South has been sensibly mitigated. There has been shown a new disposition to co-operate, which suggests that the fears of those who despaired of the ultimate unification of China may have been premature. The Tu-Chuns are now held in check. The cloud of Communism has been broken up. Civil war has ceased throughout the length and breadth of China, and civil disturbance, though still too prevalent, appears to be on the wane.

RAILWAY DEVELOPMENT

The Chinese Government has been quick to perceive that, if advantage is to be taken of this favourable turn in their fortunes, to consolidate their position and extend still further their authority, the development of railway communications is becoming an urgent and indeed paramount necessity. It has always been the contention of your corporation that the expansion of the Chinese railway system should be undertaken in the first instance by China herself, and that only when internal supplies of finance showed signs of drying up should recourse be made to foreign loans. This salutary lesson, enforced no doubt by the strictness ruling in the leading money markets of Europe, has been taken to heart. We have watched with active sympathy the energy and resource displayed by the Government in financing through the Chinese banks the completion and construction of important railways which traverse some of the central and western provinces of China. Some 2,500 kilometres of new construction are now in hand and about 1,500 kilometres were completed last year.

ANGLO-CHINESE ASSOCIATION

It is not enough to sympathise. Precept without practice is vain thing. Your corporation has not been content to preach the advantages of Anglo-Chinese association; it has proceeded to demonstrate it. In addition to direct advances to the Chinese railways, of which, as you will see by the figures shown in the balance sheet, the amount outstanding is now £734,800, the corporation has during the last two years, in association with its bankers, the Hong Kong and Shanghai Bank, joined with a number of Chinese banks for the public issue in Shanghai of

loans aggregating £2,600,000 for the completion of the Hankow-Canton and the Shanghai-Hangchow-Ningpo railways.

I should like to point out here that the latter of these transactions is a new departure for the Corporation. It is also a new adventure. We have staked our reputation on the word of China. We, in effect, are inviting the subscribing public to pass a vote of confidence in the Chinese Government. If this faith should be justified, as we earnestly hope and believe it may be, a new chapter will be opened in Chinese finance. The loan, to which I have just referred, may well become the bell-wether of a series of similar essays in joint international loans to the great advantage of Chinese and foreigners alike. But clearly there are two conditions precedent on which, with your permission, I should like to say a few words.

SETTLEMENT OF EXTERNAL DEBTS

First of all the external debt of China must be regularised. It is a lamentable fact that there is hardly one of the half-dozen Chinese railway loans issued by this Corporation during the past thirty years which has not been allowed to drift into default. We have to take things as they are, and the dominant fact is that the foreign money market must remain closed to any new Chinese issue until the situation is cleared up by a settlement of the loans in default. Then, and not till then, will the decks be cleared for action and the foreign markets reopened to Chinese finance. I hope our shareholders will soon reap the reward of the policy your directors have so long pursued of steadily building up reserves in order to meet just such a contingency. I am aware that this has involved a considerable strain on your patience, and I am glad to take this opportunity of thanking you, on behalf of my colleagues and myself, for the confidence you have placed in us. I trust the time is not far off when we may be enabled to dispense with further calls on your forbearance.

NEED OF A BALANCED BUDGET

The second condition I am almost ashamed to mention; it is so obvious. But without a balanced Budget all our efforts for the reconstruction of China are of no avail. The recent stabilisation of the Chinese dollar, based on the average rate of exchange for the five years from 1930 to 1934, appears to have been discreetly chosen, and for the last six months no great difficulty has been experienced in maintaining the new Chinese dollar at par. Wholesale prices are gradually rising and the balance of trade is improving. The British banks have shown their confidence in the soundness of the scheme by turning over their stocks of silver to the Chinese Treasury in exchange for the new currency. A further ground of confidence is the arrangement by which the Government of the United States has undertaken to relieve China of substantial amounts of surplus silver and to provide her with supplies of foreign exchange for stabilisation purposes.

FUTURE OF CHINA

The general economic situation in China, as I have tried to show, is not unfavourable and, if economic considerations formed the sole criterion of a country's fortune, we might look forward with good hope to the future. The devaluation of the currency has already corrected the adverse balance of payments and restored China to the rank of a creditor nation. Unfortunately economic conditions are not the only criterion. There are also political factors to be taken into account.

As the only great undeveloped market in the world, China, in her present defenceless condition, holds out a tempting prize to national aggrandisement. There can in fact be no effective security for China which is not collective security. This was recognised by the Washington Conference as far back as 1922, when Great Britain, France, the United States and Japan agreed to renounce their individual aims and to work together for the reconstruction of China. That policy still holds the field. The machinery is at hand in the Consortium created by the Washington Agreement Powers as the financial instrument of their general policy in China. If the several international groups of which the Consortium is composed have the vision to see that the time is ripe: if they have the courage to seize the opportunity which now presents itself of joining hands with their colleagues of the China group in a common effort to assist China in working out her own salvation, then indeed it may not be too late even now to repair the broken channels of international trade and to bring back peace and sanity to a distracted world.

The report and accounts were unanimously adopted, the recommendations of the directors were approved, and the proceedings terminated.

ASSOCIATED NEWSPAPERS LIMITED

STRONG FINANCIAL POSITION

THE HON. ESMOND HARMSWORTH ON THE YEAR'S TRADING

The thirty-first annual ordinary general meeting of Associated Newspapers, Limited (proprietors of *The Daily Mail*, the London *Evening News* and the *Sunday Dispatch*), was held on the 11th instant, in the Memorial Hall, Farringdon Street, London.

The Hon. Esmond C. Harmsworth (the chairman) presided.

The Secretary (Mr J. P. Hobbs, F.C.I.S.) read the notice convening the meeting and the report of the auditors.

The Chairman, in moving the adoption of the annual report and balance sheet, said:—

Ladies and Gentlemen,—I think I may assume that you have seen the balance sheet and directors' report which were sent with the notice of this meeting, and therefore you will not wish me to occupy your time in reading them.

It is gratifying to be able to show a profit for the year amounting to £930,799 18s. 7d., which is slightly more than that declared last year. This profit is arrived at after charging interest on the Registered Note Issue of the company, allowing for depreciation of buildings and plant, providing for income tax, and making the usual reservations.

EMINENTLY SATISFACTORY RESULTS

During the past year we have had to face an exceptional series of big national events, and while the prestige of our newspapers has been considerably enhanced by our handling of those events with special news services and attractive supplements, the cost of production incidental thereto was necessarily increased. We consider, therefore, the results we place before you to be eminently satisfactory.

The half-yearly dividends on the preference and ordinary shares of 5 per cent. and 7 per cent. respectively have been paid, and also quarterly interim dividends, making a total distribution of 26½ per cent., to the holders of the deferred shares. The directors are setting aside an amount of £100,000 as a publicity reserve, and after deducting the premium on the registered notes which were repaid last August, there is a balance of profit remaining on the appropriation account of £601,031 13s. 5d. to carry forward, compared with £609,655 18s. 6d. last year.

I will now run through the items on the balance sheet. The share capital is unchanged—the 4½ per cent. Ten-Year Registered Notes have been reduced from £1,500,000 to £1,000,000 by the repayment of the half-million pounds' worth of notes last August. The amounts for reserve account and pension funds remain unaltered. The item sundry shareholders for dividends is self-explanatory, and the dividends have now been paid. Amounts owing to subsidiary companies £268,158 3s. 5d., is higher than last year. Most of this amount was owing to the Anglo-Newfoundland Development Company for newspaper paper which we had in stock and for which payment is made as the paper is used. To safeguard our interests it is necessary to keep several weeks' paper supply in this country, and winter shipments are now made from St. John's, Newfoundland, thus ensuring regular supplies during the period when Botwood Harbour is icebound. The amount £1,009,434 7s. 2d. for creditors and reserves includes a comparatively small sum for trade creditors and substantial provision for contingencies.

On the assets side of the balance sheet I must again draw attention to the fact that nothing is included for the very valuable goodwill of our business freehold and leasehold properties. Machinery, plant, etc., at £1,598,287 18s. 4d. show an increase of £96,252 10s. 4d., which is due to the inclusion of payments on account of our new building and its equipment. Stocks of paper, etc., are greater this year, but these are bound to vary according to the forecast of our requirements.

Investments in subsidiary companies are the same as last year, and I would add we are very pleased with the progress made by our provincial newspapers.

The Government securities shown in last year's balance sheet were realised to help provide funds for the repayment of £500,000 of registered notes.

The loan to liquidators of Northcliffe Newspapers, Limited, has been reduced by £53,000 since last year, while amounts owing by subsidiary companies is £17,725 10s. 9d. higher—these debts are fully secured. The balance for sundry debtors, £575,333 2s. 9d.,

is £47,113 16s. 1d. less than last year. The smaller amount of cash is due to the note repayment and expenditure on the new building, but at £596,299 9s. 9d. is ample for our requirements and indicates a strong financial position.

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED

The Anglo-Newfoundland Development Company, which, as you know, is the company from which we obtain all our paper supplies, has again issued a satisfactory report in respect of the year 1935, and has announced a final dividend of 3½ per cent., subject to confirmation at the annual meeting of the company to be held on the 17th of this month, making 6 per cent. for the year. The balance sheet again reveals the very strong financial position of this company.

As the result of an improvement in the price of zinc and lead, the operating profit of the Buchans Mine showed a very substantial increase last year, and the directors of the Anglo-Newfoundland Development Company state that there is good reason to expect that its subsidiary company, Terra Nova Properties Limited, will begin to receive revenue from this source towards the end of the present calendar year. Your directors are well satisfied with their investment in this company, and I might perhaps here mention that for the benefit of shareholders who are interested, the report of the chairman's speech at the annual meeting of the Anglo-Newfoundland Development Company, to be held in Canada next week, will be published, as is usual, in *The Daily Mail* and other papers.

NEW BUILDING

Last year I referred to the purchase of the valuable freehold site formerly occupied by the Metropolitan Asylums Board building and of our plans to erect additional premises thereon.

The new building, which a year ago was in the very early stages of construction, is now practically completed, and the work of installing plant and machinery is being proceeded with as rapidly as possible.

It is a five-storey, steel-framed building, with frontages on the Embankment and Carmelite Street, and is being equipped with the most modern machinery for newspaper production. When finished it will be the most advanced achievement of its kind in newspaper development.

Before the end of our financial year this additional equipment will be in full operation, relieving the pressure on and augmenting our present sources of production, which by reason of increased sizes of our various newspapers have been found barely sufficient to meet the demands made upon them.

IDEAL HOME EXHIBITION

The *Daily Mail* Ideal Home Exhibition, continuing a career of popular success, attracted an attendance of visitors which showed an increase of no fewer than 45,000 on that of the preceding year—638,021 in all.

The exhibition was the subject of universal admiration from the general public, and the remarkable stimulation it gave to many trades was attested to by a flood of congratulatory letters received from exhibitors.

Next year's exhibition will celebrate the coming-of-age of this ever-welcomed national event, and the organisers hope to bring into being some long-cherished plans for its further development.

PROVINCIAL NEWSPAPERS

As stated in the directors' report, the profits of the provincial newspapers owned by your company have again exceeded those of the preceding year, and your directors regard these properties as an increasingly valuable asset.

You are probably aware that the situation in Bristol has greatly improved since our last meeting. As a result of prolonged negotiations, an agreement was reached whereby both evening newspapers there, the *Evening World* and the *Evening Post*, came under the control of a new company, the Bristol United

Press, Limited, in which we have a very substantial interest. Your directors anticipate that this holding will become a valuable asset in the near future.

One provincial newspaper is still in course of development, and has made considerable progress during the past twelve months. Your directors are satisfied with the outlook.

ADVERTISING REVENUE

On the advertisement side the position is one to be viewed with satisfaction. The year, as I have already mentioned, was an abnormal one, with the period of national mourning, the uncertainties of the general election, and the difficulties of the international situation.

Nevertheless, the previous year's increase in display advertisement revenue has been more than maintained, and once again an increase can be recorded.

This increase in trade advertising has been attained not only by *The Daily Mail* but by *The Evening News* and the *Sunday Dispatch* as well.

The supremacy of *The Daily Mail* as the leading and most productive advertising medium in the country is recognised by all. It is an accepted principle of scientific selling that unless *The Daily Mail* figures prominently in the plans the success of any national advertising campaign is prejudiced from the start.

The explanation is that *The Daily Mail* has a larger percentage of its readers among families of higher spending capacity than any other newspaper in the country.

The staunch loyalty of that public to *The Daily Mail* has been and still is the most significant feature of the fierce competition within the newspaper industry.

PRESTIGE AND SALE OF "THE DAILY MAIL" MAINTAINED

Despite a year of great competition, *The Daily Mail* maintains its sale and undoubted prestige. This steady sale is much valued by advertisers because of the loyalty of its readers and its amazing pulling power.

In token of its supremacy *The Daily Mail* always carries a considerably greater volume of trade advertising than that apportioned to its competitors, and, invariably, increases in display advertising are reflected in the number of enlarged issues published.

More 24-page issues of *The Daily Mail* were published during the year than in any previous year, while the record size issue of 32 pages in September, 1934, was equalled on four occasions.

More recently another 32-page issue marked the celebration of the fortieth anniversary of *The Daily Mail*, one notable feature being the number of tributes it contained from leaders in business and in advertising to the unique position and prestige of *The Daily Mail*.

In the evening newspaper field *The Evening News*, with the largest evening net sale in the world, continues to increase its net sales lead over its nearest competitor. The net sale of *The Evening News* at present is very considerably in excess of that at the same time last year.

Trade advertisement revenue has again increased, and the fact that this is due in part to an increase in motor advertising shows that *The Evening News* net sale figure represents quality as well as quantity.

The great selling power of *The Evening News* in that most vital market to advertisers, London and the Home Counties, is proved beyond question in the amount of keyed advertising carried in its columns. In particular, *The Evening News* carries twice the amount of store and drapery advertisements placed with its nearest rival.

The publication of a greater number of enlarged issues is another feature of the year.

With the *Sunday Dispatch*, also, the trend is progressive. The net sales position is satisfactory and the paper remains firm in the favour of the better placed families.

This is reflected in the advertisement revenue, the figure for which stands as the highest ever recorded for any year since the paper was founded 135 years ago. This advance is made all the more stable by the fact that the previous record year of 1934-35 included 53 issues, compared with 52 for 1935-36.

As a sure sign of the prestige of our newspapers in financial as well as in the home and business circles, it is to be noted that a proportion of the general increase in advertisement revenue is represented by an increase in financial advertising.

The Overseas Daily Mail, exercising a world-wide influence in the interests of Britain's trade abroad, has again increased its advertisement revenue over a most successful year. Growing

demands for advertisement space have permitted the publication of more and enlarged colour issues, which have been welcomed by our readers as well as advertisers.

HEALTHY PROGRESS OF THE PUBLICATIONS

Everything considered, therefore, it can be said very definitely for all our publications that healthy progress has once again been made.

Prompted, I would suggest, by the fuller measure of results, advertisers are reserving their spaces with increasing confidence. Advance bookings are of a highly satisfactory nature, especially for *The Daily Mail*, including the famous Front Page, which is the most potent and most widely sought after advertisement space in the world.

I am sure you would again wish me on your behalf to thank the members of our staff in all departments and in all branches for their loyalty and good work.

As to the future, these are troublous times and it would be unwise to venture into the realms of prophecy. The present position is such as to promote perhaps a more optimistic outlook than has been permissible for some time past. Trade generally is better and the signs are there that the improvement will slowly yet surely gather impetus, unless, of course, there is some unexpected upheaval in world affairs. But, given freedom from political and international upheavals, we have every reason to regard the position as encouraging. Certainly this business should have its share of the great prosperity which this country is undoubtedly enjoying at the present time, and I see no reason to doubt its continuance.

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

Sir George A. Sutton, Bart. (vice-chairman), seconded the resolution, which was carried unanimously.

The retiring directors: Viscount Rothermere, Hon. Esmond C. Harmsworth, Mr G. Ward Price, Mr H. W. Wilson, Mr F. L. FitzHugh, Mr W. A. McWhirter, Mr W. L. Warden, Mr William Graham, Mr Stanley J. Bell, Mr A. L. Cranfield, and Mr H. Morison, were re-elected, and the auditors, Messrs. Lever, Honeyman and Company, were re-appointed.

The proceedings terminated with a vote of thanks to the chairman and directors.

TRONOH MINES, LIMITED

MR C. V. THOMAS ON TIN RESTRICTION

The thirty-fourth annual general meeting of Tronoh Mines, Limited, was held, on the 10th instant, at the Institute of Chartered Accountants, London.

Mr C. V. Thomas (the chairman), in the course of his speech, said:—The output was limited to an average during the year of 42.35 per cent. of standard assessment. The profit for the year is as shown, £67,980.

Dividends totalling 2½ per cent. were paid during the year, and we have a balance of £73,966 to be carried forward. Since the close of the year we have paid an interim dividend of 7½ per cent., and the board yesterday declared a further interim dividend of 7½ per cent. and a bonus of 2½ per cent.

As to tin restriction, we have now reached a point where the extravagant claims of Siam and the Congo are a hindrance to the new agreement for restriction being entered into, and I entirely share the views expressed by the President of the F.M.S. Chamber of Mines at Ipoh at the annual meeting of that association when he said, "Malaya has now reached the point at which she will make no further concessions which might permit the expansion of tin production in other countries to the detriment of Malayan interests." Whatever may be the outcome of the proposed negotiations between the representatives of the International Tin Committee and Siam, I think that Malaya must be very firm in refusing to allow the extravagant claims of Siam to prevail, as to admit the claims of Siam as put forward would be a position that could not be tolerated. I can hardly think that the Siamese Government would be so foolish as to break down restriction if it cannot attain all that it requires. The position might be improved if Bolivia were not in a position to produce its quota and were to give up some of its quota. This might ease the position, but to expect Malaya to bear 50 per cent. of the extra tonnage granted to Siam is not in my opinion reasonable, and Malaya cannot entertain it.

I share the views of *The Financial News* of June 4th, namely, "Malaya cannot be expected to make concessions as though she were the express beneficiary of restriction, when, in fact, she is the best equipped to face its disappearance."*

The report was unanimously adopted.

WELWYN GARDEN CITY LIMITED

ALL ROUND PROGRESS

INCREASING DEMAND FOR FACTORIES

The sixteenth annual general meeting of this Company was held, on the 10th instant, at the Holborn Restaurant, London.

Sir Theodore G. Chambers, K.B.E. (the chairman), said:—

The profit this year is £16,038, compared with £112 last year, a most satisfactory improvement which we believe is not transitory. A dividend of 2 per cent. is recommended, absorbing £10,726, £4,074 being carried forward after setting aside £1,350 to provide for the company's liability to income tax. Revenue from subsidiary undertakings has reached a more satisfactory figure, auguring well for the future.

The building company has shown marked improvement in turn-over and efficiency. Our electricity undertaking has maintained the steady improvement shown in previous years, enabling us to announce important tariff reductions as from the 1st July next. After the payment of specific fixed charges, all consumers will be able to purchase electricity at the low rate of 4s. per hundred units throughout the year.

An extraordinary general meeting of the company has been called for the 24th June next, to increase the borrowing powers of the company to £1,200,000 to enable future expansion to be financed. This finance will consist of mortgages and it is not proposed to issue new loan or share capital.

The industrial area of the town is becoming increasingly prosperous and important. Existing industries are doing well, and many have recently extended or are contemplating expansion. It is now fully accepted that Welwyn is a place to be considered automatically as a potential location for a new industry. The progressive policy of the L. & N.E. Railway Company, whereby London has been brought within twenty-three minutes by rail, has gone far to create the present view that Welwyn is ideally situated for industry.

The increasingly rapid development of the industrial estate has led to a decision of the directors to open up a new area of about a hundred acres north of the branch railway line. The factory sites in this area have many attractions. They are level and easily built upon, whilst a number of them have appreciable publicity value owing to the proximity of the main railway line. Furthermore, the area borders on half a mile of railway from which siding facilities can easily be arranged.

The demand for sectional factories to let is increasing and new factories of this kind are being taken as fast as they are completed. The directors have decided to accelerate this side of our industrial development to ensure, as far as possible, that we have an adequate supply available.

The company and the local urban district council are able to collaborate in providing an ample supply of houses for new workers. There would to-day be little difficulty in coping with a demand for housing accommodation for a new industry employing even so large a number as a thousand workers.

Despite rapid development as an industrial centre, the town is exceptionally attractive as a place of residence for middle-class and well-to-do people. The excellent rail and road facilities, the delightful character of the building sites, coupled with existing public and social services, and expanding shopping facilities, combine to make Welwyn Garden City one of the most attractive residential districts within easy reach of London. Good class residential development may, therefore, be expected to proceed steadily side by side with the development of industrial activities.

As regards the future, I think we may look forward, with reasonable grounds for optimism, to steady progress. In an undertaking such as ours we cannot reasonably anticipate spectacular improvements. What one hopes for is a steady increase of population year by year—at a rate that will permit of the absorption of the new population and the consequent expansion of the services which such increase of population demands. It is, however, satisfactory to note that all the evidence to-day goes to show that the seeds sown during the last sixteen years, which have included some of the most difficult years in the economic history of the country, are beginning to bear fruit. We are naturally being helped to a material extent by the gradual improvement in the general financial conditions in the country. The tendency for new industry to select the vicinity of London for its location, the rapid spread of London outwards and the growing acceptance of the idea of decentralization are all in our favour and you may rest assured that the directors will lose no opportunity of turning these conditions to the advantage of Welwyn Garden City, which is in a position to offer facilities second to none in the neighbourhood of London.

Mr Charles Boot, J.P., seconded the resolution to adopt the Report and Accounts, which was carried unanimously.

ANGLO-IRANIAN OIL COMPANY, LIMITED

INCREASED PROFIT AND DIVIDEND

The twenty-seventh ordinary general meeting of the Anglo-Iranian Oil Company, Limited, was held on 11th instant, at the Chartered Insurance Institute, 20 Aldermanbury, London.

Sir John Cadman, G.C.M.G., D.Sc. (the chairman of the company), presided, and in moving the adoption of the report and accounts said the first item on the asset side of the balance sheet, Refinery, Tank Installations, Pipe-Lines and Buildings, had increased by £395,000, representing the amount by which expenditure had exceeded depreciation. Extensive building operations had been conducted in 1935, and were still in progress. The item Investment in Subsidiary Companies had been reduced by £377,000, owing mainly to reserves they had considered it prudent to make. Advances had decreased by £1,559,000, of which approximately £800,000 represented reductions in advances to the D'Arcy Exploration Company, and a further £500,000 repayments by another subsidiary. Cash and the two items "Securities" showed an increase of £2,034,000, the market value of securities at the end of the year being over £500,000 in excess of the balance sheet value. The profits for the year exceeded those of 1934 by £336,000 enabling the board to recommend an increased rate of dividend which, coupled with the strong financial position, would be a source of satisfaction to the shareholders.

PRODUCTION IN IRAN

Production of crude oil in Iran had amounted to 7½ million tons. At the Haft Kel field further wells had been drilled. In consequence, it had been possible, during 1935, to increase offtake from Haft Kel to over 40 per cent. of the total production from Southern Iran. The search for further oilfields was, of course, one of the board's constant pre-occupations leading to exploratory activities in Iran, Iraq, Kuwait, and Great Britain, while the provision of further manufacturing equipment at Abadan was still in progress. As to the fleet, 12 new motor tank vessels each of 12,250 tons deadweight, were under construction in Great Britain at a cost of approximately £2,000,000, giving regular employment to some 10,000 men; they would replace earlier vessels and provide the needed greater carrying capacity.

The world's consumption of oil products had increased during 1935, and, in most countries, the company's sales had benefited thereby; the average of prices had been slightly higher, but unfortunately exchange and import restrictions considerably hampered trading activities, and had been largely instrumental in preventing even better results for the year.

DRILLING IN GREAT BRITAIN

Following a substantial volume of scientific evidence collected by the company's geologists, prospecting licences had been obtained under the provisions of the Petroleum Act of 1934 covering areas in the south and east of England and in Scotland. The first well, in the south of England, was begun on March 30th last, and had reached that morning a depth of 1,904 feet; the second would be started shortly, and geological and geophysical surveys were being conducted over large portions of the licensed area. Although the decision to drill had been made principally on the basis of the evidence collected, which was of the kind on which the company would normally undertake prospecting activities in other countries, the very special value of indigenous supplies of petroleum had been an additional and cogent consideration. The board did not, at the best, envisage the possibility of more than moderate production, and he would not attempt to predict the outcome of the search, but it was the company's intention to put beyond doubt the question whether oil existed in commercial quantities or not.

There had been some improvement in conditions in the industry during 1935, and he was glad to say that it had been possible to increase the wages of the workers. As to prospects, last year he had told the shareholders he could not give a definite prophecy as to the results for 1935 because of the existence of too many variable factors. Factors of the type he had had in mind still existed, both within and without the framework of the oil industry. International business was still characterised by a variety of restrictions which it was hoped would gradually be removed, but until that occurred, progress must necessarily tend to be retarded. On the other hand, world consumption continued to increase, and the company, was well able by virtue of its oil reserves, equipment and finance, to make the best of future trading conditions, whatever they might be.

The report and accounts were unanimously adopted.

HENDERSON'S TRANSVAAL ESTATES, LIMITED

IMPROVED RESULTS—GOOD PROSPECTS

The twenty-fourth ordinary general meeting of Henderson's Transvaal Estates, Limited, was held at River Plate House, Finsbury Circus, London, Sir Joseph Ball, K.B.E., presiding.

Sir Joseph Ball, in the course of his speech, said: I hope you will feel satisfied not only with the actual results for the past year, but also with the strength of the balance sheet generally.

The profit for the year carried to the balance sheet is £55,227, as against £51,011 last year, an increase of £4,216, making, with the balance of £47,171 brought forward, the sum of £102,399 to the credit of profit and loss. Out of this we recommend the payment of a first and final dividend of 10 per cent. for the year, less tax, leaving to be carried forward a balance of £59,437.

HENDERSON CONSOLIDATED

Agriculture during 1935 failed to show signs of any marked recovery, and the revenue of the corporation from this source during that year, while satisfactory, has not increased. As was natural in the existing situation, inquiries for land have been negligible, and no sales have been effected.

The income from the colliery interests, however, has been increased by £5,443, and this has permitted the distribution of a dividend of 6 per cent., as against 4 per cent. for 1934, and at the same time left a sum of £51,652 to be carried forward.

DELAGOA BAY DEVELOPMENT

For the year ended June, 1935, this corporation was able once again to declare a dividend on its ordinary shares of 3 per cent., tax free, and in addition to redeeming a further £15,250 of the debenture issue, to carry forward £19,369.

TWEEFONTEIN UNITED COLLIERIES

Turning to coal, which is one of our principal assets, we mentioned last year that we were justified in anticipating even better returns from this source than for the previous year. I am glad to be able to tell you that our anticipations have been amply fulfilled inasmuch as the coal sales by Tweefontein United Collieries for the financial year ended September 30, 1935, amounted to 843,903 tons, being 84,236 tons higher than for the previous year, which in turn were, as you will remember, 103,592 tons better than those of the preceding year.

The management have for some time past been giving very close attention to improvements in the methods of production, and, with an increased demand for our coal the profits of the company, even after a liberal allowance for depreciation, have reached a new high record for the year.

The rate of dividend on the ordinary shares was raised to 8 per cent. for the year, as compared with a steady rate of 6 per cent. for the previous nine years in succession. The maximum rate of 10 per cent. was paid to the holders of the preference and participating shares, while the carry-forward was increased from £14,112 to £23,348.

I may add that the monthly returns received from the collieries up to the end of May of this year show that the improvement in the coal trade is being well maintained.

TWEEFONTEIN COLLIERY

For the year ended December 31, 1935, the revenue of this company showed further expansion, due to the higher dividend received from Tweefontein United Collieries, Limited. The full rate of dividend, namely, 10 per cent., was paid on the preference and participating shares, while the ordinary shareholders received a dividend of 15 per cent., plus a bonus of 5 per cent., making a total of 20 per cent., as compared with 15 per cent. for the previous year.

White's South African Portland Cement Company, Limited:—The cement industry had an exceptionally good year, and for a time the demand was in excess of production. Business is very well maintained, but with the coming into operation of several new works, keen competition is bound to result. The return from this investment is very satisfactory.

Speaking for the board, we are gratified at being able to present to you this account of our stewardship, which we hope and believe that you will find satisfactory. Excluding unforeseeable international complications, there would seem to be no reason why, under the sound and sane Government which now controls its affairs, South Africa should not continue the progress which it has achieved during the past three years, and why this company should not continue to enjoy its share of this increased prosperity. The report and accounts were unanimously adopted.

GORDON HOTELS, LIMITED

IMPROVED RESULTS AND PROSPECTS

The forty-sixth ordinary general meeting of the Gordon Hotels, Limited, was held, on the 9th instant, at the May Fair Hotel, Berkeley Square, London, Major-General Guy Dawnay, C.B., C.M.G., D.S.O. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said: Our meeting this year takes place nearly two months later than usual. The delay has arisen owing to the fact that we have been engaged in somewhat protracted negotiations in connection with the partial moratorium arranged with our debenture holders. It was our hope that these final and definite arrangements might have been come to during the early months of the present year. In the meantime, however, a new factor was introduced owing to our finding ourselves in negotiation for the sale of the Metropole Hotel in Northumberland Avenue. You will remember that when we first embarked upon the Dorchester Hotel undertaking, we hoped to finance the latter by the sale of the Metropole, or perhaps the Victoria Hotel. The economic crisis and consequent slump rendered this plan abortive, and until this year no opportunity to revert to it offered.

It became necessary to call the debenture stockholders together in order to get their consent to this sale, since the Metropole, of course, was one of the principal assets upon which their debentures were secured. The result was that your company received a large sum in cash, part of which, as our report informs you, it was agreed with the debenture stockholders to apply to the redemption of the prior mortgage held by our bankers, Messrs Glyn Mills. This necessarily altered the course of the negotiations for final settlement with the debenture stockholders; and though it naturally tended to facilitate our negotiations, it also delayed their conduct to a definite conclusion. We therefore decided to hold our annual general meeting without waiting further for the completion of this matter; and we can only tell you at present that definite arrangements appear to be in sight, which should afford some relief to the heavy burden of standing charges which the company has had to meet.

GENERAL IMPROVEMENT IN RESULTS

I will now turn to the accounts. Taking first the trading account, you will observe that the balance transferred to profit and loss account is about £16,000 more than the corresponding figure for the previous year. As the directors' report informs you, this is entirely due to a general, if not very marked, improvement in the results shown by our hotels in England.

The profit and loss account is almost identical with that of the previous year, except that the share of the profits of the Grosvenor Hotel, payable to the Southern Railway, were considerably increased, while the interest payable to our bankers in respect of £274,400 second mortgage debenture stock of the Dorchester Hotel was decreased by about £1,200. The result shows £5,346 profit carried to the balance sheet. The final profit and loss balance carried forward stands at £15,418 after, as I have already pointed out, having made full provision for interest deferred in accordance with the debenture scheme, but before making provision for deferred sinking funds.

The actual tendency of the business to-day and the increased volume of inquiries for accommodation which we are now receiving give indication of resiliency and show some improvement.

Since the close of the financial year, with the consent of the trustees for the debenture stockholders, we have also sold the Hotel Royal at Dieppe.

SIR FRANCIS W. TOWLE'S VIEWS

Sir Francis W. Towle, C.B.E. (managing director), in seconding the resolution, said: Ladies and gentlemen, as the chairman has already told you, the profits earned by the hotels during the past year have shown a fair increase, and this is perhaps a little more satisfactory than it appears on the face of it, as very little additional profit was earned during the Jubilee celebrations, and the greater proportion of the increase is due to the increased earning power of the company's hotels.

It is a little difficult to forecast the trend of business in the future because the situation was much altered by the sale of the Hotel Metropole, but the business is showing signs of improvement, and I hope and believe it will be maintained, because there are definite signs of an increased number of visitors from the United States.

The Chairman having replied to shareholders' questions, the report and accounts were unanimously adopted.

ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY

SOME IMPROVEMENT IN RESULTS

The forty-eighth annual general meeting of the Antofagasta (Chili) and Bolivia Railway Company, Limited, was held, on the 9th instant, at Winchester House, E.C.

Mr A. W. Bolden (chairman and managing director) said that, generally speaking, the results for the year 1935 showed some improvement on those for 1934. So far as Chile was concerned passenger traffic was practically the same as for 1934, but the total goods traffic increased by some 18 per cent., while in Bolivia there was quite considerably increased passenger movement with rather more than 26 per cent. increase in the goods traffic. Had the rates of exchange been the same for both years the accounts would have shown a larger increase in the gross sterling revenue. The ratio of expenditure to gross receipts for the railway was 56.52 per cent. in 1935, against 60 per cent. in the previous year, and the improved ratio was common to both Chile and Bolivia.

A dividend of 2½ per cent. had been paid on the cumulative preference stock during the year, and it was proposed to pay a further 2½ per cent., being the balance of dividend payable in respect of the year 1932, leaving £147,606 to be carried forward, or £13,423 more than was brought forward.

The question of tariffs was one which gave the greatest concern, as they were anxious to do the best they could for their freighters while at the same time having some regard for a reasonable commercial result and because of the large capital invested in the business. He had explained to them last year what had been done during his then recent visit to Chile in connection with the tariffs on the Chilean Section. Those arrangements ruled for the year 1935 and they had been renewed for the year 1936. On some articles, such as foodstuffs and second-class passenger traffic, there was no surcharge, while on others such as nitrate and coal for the nitrate oficinas the surcharge was the same percentage as was previously agreed, and for some classes of traffic it had been increased in accordance with the lower sterling value of the Chilean peso.

In Bolivia the surcharges had not been increased, but they were hopeful that some arrangement could be mutually agreed hereon because of the continued fall in the sterling value of the boliviano.

The report was unanimously adopted.

KEPONG (MALAY) RUBBER ESTATES, LIMITED

IMPROVED PROSPECTS

The thirty-first annual general meeting of this company was held, on the 5th instant, in London.

Sir Francis Voules, C.B.E. (chairman and managing director), said that results had been adversely affected by the lower sale price and increased cost, so that the net profit for 1935 of £24,480 showed a decrease when compared with the previous year. They proposed to pay a dividend of 4 per cent., less tax. As a result of improved organisation they were confident that costs would show an improvement. The comparatively high costs of 1935 were partly due to their policy of expansion, the acquisition of new properties always entailing a substantial non-recurring expenditure. The main part of that had had to be met during 1935 and had been necessary to safeguard the future of their extended properties. He was confident that the future would show compensating advantages. Their standard production was rising every year, because of their extensive young areas, and that placed them in a very strong position now that the reorganisation was practically completed.

An old area on Kepong estate had been replanted with selected clonal seed. The experiment proving satisfactory, provision had been made in the 1936 estimates for similarly treating some 225 acres of their Selangor estates.

With the improvement in price they looked forward to substantially better results for 1936. Every 1d. per pound of profit gave them £25,000, or over 3½ per cent. on their capital. Signs were not lacking that the future held out better prospects for the industry. Statistically, rubber was getting into a sound and improving position, brought about with a minimum of inconvenience to all, for which thanks were due to the Regulation Committee.

Some of their acquisitions in 1934 were paid for out of current resources, the total amounting to over £50,000. They had deferred making an issue as options were outstanding until June, 1936, involving £278,000 shares at 3s. 6d. per share. Those options would probably lapse, and they had, therefore, decided to issue 622,052 shares of 2s. each at par, every member having the right to subscribe for one new share for every ten held. At the current price that represented a substantial bonus.

The report and accounts were unanimously adopted.

GENERAL MINING AND FINANCE CORPORATION, LIMITED

RISING REVENUE FROM INVESTMENTS

A STRONG RESERVE POSITION

SIR GEORGE W. ALBU'S REVIEW

The annual general meeting of the General Mining and Finance Corporation, Limited, was held, on the 19th instant, in Johannesburg.

Sir George W. Albu, Bart., the Chairman, after referring to the severe losses sustained by the corporation through the deaths of Sir George Albu, Bart., and Mr Arthur French, and to the sterling work performed by them in the interests of the industry and the country, pointed out that the sound and commanding financial position established by the corporation within recent years had been fully maintained and could only be disturbed by some world catastrophe. He made special reference to the fact that "Stocks and Shares" were standing in the balance sheet at well below market prices, and to the very considerable margin existing between these and book values. The proportion which revenue from investments bore to total net profits had risen steadily in the past few years and to-day represented the main source from which dividends were paid.

Reviewing the accounts, he pointed out the satisfactory position in which they found themselves in being able to pay similar dividends to the previous year, while placing a further £100,000 to reserve, bringing that fund to £400,000. He drew attention to the increase in stocks and shares, this representing additional investments, mainly in goldmining shares, made during the year.

WEST RAND CONSOLIDATED MINES

The Chairman gave details of the conditions under which the deferred shares of the West Rand Consolidated Mines, Limited, participated in future profits, and stated that the fact of the Corporation holding practically all of these shares had a great effect on the general position and future outlook, and would result in a considerable increase in the revenue to be derived from investments.

After dealing with the principal interests of the Corporation, and referring to the hope that the West Rand Consolidated would maintain the present rate of dividend on the ordinary shares owing to the material increase in the tonnage treated, coupled with an encouraging development position, the Chairman referred to the continuance of satisfactory relationship with the employees during the past year. He pointed out that the number of Europeans at present employed by the industry stood at 35,188, compared with an average number employed during 1932 of 23,542. The total of Europeans in direct employment, however, represented only a fraction of the number of white people in South Africa who derived a living indirectly from the industry, and the latter's recent expansion was therefore of enormous benefit to the entire country.

Dealing with the native labour position, he drew attention to a possible shortage in future, which would have to be met from outside sources. In this connection it was satisfactory to note that the experiment of employing a limited number of tropical natives had proved an unqualified success.

MINING TAXATION

The new system of taxation removed the principal anomalies produced by the old system and was, therefore, to be welcomed; nevertheless, the industry had received no relief from its crushing burden, and, if anything, the total amount to be exacted from the goldmines was likely to be even higher than formerly.

The Chairman emphasised various points in the report of the Departmental Committee on Mining Taxation, in which attention was drawn to the serious effect of the high rate of taxation in being directly responsible for the difficulties in raising capital for opening up new areas; also to the fact that heavy indirect taxation not merely reduced the profits of the industry but diminished its life and restricted its development. Unfortunately, the legislators apparently had not realised the significance of the warnings issued by the committee.

He further pointed out the vital importance of the mining industry to farmers and agricultural interests generally, and in this connection he quoted the following sentences from the committee's report: "There is no doubt that a far better prospect offers itself in the development of a local market at remunerative prices than in the maintenance of an overseas market at which

produce has to be sacrificed at world rates offering little or no profit to the Union producer. The Committee agrees that it would be unfortunate if any system of taxation hindered the development of such a local market."

Before moving the adoption of the directors' report and accounts for 1935, the Chairman referred to the recently announced change in the chairmanship and directorate of the corporation, and recorded his appreciation of the services rendered by the management and staff.

UNITED SUA BETONG RUBBER ESTATES, LIMITED

BENEFIT OF OUTPUT REGULATION

The twenty-seventh annual general meeting of this company was held, on the 8th instant, at 19 Fenchurch Street, London, Mr J. G. Hay (chairman) presiding.

The Chairman, in the course of his speech, said: If you approve the recommendation which we shall make to-day our dividends for the year will total 10 per cent., which will absorb nearly as much cash as the higher dividend we paid in respect of 1934.

As regards prospects for the current year, I anticipate that we shall be able to work at a cost per pound which will not exceed the 1935 figure, and if the present price of rubber is maintained our profits should show some increase.

And now perhaps I might just say a word about a subject of apparently never failing interest—namely, rubber regulation. In 1935 declared stocks were reduced by 103,000 tons. On the basis of the generally current estimate of world absorption during 1936—namely, 980,000 tons—it seems reasonable to anticipate that by the end of this year stocks will be reduced by another 126,000 tons. If this is achieved, then the position will be that since rubber regulation came into force declared stocks have been reduced by 232,000 tons, and practically the whole of that reduction will have been achieved within the space of two short years. In 1933, the year before rubber regulation came into force, the price of rubber fell to 2d. per pound. The lowest this year has been 6½d. and the highest 7½d. The avowed object of the scheme is two-fold—to reduce stocks and to raise price.

From the facts that I have stated it can hardly be denied that we are steadily progressing towards the achievement of our purpose. That we are doing so without giving consumers in any part of the world any reason to believe that there will not be ample supplies of our commodity at a reasonable price, and without apparently giving any undue encouragement to the extended use of substitutes, and without putting too heavy a strain on the administrative machinery of participating territories, are surely considerations that should not be overlooked.

Our liquid reserves are very considerable, but against that we have a large acreage and considerable commitments. We have decided the time is appropriate for strengthening our financial position, and with that end in view we propose to issue 50,000 ordinary shares at 45s. per share, a price which gives a considerable bonus to shareholders.

The report and accounts were unanimously adopted.

ALLIED BRICK AND TILE WORKS, LIMITED

HOPEFUL OUTLOOK

The second annual general meeting of Allied Brick and Tile Works, Limited, was held, on the 8th instant, at the Institute of Chartered Accountants, London.

Sir Charles Edgar Wood (chairman of the company), who presided, said that it had been a great disappointment to them that the prospects which appeared so good towards the end of last November should have been spoilt materially by the abnormal weather conditions of December to February. He thought shareholders would appreciate that the winning of certain types of clay, particularly for the plastic process, became extremely difficult in weather conditions such as they experienced in those months.

With regard to profits, the public was apt to think that with so much demand for common bricks for rehousing and town-planning schemes the manufacturers were in a position to obtain more remunerative prices. Actually the opposite was the tendency. Requirements might be abnormally large, but a manufacturer's preference for a large easily-made sale carrying a small margin of profit in place of the usual smaller sales on larger margins caused prices all round to be reduced. The business of supply to the larger schemes was thus apt to mean cut prices and to become concentrated in a few hands—not altogether a healthy state of things for the industry.

There appeared to be no lull in building activity, and prospects for the current year were good. They continued to sell the whole of their output at remunerative prices, though competition in the North remained keen.

Building promised to remain very active for a long while in the vicinity of the Northern towns. Their Southern works manufactured more specialised products and thus were not subject to intense price-cutting. Price regulation agreements were now in force in practically all the prospering industries in the country.

Provided they had no repetition of several months of stormy weather, such as they suffered from during the period under review, the board felt that the current year should show better results; in which case they would hope to be in a position to recommend a somewhat better distribution to the ordinary shareholders, who had already borne the brunt of the improvements made to the balance sheet.

The report and accounts were unanimously adopted.

MARIEVALE CONSOLIDATED MINES, LIMITED

NEW PROPERTIES ACQUIRED

DEVELOPMENT WORK

The first ordinary general meeting of Marievale Consolidated Mines, Limited, was held at Johannesburg, on May 14, 1936.

Mr P. M. Anderson, chairman of the company, presided, and in the course of his remarks said:—

The issued capital at the end of the year totalled 1,925,000 shares of ten shillings each.

Since the close of the year, eight claims scattered inside our mining area on the farm Draaikraal No. 296 and which covered certain old shafts and other improvements have been acquired from the Southern Van Ryn Reef Gold Mining Company, Limited. The purchase consideration for these claims and improvements was applied by the Southern Van Ryn Company to subscribing for 7,500 shares.

CAPITAL POSITION

This transaction brought the issued capital to 1,932,500 shares.

At the end of last month the funds available to the company amounted to about £408,000 and when additional funds are required the Board may issue further shares up to a total of 2,500,000, subject to one-half of such shares being offered to the shareholders of the company registered at the time of any offer, pro rata to their shareholdings, and the other half to Union Corporation, Limited, and/or its nominees, as consideration for subscribing and guaranteeing the initial working capital and for services rendered and obligations undertaken in connection with the company. The first 2,000,000 of these shares are to be offered for subscription at par and the remaining 500,000 at a premium of 5s. od., should this be possible.

DEVELOPMENT PROGRAMME

I now turn to the development programme which the company has in hand. The intention is to explore the main reef horizon in three areas, and with this in view a 5-compartment vertical shaft, known as No. 1 shaft, has been started to open up the western portion of the farm Vlaktefontein. This shaft has been provided with its permanent headgear, steam winders, and other equipment and serious sinking has now commenced. At the beginning of this month the depth was 83 feet. As it is only planned to sink the shaft to a total depth of about 1,500 feet, it is anticipated that development work from it will be started about the end of the year. The second point of attack is at the No. 2 shaft, from which it is proposed to open up the central portion of the farm Vlaktefontein. This shaft takes the form of a 15° incline located some 6,600 feet east of the No. 1 shaft. It is being sunk in a northerly direction to pick up the sub-outcrop, and at the end of last month it was 412 feet deep measured on the incline. It is expected to intersect the reef horizon in the latter half of the year. The No. 3 shaft is a 55° incline shaft, to be sunk in a south-westerly direction to open up the northern portion of the farm Draaikraal. Work here is not so far ahead as at the other two shafts, but it should be possible to initiate exploratory work in this section also towards the end of the year.

The shallow depth of the reef horizon over a large portion of our mining area will greatly facilitate and accelerate both the opening up of the property and its exploitation if development results prove satisfactory. In this latter connection we may note with satisfaction that payable ore bodies are being opened up by our neighbours.

Our mining area is equal to 5,891 claims and the question of acquiring an adjoining area of 257 claims is at present under discussion with the Government.

The Report and Accounts were adopted.

GEDULD PROPRIETARY MINES, LIMITED

RECORD TONNAGE MILLED AND WORKING PROFIT

LOWEST COSTS YET ATTAINED

DIVIDENDS DISTRIBUTED EXCEED £1,000,000

The thirty-fifth ordinary general meeting of Geduld Proprietary Mines, Limited, was held at Johannesburg on May 13, 1936.

Mr P. M. Anderson, chairman of the company, presided, and in the course of his remarks said:—

You will have noted that a number of new records have been established during the past year—the working costs are the lowest yet attained; the tonnage milled and working profit are the highest; and the dividends distributed exceeded a million pounds for the first time in its 22 years of dividend progress, in spite of paying over £700,000 in taxation.

The additional plant, to which I referred at the last annual meeting, made it possible for the quantity of ore milled to be increased for the seventh consecutive year, the total of 1,160,300 tons being 44,300 tons more than was accomplished in the previous year.

The average price obtained for gold was slightly higher than in the previous year and consequently ore of somewhat lower grade was treated, the average for the year being about one-fifth dwt. less than in the previous year. The gold production was thus only 563 ounces more than in 1934, totalling 324,699 ounces, which together with the silver produced gave a revenue of £2,303,587, an improvement over 1934 of nearly £64,000.

WORKING EXPENSES

Working expenses were nearly £11,000 more than in 1934, totalling £837,533, but the rate per ton milled showed a further reduction of 4½d. to the very satisfactory level of 14s. 5½d. I would point out, however, that two-thirds of this reduction was due to a lower charge for development. This revenue and expenditure gave a working profit of £1,466,054, which exceeded the 1934 figure by approximately £53,000, the rate per ton milled being fractionally lower at 25s. 3½d. Sundry revenue, mainly derived from dividends on the large shareholding in East Geduld Mines, Limited, less sundry expenditure, was £40,790 higher at £314,162, thus bringing the total profit to £1,780,216, which is a gross improvement of £93,784 compared with last year.

Taxation amounted to £706,624 and £2,323 was set aside for donations and sundry contributions, leaving £1,071,269 to be carried to appropriation account, which, together with the amount of £275,585 brought forward from the previous year, gave a total of £1,346,854, and this was dealt with as follows:—Expenditure on capital account, namely, subscription of shares in the East Geduld Mines, Limited, less revenue derived from the sale of the No. 4 Shaft headgear no longer required, absorbed £21,164; in respect of the company's proportion of the outstanding liability under the Miners' Phthisis Act a further amount of £5,000 was provided; £1,022,600 was distributed in two dividends aggregating 70 per cent., which was 2½ per cent. more than the previous year's distribution; and, after making provision for the additional remuneration to directors, there remained a balance of £296,290 to be carried forward to the current year's accounts, or about £20,000 more than was brought forward from the previous year.

TAXATION

With regard to the method of dealing with taxation in the year's accounts the position is as follows:—In terms of the Act the company's total tax liability was approximately £780,000; the amount paid, after deducting provisional rebate, £706,000; and we estimate that there will be a refund of possibly over £20,000 when the final rebate is determined.

It may be of interest to note that the provisional payment in respect of mining taxation is over 48 per cent. of the working profit from gold mining. With regard to the incidence of the new taxation measures applicable to the current year, in our case it appears to be about 4 per cent. less than under the old taxes.

DEVELOPMENT WORK

The scale of development work was almost the same as in the previous year, totalling 20,175 feet, which sufficed to maintain the ore reserves at 9,000,000 tons despite the larger tonnage milled, the average value being slightly lower at 5.2 dwts. and the width unchanged at 57 inches. In the calculation of these reserves the

same gold price was assumed as a year previously, namely, 130s. per ounce.

During the first four months of the current year 403,000 tons have been milled, which indicates that, provided nothing unforeseen occurs, the total for the year will again be a record, possibly exceeding last year's total by about 50,000 tons. The grade of ore treated has been further reduced to a very slight extent and the gold price has ruled slightly below last year's average, but there has been a further reduction in working costs per ton milled to 14s. 4d. The net result for the four months is a gross working profit of £471,182, which compares with £484,827 for the corresponding period of last year. This figure is the gross profit on working, and does not take into account either sundry revenue or taxation.

Our East Geduld interest has been increased by the shares accruing from the exercise of our right to subscribe equally with the Union Corporation, Limited, for the final capital issue of the East Geduld Mines during the year, and our shareholding in that company now amounts to a little over 36 per cent. of the capital. Our interest in the Grootvlei Proprietary Mines remains unchanged at 80,000 shares.

The report and accounts were adopted.

EAST GEDULD MINES, LIMITED.

INCREASED DIVIDEND

MR P. M. ANDERSON'S REVIEW

The ninth ordinary general meeting of East Geduld Mines, Limited, was held at Johannesburg on May 13, 1936.

Mr P. M. Anderson, chairman of the company, presided, and in the course of his remarks, said:—

The increase of plant, to which I referred when addressing you a year ago, was completed in April, the total quantity of ore milled during the year being 1,152,300 tons, which was 179,800 tons more than in the previous year. It is noteworthy that this expansion was not accomplished at the expense of the residue values, which were reduced to the very satisfactory level of ¼ dwt. Though advantage was taken of prevailing conditions by treating ore averaging in value about ½ dwt. less than that handled in 1934, the gold production of 360,924 ounces was 29,432 ounces more than that of 1934. This output was realised at an average price of £7 1s. 6d. per ounce, or 3s. 6d. per ounce more than the previous year's output, and, as the working costs for both years averaged 18s. 5d. per ton milled, the working profit was increased by £106,447 to a total of £1,500,715. Sundry revenue, less sundry expenditure, amounted to £2,430.

PROFIT AND ALLOCATIONS

The gross profit was thus £1,503,145. After making provision for taxation and donations, there remained £992,923 to be added to the amount of £63,876 brought forward in the appropriation account, giving a total of £1,056,799, which was dealt with as follows:—£120,000 was set aside as part provision for the capital expenditure of the year, £1,000 was provided in respect of the company's liability for Miners' Phthisis Compensation as at July 31st last; Government share of profits amounted to £58,798 after setting off the increase in taxation; £8,800 was provided for directors' additional remuneration; £776,875 was distributed in dividends; and the balance of £91,326 was carried forward to the current year's accounts, this amount being £27,450 more than was carried forward at the end of the previous year.

The two dividends distributed during the year aggregated a rate of 43½ per cent., which was 2½ per cent. above the previous year's rate, but, as the capital was increased during the year by £50,000 to the final amount of £1,800,000, the higher rate involved an increase of £85,000 in the amount distributed.

TAXATION

You are aware of the benefit which the company derives from the very valuable provision in its lease under which any taxation levied by the Union Government in excess of the 15 per cent. Normal Income Tax in force when the Lease Agreement was entered into is offset against the share of profits payable to the Government. But for this provision the company would have had to pay to the Government, as its share of the year's profit, an amount of approximately £412,600, which, together with the sum of £508,000 for taxation, would have given a total of £920,000, or 61 per cent. of the year's profit. The levy for taxation being £353,800 in excess of the sum that would have been due under a

15 per cent. rate, the lease provision effected a saving of that amount, the sum payable to the Government in discharge of the share of profits obligation being reduced to £58,798 as already mentioned. The net amount payable to the Government by way of taxation and share of profits was thus £566,798, or about 38 per cent. of the year's profit. It is not anticipated that the company will be affected financially by the proposed change in the method of levying taxation on the Gold Mining Industry announced by the Minister of Finance in his recent Budget speech.

CAPITAL EXPENDITURE

Capital expenditure for the year totalled £185,688. The total expenditure to date on capital account has been £2,088,093, of which £315,000 has been provided out of working profits. Expenditure during the current year is estimated at £96,000, which, allowing for the capital funds in hand, will entail an appropriation of about £70,000 from profits.

Future capital expenditure should be on a much reduced scale, unless a further increase in the capacity of the plant becomes justified, as we hope it will, by the development work tributary to No. 2 Shaft and the additional hoisting facilities provided by that shaft, which reached its final depth of 4,137 feet in June of last year. Since cutting the necessary stations, ore bins, pump chambers, etc., active development work has been pursued at all available points. Up to the end of last month, the reef exposures at this shaft amounted to 2,150 feet, of which 72 per cent. was payable, having an average value of 7.2 dwts. over 39 inches.

For the whole mine the development footage for the year was slightly lower than in the previous year, the total being 38,201 feet, which included 2,214 feet of station work at No. 2 Shaft. The values disclosed continued to be satisfactory, and the scale of the work was not only adequate for the expansion in milling operations but enabled the ore reserves to be increased by nearly 1,000,000 tons to a total of 7,950,000 tons, the average value of 6½ dwts. being 1/10th dwt. lower than at the end of the previous year and the width of 59 ins. unchanged.

CURRENT YEAR'S OPERATIONS

Operations during the first four months of the current year have proceeded normally and call for little comment. The ore milled has totalled 420,000 tons; the gold produced has realised about 1s. an ounce less than last year's average; working costs have been reduced to an average of 18s. 1d. per ton milled; and the resultant working profit of £508,000 is £18,000 more than was earned in the corresponding period of last year. The rate of development work has been temporarily increased but will return to normal later in the year when a number of headings have been connected and certain others have crossed the boundary into Grootvlei. The total footage accomplished during the four months was 15,762 feet, of which 8,700 feet were on reef and sampled, disclosing a payability of 68 per cent. with an average value of 8.4 dwts. over 41 inches, equivalent to 344 inch-dwts.

The report and accounts were adopted.

THE MODDERFONTEIN DEEP LEVELS, LIMITED

FURTHER MILLING RECORD

CONSIDERABLY EXPANDED DEVELOPMENT WORK

The thirty-fifth ordinary general meeting of The Modderfontein Deep Levels, Limited, was held at Johannesburg, on May 14, 1936.

Mr P. M. Anderson, chairman of the company, presided, and in the course of his remarks said:—

You will have noticed that a milling record for the mine was again achieved with a total of 573,000 tons. This was made possible, in a measure, by ore from the Kimberley Reef. Owing to the decreased value of the ore reserves, the ore treated was of substantially lower grade, the average of 5.3 dwts. per ton milled being nearly 1½ dwts. below the 1934 average, and, consequently, the gold production showed a decrease of 40,558 ounces, totalling 151,979 ounces. The silver and osmiridium production was also lower at 14,709 and 170 ounces respectively. A somewhat higher price for gold mitigated the financial effect of these decreases to a small extent, the gross revenue from mining operations totalling £1,080,723, as against £1,333,991 in the previous year. Working expenses per ton milled averaged 16s. 4d., which was 1s. 1d. more than in the previous year, the increase being due to a considerably greater expenditure on development, incurred mainly in exploring the possibilities of the Kimberley Reef.

PROFIT AND DIVIDEND

The net result was a working profit of £613,923, which was augmented by sundry revenue to £618,398, and represents a decrease of £287,085 from the total of the previous year. After making provision for the taxation liability of £176,995 and setting aside a small sum for donations, etc., there remained £439,640 to be carried to the appropriation account, which, together with the sum of £204,427 brought forward from the previous year, gave a total of £644,067 to be dealt with; £450,000 was absorbed by the distribution of two dividends aggregating 90 per cent., which was 30 per cent. less than in the previous year; £1,000 was paid to the directors as additional remuneration; and the balance of £193,067, represented by cash and cash assets, has been carried forward to the current year's accounts.

DEVELOPMENT WORK

The scale of development work was considerably expanded and totalled 13,909 feet for the year, as against 3,273 feet in the previous year. As already mentioned, this work consisted almost wholly of exploration of the Kimberley Series of reefs and a small footage on Black Reef, which in one area lies very near the Kimberley Series. The quantity of Black Reef developed was of no economic importance; but from the Kimberley Reef over 50,000 tons of ore were sent to the mill, and 84,000 tons of fully developed ore, having an average assay value of 2.3 dwts. over an estimated stoping width of 56 inches, were included in the ore reserves. The inclusion of this tonnage in the re-calculation of the ore reserves at the year-end, plus some payable ore of low grade in Hanging Leaders in the vicinity of the vertical shafts, as well as the depletion of some of the high-grade Main Reef blocks, had the effect of reducing the average assay value of the reserves from 4.6 dwts. at the end of 1934 to 3.3 dwts. at the end of 1935, and the estimated stoping width from 65 inches to 59 inches, but the quantity only showed a reduction of 100,000 tons at 800,000 tons. For the purpose of this calculation, the same gold price was assumed as at the end of the previous year, namely 130s. per ounce.

During the current year additional payable ore from the Kimberley Series has become available, and further payable patches may, I think, reasonably be expected to be discovered. I might also mention that some of the stope faces in the Kimberley Reef are sampling as high as 4 dwts. This work is confined to the central and eastern sections of the mine, no payable Kimberley Reef having been met with in the western section.

The quantity of ore from the Kimberley Series that can be mined profitably is small compared with that from the Main Reef Series, but it is serving a very important and useful purpose in that it is not only helping materially to keep the mill running at full capacity but it is also easing the strain on the Main Reef tonnage and thereby assisting towards making it possible for virtually all payable Main Reef ore to be mined. All Main Reef ore from the distant corners of the mine has now been removed and mining operations are being concentrated in the neighbourhood of the two vertical shafts. It must be borne in mind that the average value of the remaining ore reserves is estimated at 2 dwts. less than the average of the ore milled last year, therefore future working profits will be considerably lower.

In the not very distant future it will become necessary to consider the desirability of placing the company in voluntary liquidation while mining operations are still being carried on. Present indications are that production operations will continue throughout the current year and probably next year, but you will appreciate that it is impossible to gauge with any accuracy how long profitable mining operations may continue.

THE CURRENT YEAR

As regards the operating results for the first four months of the current year, milling has proceeded at a slightly greater rate than in the past year, the total for the period being 199,000 tons, as against 188,600 tons for the corresponding period of last year. The average value of the ore treated has been about 3½ dwts. per ton milled and the average cost per ton milled about 15s. 2d., the reduction of 1s. 2d. below last year's average being due to discontinuance of Incline shaft sinking in connection with the exploration of the Kimberley Reef. The net result is a working profit of £96,000 for the period, which compares with £258,000 for the same four months of last year.

The report and accounts were adopted.

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

THE GROOTVLEI PROPRIETARY MINES, LIMITED

SATISFACTORY RESULTS

"CONSIDERABLE JUSTIFICATION FOR OPTIMISM"

The twenty-ninth ordinary general meeting of The Grootvlei Proprietary Mines, Limited, was held at Johannesburg, on May 13, 1936.

Mr P. M. Anderson, chairman of the company, presided, and in the course of his remarks, said:—

During the year shares were issued in respect of the exercise of the rights on 42,398 of the shares under option, and shares in respect of the remaining 547,437 rights were issued shortly after the date of the balance sheet. The whole of the 1,773,540 shares have now been issued, 1,474,284 being fully paid and 299,256 ten shillings paid. As a result of these subscriptions for shares and of certain prepayments in anticipation of calls on partly paid shares, there accrued to the company £668,439 net of new money, so that, allowing for the balance brought forward, the company opened the current year with about £730,000 in hand and nearly another £150,000 available to be called up on the partly paid shares.

The No. 4 Shaft was sunk 1,604 ft. during the year and at the end of December the depth was 2,114 ft.; by the end of last month a further 608 ft. had been sunk to a depth of 2,722 ft. Progress has been retarded, as the shaft has had to be lined with concrete over most of its length in the interests of safety while sinking and to ensure a permanently satisfactory job. This has been necessitated by the broken nature of the ground at the contact of an almost vertical dyke which has meandered in and out of the shaft for the last 2,300 ft. As far as can be judged at present, the reef horizon should be intersected at a depth of just over 4,000 ft. which could be reached in about four months if all were plain sailing, but, in the circumstances, it seems unlikely that the reef depth will be attained before the year end. I would like to emphasise that, while the loss of time in sinking this shaft has been most unfortunate, the shaft when completed should not suffer in any way from the fact that it has passed through bad ground; in fact, quite the reverse as large sections of it are of necessity concrete lined.

UNDERGROUND DEVELOPMENT WORK

The underground development work, which is being done from the No. 1 Incline of the East Geduld Mines, continues to disclose highly satisfactory results, the 2,920 ft. sampled in the course of last year having shown a payability of 81 per cent. based on current levels of the price of gold and working costs, the value being 11.4 dwts. over 38 ins., or 434 in./dwts. Results during the first four months of the present year have continued to be satisfactory, the footage sampled having shown a payability of 50 per cent. and a value of 560 in./dwts. The total footage on reef and sampled to date is 4,235 ft., of which 3,175 ft., or 75 per cent., is payable with an average value of 11.0 dwts. over 41 ins. equivalent to 449 in./dwts., so that, although only a small section in the South-Western portion of the property has been explored, shareholders have considerable justification for optimism. A new entry for development in the Northern section of the property will shortly be made from No. 2 Shaft of the East Geduld Mines. A drive from this shaft is rapidly approaching our property and the boundary should be crossed next month. From then on, development work will be for our account, and it is hoped that other drives in this section will enter our property before the end of the year. Although the pushing forward of these drives is in the best interests of the East Geduld Company, I think we owe that company a debt of gratitude for affording us these new headings from which to explore our property, which compensates us for the unavoidable delay in pushing forward the No. 2 Incline from that property. With a view to further expediting the opening up of our mining area it is intended to sink a new vertical shaft, which will be called No. 3 Shaft, and will be situated about 9,000 ft. south-east of the No. 4 Shaft, and orders for the necessary winding engines and equipment will be placed shortly.

When we met last year I gave shareholders brief particulars of the lease of 400 additional claims contiguous to our eastern boundary which had been granted to us by the Government. You will have noticed that this area has not yet been formally included in our property, the reason being that the lease has not yet been finally concluded.

Our company retains its interest in the capital of the Palmietkuil Gold Mining Company, which, as you are aware, is sinking two vertical shafts on its property adjoining our eastern boundary. The company has recently offered its shareholders the right to subscribe for one new share in respect of each share held and our subscription right under this offer will be exercised in due course.

The report and accounts were adopted.

VAN DYK CONSOLIDATED MINES, LIMITED

PAST YEAR'S OPERATIONS

IMPROVEMENTS ON PROPERTY

The second ordinary general meeting of Van Dyk Consolidated Mines, Limited, was held at Johannesburg on May 14, 1936.

Mr P. M. Anderson, chairman of the company, presided, and in the course of his remarks said:—

During the year the capital was increased by the creation and issue of 50,000 shares in respect of the purchase of portion of the property of The Eastern Gold Mines, Limited, thus bringing our total mining area to 5,777 claims. Since the close of the year the capital has been further increased by the creation of 1,560,000 new shares, which were offered in February of this year for subscription at par as to one-third by shareholders and as to two-thirds by the preferent right holders, in terms of the arrangements in force. This brought the issued capital to 4,157,119 shares of 10s. each and there remain 842,881 shares available for issue by the board, as and when may be necessary. At the end of 1935 the company had £245,000 in hand, or sufficient to finance its programme during the first half of the current year; the proceeds of the above issue raised the amount available to £1,023,000, which should be sufficient to equip the mine fully—except for the reduction works, which will be ordered as soon as development work has made sufficient progress. As you are aware, shareholders have the right to participate in the provision of the necessary funds for this purpose. The erection of the necessary buildings and other essential surface works has proceeded satisfactorily during the period under review. The expenditure for the year amounted to £459,700. A comparatively small sum has been spent on development, the reason being that much preparatory work had to be done in providing equipment and facilities generally.

PAST YEAR'S WORK

I will give you a brief résumé of the present position at the four Shafts, together with some account of the work done at each.

At No. 1 Shaft work has been confined to the erection of a fan. This shaft is connected to the workings of No. 2 Shaft and, for the time being, will be used for ventilation purposes only. No. 2 Shaft has been thoroughly reconditioned and equipped with a permanent electric hoist, and the de-watering of this section is now virtually completed. There are four Levels from this shaft on reef but the old lay-out at the bottom of the shaft is rather primitive. Before development work can be resumed in this section it will be necessary to sink the vertical shaft 200 to 300 feet, open out the stations, put in ore bins and clean up the old workings generally. When this has been done development in this section of the property should go ahead rapidly and, in particular, the drives extending towards No. 3 Shaft section of the mine will be pushed ahead. The re-sampling of the reef exposures on the four Levels has just been put in hand and the results, when completed, will be published.

The main activity has been in the No. 3 Shaft section, which constitutes the old Van Dyk Proprietary Mines workings, and here also we have had brought home to us the fact that the reorganisation and reconditioning of an old lay-out is a slow business. The first problems to be tackled, after the re-equipping of the shaft and its de-watering and deepening by 436 feet, were the reorganisation of the underground stations and the re-equipping of the old workings, which in many places are rather tortuous. While this essential work was being carried out the re-sampling of the old workings was undertaken and the results thereof published. The main features were that, of 15,910 feet re-sampled, 45 per cent. was estimated to be payable, having an average value of 11.5 dwts. over 22 inches, equivalent to 253 inch-dwts. Since the close of the year almost 1,000 feet of new development on reef has been done, the sampling results of which show 48 per cent. payable, having an average value of 12.3 dwts. over 26 inches, equivalent to 319 inch-dwts. A major item of off-reef development is the connection which is being driven from the bottom of the Main Incline to join up with the No. 4 Shaft.

INCREASED DEVELOPMENT

The sinking of the No. 4 Shaft has proceeded well, 1,082 feet having been sunk during the first four months of this year, the depth of the shaft at the end of last month being 2,638 feet. Sinking is being temporarily suspended this week to permit of a cross-cut being driven from the shaft to meet the one from the bottom of the incline from No. 3 Shaft. In this way it is hoped to hole through much earlier than would otherwise have been possible, and this will have the immediate effect of enormously improving

ventilation conditions in the No. 3 Shaft section of the mine and removing a number of the Mines and Works Regulations restrictions under which we are at present labouring, so that thereafter the rate of development footage should show a material increase. The depth at which this shaft is expected to strike the reef is a little over 3,000 feet, which will not take long to reach after sinking is resumed about two months hence.

In the light of what I have said, shareholders will appreciate that they can expect a considerably increased development footage during the second half of this year.

The report and accounts were adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended June 6, 1936, amounted to £6,219,000, against ordinary expenditure of £36,949,000. After allowing for a decrease in Exchequer Balances of £8,683, the operations for the week, as shown below, increased the gross National Debt by £30,722,000 to approximately £7,971 millions.*

(000's omitted)	
Treasury Bills	+ 16,879
Public Department Advances	+ 7,740
Advances by Bank of England	+ 6,250
Land Settlement Advances	+ 14
	+ 30,883
	- 161

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appeared in the *Economist* for April 4, 1936.

Total Receipts into the Exchequer				
REVENUE	April 1, 1935, to June 8, 1935	April 1, 1936, to June 6, 1936	Week ended June 8, 1935	Week ended June 6, 1936
ORDINARY REVENUE				
Inland Revenue—				
Income Tax	11,782,000	10,170,000	85,000	276,000
Sur-tax	3,470,000	3,740,000	180,000	180,000
Estate, etc., Duties	16,920,000	14,540,000	1,390,000	940,000
Stamps	2,230,000	2,280,000	100,000	200,000
Excess Profits Duty and Corporation Profits Tax	90,000	70,000	...	...
Land Tax and Mineral Rights Duty	...	...	...	...
Total Inland Revenue	34,492,000	30,800,000	1,755,000	1,596,000
Customs and Excise—				
Customs	36,080,000	36,827,000	3,233,000	3,314,000
Excise	18,300,000	17,300,000	790,000	700,000
Total Customs and Excise	54,380,000	54,127,000	4,023,000	4,014,000
Motor Vehicle Duties (Exchequer Share)	927,000	1,036,000	330,000	266,000
Post Office (Net Receipt)	5,830,000	5,750,000	450,000	250,000
Crown Lands	230,000	250,000	...	...
Receipts from Sundry Loans	262,772	369,380	92,557	91,773
Miscellaneous Receipts	4,229,965	1,574,823	58,451	1,014
Total Ordinary Revenue	100,370,837	93,907,203	6,709,008	6,218,787
SELF-BALANCING REVENUE				
Post Office	9,050,000	9,400,000	650,000	800,000
Motor Vehicle Duties apportioned to Road Fund	3,209,000	3,337,000	...	...
Total Self-balancing Revenue	12,259,000	12,737,000	650,000	800,000
Total	112,629,837	106,644,203	7,359,008	7,018,787
Total Issues out of the Exchequer to meet Payments				
EXPENDITURE	April 1, 1935, to June 8, 1935	April 1, 1936, to June 6, 1936	Week ended June 8, 1935	Week ended June 6, 1936
ORDINARY EXPENDITURE				
Interest and Management of National Debt	70,564,672	69,051,610	10,565,136	30,700,370
Payments to Northern Ireland Exchequer	921,571	993,520	241,043	248,464
Other Consolidated Fund Services	318,685	325,546	...	...
Post Office Fund	...	...	...	...
Total	71,804,928	70,370,676	10,806,779	30,948,834
Total Supply Services (excluding Post Office)	82,289,000	84,617,500	7,700,000	6,000,000
Total Ordinary Expenditure	154,093,928	154,988,176	18,506,779	36,948,834
SELF-BALANCING EXPENDITURE				
Post Office	9,050,000	9,400,000	650,000	800,000
Road Fund	3,209,000	3,337,000	...	...
Total Self-Balancing Expenditure	12,259,000	12,737,000	650,000	800,000
Total	166,352,928	167,725,176	19,156,779	37,748,834

The aggregate revenue from April 1 to June 6, 1936, is shown below:—

(000's omitted)	
Expenditure	154,988
Increase in balances	42
Revenue	93,907
Gross borrowing	£62,091
Less:	
New Sinking Fund*	968
Net borrowing	61,123
	155,030

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

POSITION OF THE FLOATING DEBT

	June 8, '35	Mar. 31, '36	June 6, '36
Ways and Means Advances Outstanding—	£	£	£
Advances by Bank of England	6,750,000	6,250,000	6,250,000
Advances by Public Departments	24,870,000	19,055,000	24,030,000
Treasury Bills outstanding	869,720,000	763,115,000	787,185,000*
			+ 16,880,000

Total Floating Debt

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury bills were opened on June 5, 1936, and the total amount applied for was £70,075,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 16s. 3d., about 53 per cent. and above in full; Saturday, at £99 16s. 4d., and above in full. The average rate per cent. was 14s. 7-12d. The amount allotted was £50,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6	40,000,000	38,390,000	30,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,260,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1-64
April 5	40,000,000	76,095,000	40,000,000	0 10 2-93
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05
1936				
January 3	35,000,000	68,075,000	35,000,000	0 10 10-72
April 3	40,000,000	76,280,000	40,000,000	0 10 2-78
May 22	45,000,000	73,830,000	45,000,000	0 11 0-47
May 29	50,000,000	67,935,000	50,000,000	0 11 5-54
June 5	50,000,000	70,075,000	50,000,000	0 14 7-12

NATIONAL SAVINGS CERTIFICATES

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11-5
April 6	40,000,000	38,390,000	30,000,000	0 17 9-01
July 6	35,000,000	62,745,000	32,000,000	0 16 4-14
October 5	35,000,000	65,260,000	31,510,000	0 15 9-702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1-64
April 5	40,000,000	76,095,000	40,000,000	0 10 2-93
July 5	40,000,000	60,905,000	40,000,000	0 12 4-32
October 4	45,000,000	71,245,000	44,000,000	0 12 8-05
1936				
January 3	35,000,000	68,075,000	35,000,000	0 10 10-72
April 3	40,000,000	76,280,000	40,000,000	0 10 2-78
May 22	45,000,000	73,830,000	45,000,000	0 11 0-47
May 29	50,000,000	67,935,000	50,000,000	0 11 5-54
June 5	50,000,000	70,075,000	50,000,000	0 14 7-12

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

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, June 10, 1936

ISSUE DEPARTMENT		£
Notes Issued:—		
In Circulation	433,003,579	11,015,109
In Banking Department	35,493,519	247,869,945
February, 1916, to May 23, 1936	1,260,514,168	991,823,464
Government Debt		11,015,109
Other Government Securities		247,869,945
Other Securities		238,945
Silver Coin		765,009
Amount of Fiduciary Issue		260,000,000
Gold Coin and Bullion		208,497,098
		468,497,098

BANKING DEPARTMENT

BANKING DEPARTMENT		£
Proprietors' Capital	14,553,000	97,768,310
Rest	3,304,806	...
Public Deposits*	13,480,741	...
Other Deposits:—		
Bankers'	£8,500,140	...
Other Accounts	£37,063,600	...
	123,563,740	...
154,902,287		154,902,287
* Including Exchequer, Savings Banks, Commissioners of National Debt, and Dividend Accounts.		

Both Departments		Amount, £	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation		433,003,579	— 448,904	+ 34,242,304
Public deposits		13,480,741	+ 5,263,429	+ 15,239,805
Bankers' deposits		86,500,140	— 3,218,336	+ 1,121,949
Other deposits		37,063,600	+ 32,400	+ 25,815,789
Total outside liabilities		570,048,060	+ 1,563,789	— 8,851
Capital and rest		17,857,806	+ 34,876	— 6,420,621
Government debt and securities		356,764,356	— 757,320	+ 294,342
Discounts and advances		6,165,920	— 77,061	+ 4,139,694
Other securities		14,810,943	+ 1,234,034	+ 1,029,681
Silver coin in issue department		765,009	— 31,232	+ 15,981,962
Coin and bullion (bank's reserves)		209,400,538	+ 1,230,244	— 18,260,342
Reserves of notes and coin in banking department		36,396,959	+ 1,679,148	— 9-0%
Proportion of reserve to outside liabilities—				
(a) Banking Department only		26-5%	+ 0-8%	— 9-0%
(b) Gold stocks to deposits and notes ("reserve ratio")		36-7%	+ 0-1%	+ 1-2%

(000's omitted)		Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
Date		Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits		
1936								
May 20	465,363	423,130	21,028	80,081	36,764	1,072 in	2	
May 27	466,397	426,062	19,767	78,275	36,733	1,034 in	2	
June 3	467,282	433,452	8,217	89,718	37,096	885 in		
June 10	468,497	433,004	13,481	86,500	37,064	1,215 in	2	

(000's omitted)		Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
Date		Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Dis-counts & Advances	Other Securities		
1936									
May 20	258,828	304	206,188	36%	91,173	7,143	14,254	43,058	31%
May 27	258,918	261	207,264	36½	91,758	6,695	12,923	41,202	30½
June 3	258,978	225	208,170	36½	98,543	6,243	13,351	34,718	25½
June 10	258,996	239	209,401	36½	97,768	6,166	14,571	36,397	25½

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)		Town	Metropolitan	Country	Total
1936					
January 1 to May 27	13,444,785	828,771	1,424,745	15,698,301	
5 days ended June 3	576,660	33,055	51,255	660,970	
Week ended June 10	616,996	40,232	78,792	736,020	
Total to date, 1936	14,638,441	902,058	1,554,792	17,095,291	
Total to date, 1935	14,568,581	839,671	1,414,178	16,822,430	
Increase or decrease in 1936	+ 69,860	+ 62,387	+ 140,614	+ 272,861	
	= 0-5%	= 7-4%	= 9-9%	= 1-6%	
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751	
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157	
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594	
	= 5-5%	= 7-2%	= 8-1%	= 5-8%	

MONTHLY STATEMENT OF LONDON CLEARING BANKS

(000's omitted)

Average Weekly Balance May, 1936	Barclays Bank Limited	Coutts and Co.	District Bank Limited	Glyn, Mills and Co.	Lloyds Bank Limited	Martins Bank Limited	Midland Bank Limited	National Bank Limited	Provincial Bank Limited	Westminster Bank Limited	Williams Deacon's Bank Limited	Aggregate
ASSETS	£	£	£	£	£	£	£	£	£	£	£	£
Coin, bank notes and balances with the Bank of England	41,179	1,958	7,315	3,522	37,096	8,828	49,944	3,185	30,025	33,456	3,550	220,058
Balance with and Cheques in course of collection on other banks in Great Britain and Ireland	10,506	722	1,800	1,168	9,175	2,614	10,882	211	6,163	8,291	1,561	53,093
Items in transit	...	...	...	...	3,441	627	...	...	...	...	...	4,068
Money at call and short notice	22,826	3,311	7,093	5,470	29,972	4,749	26,474	5,503	25,313	21,919	6,637	159,267
Bills discounted	63,554	1,392	5,068	321	54,464	*5,607	85,825	1,566	39,608	51,186	607	309,198
Investments	110,024	8,749	29,177	11,551	105,081	36,266	117,992	15,204	88,774	105,971	10,693	639,482
Advances to customers and other accounts	170,630	8,734	26,248	14,281	155,042	34,260	190,447	15,091	116,041	121,873	12,790	865,437
Liabilities of customers for acceptances, endorsements, etc.	7,592	533	5,372	1,504	29,769	5,487	17,907	103	8,951	24,216	1,503	102,937
Bank premises account	7,597	412	1,565	740	7,779	2,591	10,265	740	7,322	5,507	1,047	45,565
Investments in affiliated banks and subsidiary companies	7,007	...	...	...	4,985	...	7,579	...	2,514	2,993	...	25,078
	440,915	25,811	83,638	38,557	436,804	101,029	517,315	41,603	324,711	375,412	38,388	2,424,183
Ratio of cash to current deposit and other accounts	10.11	8.41	10.12	10.01	9.69	10.00	10.54	8.47	10.07	10.06	10.38	10.07
LIABILITIES												
Capital paid up	15,858	1,000	2,976	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	77,286
Reserve fund	10,250	1,000	2,976	530	8,500	3,100	11,500	1,100	8,000	9,320	800	57,076
Current, deposit and other accounts	407,215	23,278	72,314	35,193	382,718	88,262	473,660	37,584	298,281	332,541	34,210	2,185,256
Acceptances, endorsements, etc.	7,592	533	5,372	1,504	29,769	5,487	17,907	103	8,951	24,216	1,503	102,937
Notes in circulation	...	...	...	...	7	20	...	1,316	...	15	...	1,358
Reduction of bank premises account	...	...	...	270	...	...	...	...	...	...	...	270
	440,915	25,811	83,638	38,557	436,804	101,029	517,315	41,603	324,711	375,412	38,388	2,424,183

* Includes an amount of Treasury bonds and first class Securities maturing within six months.

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

ASSETS	June 10, 1935	May 11, 1936	May 18, 1936	May 23, 1936	June 2, 1936	June 8, 1936
Gold	618,323	697,315	698,010	683,807	640,228	598,487
Silver	20,938	19,412	20,019	20,549	19,638	20,016
Home bills discounted	39,182	28,124	28,433	27,960	43,545	50,172
Loans and advances in current account	175,280	135,307	131,827	130,725	139,062	136,566
LIABILITIES						
Notes in circulation	833,065	774,987	784,276	763,212	789,470	766,323
Deposits	44,231	125,790	135,685	121,353	76,199	61,605

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

ASSETS	June 7, 1935	May 7, 1936	May 15, 1936	May 23, 1936	May 30, 1936	June 6, 1936
Gold	1,162,486	1,516,430	1,506,895	1,506,879	1,483,503	1,425,791
Of which held abroad	55,159	310,701	294,007	287,106	255,928	198,216
Discounts	171,037	67,089	70,781	74,128	87,472	77,851
Bills of the Confederation	55,129	62,900	61,500	60,010	58,660	58,060
Advances	114,732	66,395	62,427	62,783	63,633	67,544
Securities	60,465	46,421	46,723	46,821	46,499	46,099
LIABILITIES						
Notes in circulation	1,269,396	1,280,150	1,259,129	1,250,299	1,302,008	1,265,511
Deposits	247,137	413,508	426,007	431,599	372,470	343,691

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

ASSETS	May 31, 1935	Jan. 31, 1936	Feb. 29, 1936	Mar. 31, 1936	Apr. 30, 1936	May 30, 1936
Gold coin and bullion	133,105	117,985	117,982	117,981	120,974	117,969
Loans and discounts	135,817	114,097	116,043	118,504	120,377	124,008
Securities	149,844	84,861	84,105	78,554	75,701	74,321
Emergency Fund	141,716	135,259	135,193	136,365	134,997	134,566
Advances to Treasury	28,241	60,433	73,270	82,916	69,036	43,789
LIABILITIES						
Circulation	375,248	365,239	375,246	370,658	382,226	392,300
Deposits	89,175	69,943	66,898	79,836	60,375	59,436

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

ASSETS	June 1, 1935	May 2, 1936	May 9, 1936	May 16, 1936	May 23, 1936	May 30, 1936
Gold	2,269,508	2,227,652	2,227,639	2,227,632	2,227,637	2,202,432
Silver	791,981	675,949	666,499	664,931	667,170	668,535
Discounts	989,116	1,077,297	1,103,821	1,090,633	1,090,005	1,135,985
Loans	1,350,586	1,602,684	1,648,409	1,616,105	1,550,672	1,554,507
Treasury bills	77,415	75,998	75,998	75,998	75,998	75,998
Securities	38,743	41,198	41,951	42,202	43,114	45,286
LIABILITIES						
Notes in circulation	4,583,319	5,433,839	5,526,200	5,490,889	5,428,304	5,424,071
Deposits	957,938	1,058,134	1,059,232	1,096,234	1,097,056	1,098,581

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

ASSETS	June 7, 1935	May 15, 1936	May 23, 1936	May 30, 1936	June 6, 1936
Gold reserve	354,653	430,479	431,001	431,706	431,692
Government securities—Swedish	137,149	28,500	28,500	28,500	28,500
Foreign	47,769	71,155	72,000	74,290	74,290
Gold abroad not included in the gold reserve	...	39,670	48,419	52,350	61,215
Bills payable in Sweden	9,492	10,136	10,528	10,646	10,756
Bills payable abroad	414,169	259,574	241,574	241,744	230,856
Balance abroad	158,922	184,705	188,331	189,736	191,939
Advances	34,304	29,919	24,614	24,877	24,501
LIABILITIES					
Notes in circulation	657,431	720,405	703,325	773,366	742,721
Government deposits	333,765	284,322	285,021	293,101	272,283
Private deposits	180,292	135,644	155,789	103,825	161,421

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

ASSETS	Jan. 31, 1936	Mar. 15, 1936	Mar. 31, 1936	Apr. 15, 1936	Apr. 30, 1936	May 15, 1936
Gold at home	1,224	1,224	1,224	1,224	1,224	1,224
Gold abroad and foreign exchange	130	131	121	115	111	113
Non-interest bearing Government Bond	119	119	119	119	119	119
Treasury Bonds	150	227	400	400	400	400
LIABILITIES						
Notes	987	995	998	1,011	1,021	1,020
Government deposits	241	207	191	186	190	173
Bankers' deposits	383	485	447	532	451	406
Certificates against Treasury Bonds	...	...	213	128	188	250
Ratio of gold and foreign exchange to note and sight liabilities	83.8%	77.9%	81.6%	76.9%	79.7%	82.9%

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

ASSETS	May 31, 1935	May 7, 1936	May 15, 1936	May 23, 1936	May 31, 1936
Metal reserve—Gold coin and bullion	78,935	78,936	78,936	78,936	78,936
Foreign Exchange	20,342	30,675	28,409	26,849	26,254
Token money	12,710	11,853	12,675	13,267	11,499
Inland bills, warrants and securities	521,335	469,584	458,491	458,884	493,350
Advances to Treasury	60,422	80,107	80,107	80,107	80,107
LIABILITIES					
Notes in circulation	359,328	359,910	341,823	320,766	384,868
Current accounts, deposits, etc.	98,138	119,674	129,222	147,816	118,877
Cash certificates	109,065	97,668	97,668	97,668	97,668
Other liabilities	169,650	173,139	171,163	172,519	172,377

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

ASSETS	May 31, 1935	May 15, 1936	May 22, 1936	May 31, 1936
Cash reserve—Gold at home and abroad	1,331,817	1,508,159	1,509,209	1,522,353
Foreign exchange	26,055	12,667	23,880	16,274
Other foreign exchange	193,924	237,752	235,855	324,707
Bills and advances against security	1,789,296	1,605,455	1,608,496	1,623,444
Government advances	1,690,777	1,672,609	1,672,865	1,672,908
LIABILITIES				
Notes in circulation	4,446,178	4,737,681	4,692,605	4,843,558
Sight deposits	1,239,321	1,693,980	1,767,855	1,625,248
Time deposits	293,600	49,000	50,000	50,000

CENTRAL BANK OF TURKEY.—In Lira (000's omitted)

ASSETS	May 2, 1936	May 9, 1936	May 16, 1936	May 23, 1936	May 30, 1936
Gold	39,013	30,191	30,196	30,196	30,199
Foreign Exchange*	18,895	18,282	18,571	18,867	19,700
Treasury Bonds	146,841	146,841	146,841	146,841	146,790
Bills	9,822	10,599	11,105	11,336	5,152
Securities	38,615	38,614	38,621	38,669	38,713
Advances	6,566	6,589	6,458	7,663	7,917
LIABILITIES					
Note Circulation—Ordinary	146,841	146,841	146,841	146,841	146,790
Supplementary	16,000	16,000	16,000	16,000	16,000
Deposits	14,648	17,989	15,439	15,634	14,523
Foreign Exchange Liabilities*	22,981	22,935	23,184	23,856	24,024
Miscellaneous	54,991	53,834	55,338	55,255	56,008

* Includes outstanding clearing balances.

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

ASSETS	May 31, 1935	Apr. 30, 1936	May 10, 1936	May 19, 1936	May 31, 1936
Gold	509,275	380,642	381,395	381,590	374,504
Foreign exchange and balances	14,960	15,198	15,647	6,895	6,533
Bills discounted	629,939	656,708	651,786	656,653	659,399
Loans against securities	60,724	86,256	99,864	106,644	134,413
Treasury bonds discounted	51,244	65,631	64,412	54,085	57,308
Securities	41,636	91,266	91,274	91,339	91,394
LIABILITIES					
Notes in circulation	951,881	1,010,048	1,010,149	1,000,752	1,061,112
Sight liabilities	219,453	148,389	166,623	175,234	123,118

BANK OF FINLAND.—In F. Marks (000's omitted)

ASSETS	May 31, 1935	May 8, 1936	May 15, 1936	May 23, 1936	May 30, 1936
Gold	322,489	501,334	501,333	501,330	501,327
Balance abroad and foreign bills	1,503,366	1,445,972	1,425,872	1,374,448	1,336,265
Finnish and Foreign bonds	398,915	390,206	389,617	389,906	394,468
Discounts and advances	889,948	994,257	991,609	1,004,928	993,979
LIABILITIES					
Notes in circulation	1,369,474	1,492,899	1,471,740	1,434,553	1,500,884
Deposits at notice	505,750	702,587	733,324	731,031	597,918

BANK OF LITHUANIA.—In lit. (000's omitted).

IN LONDON
Bar silver per oz. std.
Cash Two Months'

Quotations during the week :—

IN LONDON			IN NEW YORK	
	Bar silver per oz. std.			Cents per
	Cash	Two Months'		Ounce
	delivery	delivery		·999 fine
June 4	19 ¹¹ / ₁₆ d.	19 ¹¹ / ₁₆ d.	June 3	45
" 5	19 ¹¹ / ₁₆ d.	19 ¹¹ / ₁₆ d.	" 4	45
" 6	20 d.	20 d.	" 5	45
" 8	20 ¹ / ₁₆ d.	20 ¹ / ₁₆ d.	" 6	45
" 9	19 ³ / ₄ d.	19 ³ / ₄ d.	" 8	45
" 10	19 ³ / ₄ d.	19 ³ / ₄ d.	" 9	45
Average	19·948d.	19·958d.		
June 11	19 ¹¹ / ₁₆ d.	19 ¹¹ / ₁₆ d.		

The highest rate of exchange on New York recorded during the period from June 4th to June 10th was \$5·04 and the lowest \$4·98³/₄.

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation					Corresponding Period Last Year	
					Dividend			Carried to Reserve, Depreciation, etc.	Balance Forward		
					Prefce.	Ordinary				Net Profit	Dividend
						Amount	Amount	Rate			
Breweries & Distilleries		£	£	£	£	£	%	£	£	£	%
Findlater, Alex and Co.....	Feb. 29	11,548	4,948	16,496	1,609	607	5½	1,000	13,280	2,201	5
Financial Land, etc.											
Aboukir Co.	Mar. 31	Dr. 9,374	895	Dr. 8,479	...	...	...	...	Dr. 8,479	Dr. 6,300	Nil
British North Borneo Co.....	Dec. 31	25,723	15,140	40,863	...	...	...	...	40,863	10,486	Nil
Chartered and General Exploration.....	May 31	9,449	48,692	58,141	6,000	32,500	12½	10,000	9,641	51,271	10
Java Investment Loan, etc.	Mar. 31	15,441	9,727	25,168	...	9,150	3	...	16,018	27,904	5
Monument Property Trust	Mar. 31	4,599	25,272	29,871	10,022	9,531	5	5,100	5,218	20,240	5
Rhodesia Railways Trust ...	Mar. 31	267,037	118,541	385,578	...	100,289	5½	...	285,289	93,695	5½
Victoria Dwellings	Apr. 30	233	3,377	3,610	...	2,150	3½	1,112	348	2,704	3½
Gas											
Plymouth and Stonehouse	Mar. 31	23,738	52,189	75,927	...	38,680	8	7,500	29,747	39,459	8
Iron, Coal and Steel											
Beardmore (William) and Co.	Dec. 31	Dr. 797,756	Dr. 32,569	Dr. 830,325	...	...	...	...	Dr. 830,325	Dr. 648,10	Nil
Cory (Wm.) and Son	Mar. 31	865,357	646,331	1,511,688	42,500	516,267	17½	...	952,921	648,503	17½
Darwins, Ltd.	Mar. 31	16,698	1,346	18,044	...	...	...	4,441	13,603	8,543	Nil
Manchester Collieries	Mar. 31	99,694	282,670	382,364	67,201	129,551	4	85,344	100,268	289,273	3
Rickett, Cockerell and Co....	Mar. 31	31,474	60,800	92,274	20,250	37,102	5	...	34,922	42,870	4
Ruston and Hornsby.....	Mar. 31	59,765	109,829	169,594	23,500	61,500	5	25,000	59,594	80,265	Nil
Motor, Cycle and Aviation											
Crossley Motors.....	Mar. 31	...	14,092	14,092	...	...	...	3,000	11,092	(a)	(a)
Handley Page, Ltd.....	Dec. 31	5,704	77,893	83,597	39,828	19,915	26½	...	23,854	44,590	132½
Oil											
"Shell" Transport, etc. ...	Dec. 31	381,683	5,021,246	5,402,929	800,000	4,221,238	17½	...	381,691	3,807,475	12½
Rubber											
Bruas-Perak	Feb. 29	429	1,407	1,836	1,294	...	...	...	542	2,563	Nil
Bruseh	Mar. 31	8,916	5,741	14,657	...	4,297	10	1,450	8,910	6,714	10
General Ceylon	Dec. 31	1,150	9,396	10,546	...	6,121	2	3,000	1,425	1,830	2
Holyrood	Dec. 31	1,868	4,835	6,703	...	4,308	5	...	2,395	9,464	10
Mount Austin (Johore)	Mar. 31	26,341	16,759	43,100	...	15,000	2½	...	28,100	26,118	4
Rini (Java)	Jan. 31	2,680	2,705	5,385	...	1,462	5	600	3,323	6,280	10
Sonosekar Planting	Dec. 31	2,234	Dr. 773	1,461	...	...	...	250	1,211	3,308	Nil
Straits Plantations.....	Mar. 31	24,431	24,998	49,429	...	24,900	6	...	24,529	11,645	4

† Free of income tax.

(a) No comparable figure.

IN LONDON
Bar silver per oz. std.
Cash Two Months'

Quotations during the week :—

Silver Imported into Great Britain and Northern Ireland, week ended June 11, 1936			Silver Exported from Great Britain and Northern Ireland, week ended June 11, 1936		
From	Bullion*	Coins†	To	Bullion*	Coins†
British India	£ 15,500	£	S. Rhodesia.....	£	£ 3,244
Hong Kong.....	...	712,960	Nyassaland.....	...	3,244
Germany	...	26	British India	95,310	...
Netherlands	...	116	Germany.....	14,450	...
France	...	27	France.....	5,137	...
Japan	24,499	...	Other countries ...	1,050	263
Other countries ...	1,359	{ 2,460 352			
Total.....	41,358	{ 2,460 713,491	Total	115,947	8,751

* At current market value. † Coin which is of legal tender in the United Kingdom is entered at face value and shown in *italics*. Other coin is entered at current market value.

1936 ARRIVALS		£	1936 WITHDRAWALS		£
June 4	Bar gold.....	143	June 4		Nil
" 5		Nil	" 5		Nil
" 6		Nil	" 6		Nil
" 7		Nil	" 7		Nil
" 9	Bar gold.....	836,983	" 9		Nil
" 10		Nil	" 10		Nil
" 11	Bar gold.....	751,043	" 11		Nil
Total.....		1,588,169	Total		Nil

Movement June 4, 1936 to June 11, 1936 (inclusive)	£1,588,169 11
Movement during year 1935	£7,745,822 11
Movement during 1936 (January 1 to June 11, 1936, inclusive)	£7,197,243 11
Movement April 29, 1925, to June 11, 1936 (inclusive)	£40,154,440 11
Movement September 21, 1931 (gold standard suspended) to June 11, 1936 (inclusive)	£72,559 892 11

Messrs Samuel Montagu and Company write on June 10, 1936, as follows :—

The Bank of England gold reserve against notes amounted to £207,281,973 on the 3rd instant as compared with £206,397,096 on the previous Wednesday. Purchases of bar gold as announced by the Bank during the week amounted to £1,215,126. In the open market about £1,275,000 of bar gold was disposed of at the daily fixing and was absorbed by general demand. The depreciation of gold currencies in terms of sterling, influenced by the weakness of the franc, caused the price of gold in the London Market to show a further decline; 138s. 3½d. was touched on the 4th instant and this was the lowest quotation since August 21, 1934. The declaration made by M. Blum over the week-end to the effect that no devaluation was contemplated, brought a rally and checked the outflow of gold from the Bank of France; this, however, appeared to be but temporary; there was a subsequent reaction and it is believed that the withdrawals of gold are now continuing.

Quotations during the week :—

	Per fine ounce	Equivalent value of £ sterling
June 4	138s. 3½d.	12s. 3·43d.
„ 5	138s. 6½d.	12s. 3·17d.
„ 6	138s. 9d.	12s. 2·95d.
„ 8	139s. 4d.	12s. 2·33d.
„ 9	139s. 0d.	12s. 2·68d.
„ 10	138s. 8½d.	12s. 2·99d.
Average	138s. 9·25d.	12s. 2·92d.
June 11	138s. 9d.	12s. 2·95d.

The s.s. "Mongolia," which sailed from Bombay on the 6th instant, carries gold to the value of about £499,000, part of which is consigned to London and part to New York.

(BUYING RATES PER £100 STERLING)					
	T.T.	Sight	30 days' sight	60 days' sight	90 days' sight
London on :—					
Rhodesia.....	£100 5 0	£100 17 6	£101 7 8	£101 17 8	£102 7 6
South Africa	£100 17 6	£101 7 6	£101 17 8	£102 7 6	£102 17 6
(SELLING RATES PER £100 STERLING)					
	Sight		Telegraphic		
London on :—					
Rhodesia.....		£ s. d.		£ s. d.	
South Africa		99 15 0		99 15 0	
		100 2 8		100 2 8	

THE ANGLO-SOUTH AMERICAN BANK, LTD., has received telegraphic advice from the Madrid Branch that the gold surcharge for the payment of Spanish Customs duties has been fixed for the period June 11th to 20th at 138.24 per cent. The previous rate was fixed as from June 1st at 138.75 per cent.

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

*Bolivia.** "Export" market selling rate fixed at 50 bolivianos per £ as from April 1, 1936.

Colombia.* Sight rate, 176 pesos per 100 United States dollars on May 19, 1936. This rate applies to holders of permits buying in the "open" market.

Ecuador. Sight selling rate on New York was maintained in April at 10.50 sucres per United States dollar.

Guatemala. Sight rate on New York is maintained at 1 quetzal per United States dollar, but a commission of 1 per cent. is charged by the Banco Central for the sale of drafts.

*Nicaragua.** Official selling rate was established at 110 cordobas per 100 United States dollars on April 30th, 1936.

Salvador. Sight rate on May 9, 1936, 2.51 colones per United States dollar.

Venezuela. Sight rate on New York, 3.91½ bolivares per United States dollar, on April 24, 1936.

* Exchange controls are operative in these countries.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF
NEW ZEALAND

		London on Australia and New Zealand				Australia and New Zealand on London*							
		Buying				Selling				Buying		Selling	
										Australia		New Zealand	
		Australia		New Zealand		Australia (any Mail)		New Zealand (any Mail)		Australia (any Mail)		New Zealand (any Mail)	
T.T.		Air Mail	Ord. Mail	Air Mail	Ord. Mail	125	124	125		124	125½	124½	
Sight.....		128½	128½	125½	125½	125 ½	124 ½	124 ½	124 ½	123½	125 ½	124 ½	124 ½
30 days....		128½	128½	125½	125½	...	...	124½	124½	123½	125½	124½	124½
60 days....		127½	127½	126½	126½	...	...	124½	124½	123	125½	124½	124½
90 days....		127½	127½	126½	127	...	...	124	123½	122½	125½	124½	124½

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

COMPANY NEWS

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash			Dividend for Whole Years	
	Interim	Date of Pay-ment	Interim or Final Comparison with Last Year	Latest Year	Previous Year
RAILWAYS					
Bengal and North Western Ry. ...	8%*	July 27	Same	%	%
Rohilkund and Kumaon Railway	7%*	July 27	6%*	...	...
BANKS					
Bank of British West Africa	3½%†	...	2½%†	5	4
Bank of New Zealand	5%†	...	Same	10	10
Guaranty Trust of New York	3%*	July 1	Same	...	...
INSURANCE					
Eagle Star and British Dominions Insurance Ord.	61%*	July 1	58%*	...	...
Do. New Ord.	2-45%*	July 1	...	...	...
TEA AND RUBBER					
Anglo-Ceylon and General Estates Assam Company	5%†	...	Nil	7½	Nil
British Borneo Timber	...	...	...	4	4
Budla Beta Tea	5%†	...	4%†	7	4
Bukit Selangor Rubber	...	July 4	...	2½	2½
Chokidighi Tea	2½%†	...	Nil†	5	Nil
Dekhari Tea	10%†	...	Nil†	12½	Nil
Deundi Tea	10%†	...	...	15	12½
Dima Tea	10%†	...	Same	12½	12½
Eastern Assam Tea	10%†	...	...	15	5
General (Ceylon) Rubber and Tea Glenshiel Rubber	...	June 19	...	2	2
Hollywood Rubber	...	...	...	1½	10
Hornsey Tea	17%†	June 29	12½%†	20	15(½)
Itakhooli Tea	15%†	...	...	25	17½
Jhazie Tea	...	July 11	...	7½	2½
Lambak Rubber	...	July 30	...	5	5
Madingley (Malay) Rubber	...	...	...	3	3
Mount Austin (Johore) Rubber	...	...	...	2½	4
Nedra Tea	5%†	July 10	Same	5	5
Nordana (Johore) Rubber	...	July 18	...	2	2
Pathani Tea	12½%†	...	10%†	12½	10
Rising Rubber and Tin	6%†	July 16	5%†	6	5
Selama (Malaya) Rubber	...	...	...	5	5
Singlo Tea	7½%†	July 6	5%†	10	5
Surmah Valley Tea (Ord. & Pref.)	14%†	...	...	20	15
Tremelby (Selangor) Rubber	2%†	July 17	3%†	2	3
Vallambrosa Rubber	...	...	...	15	22½
MINING					
Ayer Hitam Tin	5%*	June 27	Same	...	...
Buchuanaland Exploration	...	...	...	6	6
Eastern Transvaal Consolidated Mines	5%*	...	7½%*	...	...
Government Areas	2½ p.s.	July 31	3½ p.s.	...	...
Kepoung Dredging	2½*	June 24	...	...	2½
Kinta Tin Mines	2½*	June 27	Do.	...	...
Do. Bonus	20%*	June 27	Nil	...	...
Lace Proprietary Mines	20%*	...	Nil*	...	...
Langlaagte Estate	1½ p.s.	July 31	2½ p.s.	...	...
New State Areas	3½ p.s.	July 31	2½ p.s.	...	...
Pari Tin	5%*	June 26	2½%*	...	...
Randfontein	2½ p.s.	July 31	2½ p.s.	...	...
Rezende Mines	50%*	...	Same	...	...
Robinson Deep "A"	1½ p.s.	July 31	Same	...	...
Do. "B" (7/6)	2½ p.s.	July 31	1½ p.s.	...	...
Selayang Tin	110%*	July 1	15%*	...	15½
Simmer and Jack (2/6)	14½ p.s.	July 31	3½ p.s.	...	...
South African Coal Estates (Witbank)	6½%†	...	5%†	12½	10
South African Townships	5%*	...	Nil*	...	...
Southern Tronoh Tin	2½%*	June 29	5%*	...	...
Siamese Tin Syndicate	10%*	June 23	...	...	...
Sub Nigel (10/-)	9½ p.s.	July 31	8½ p.s.	...	...
Sungei Besi Mines	10%*	June 29	2½%*	...	...
Sungei Way Dredging	5%*	June 24	Same	...	...
Tanjong Tin	5%*	June 27	2½%*	...	7½
Tati Co.	...	July 14	...	2½	Nil
Trepa Mines	7½%*	June 29	5%*	...	...
Tronoh Mines	10%*	June 30	2½%*	...	...
Ulu Klang Tin	5%†	...	4%†	15	9
Van Ryn Deep	2½ p.s.	July 31	2½ p.s.	...	...
Witwatersrand (Knights)	2½ p.s.	July 31	3½ p.s.	...	...
OTHER COMPANIES					
African Land and Investment	...	...	...	10	10
Apex (Trinidad) Oil	10%*	July 16	Same	...	...
Brownlee and Company	...	...	...	10½	10
Bultons	£9d ps*	June 30	Same	...	...
Butterley Company	£5½†	June 30	14%†	16½	15
Callender's Cable	10%†	...	Same	15	15
Cannon Iron Foundries	5%*	July 1	...	...	...
Cape Asbestos	...	...	...	8	6
Cellatite and British Uralite	6%†	...	5%†	10	5
Charrington, Gardner Locket & Co.	10%†	...	Same	20	20
City and Provincial Stores (Manchester)	20%†	...	...	35	30
Clark's Bread	...	July 1	...	7½	7½
Cover Paint and Composition	...	June 26	...	5	2½
Davy Brothers	...	...	...	5	Nil
Dominion and General Trust	...	...	...	2	2
Eastwoods Flettons (Pref. Ord.)	10%†	July 6	...	15	14
Do. Deferred (1/-)	...	July 6	...	2½ p.s.	1½ p.s.
Electric Construction	...	...	...	7	3½
Forsters Glass	...	...	...	10	10
General Securities Investment	3%†	...	2½%†	5½	5
Glacier Metal	...	...	First	10	...
Goldsbrough, Mather and Co.	5%†	...	4%†	7	6
Handley Page (Pte.)	...	...	...	20	15
Hewitt Brothers (Grimsby)	5%*	July 1	Same	...	...
International Bitumen Emulsions	...	June 26	...	...	...
Kelly's Directories	10%†	June 15	Same	15	15
Key Glassworks	...	June 20	...	5	4
Leeds and Wakefield Breweries	4%*	July 1	Same	...	...
London Produce Clearing House	6%*	July 15	Same	...	...
Manchester Collieries	...	...	...	4	3
Mergenthaler Linotype	50 cts. ps.	Aug. 15	...	...	...
Metal Box	9%†	...	6½%†	12½	10
Metal Traders	...	...	...	22½	15
New Hucknall Colliery	2½%*	Aug. 1	2%*	...	...
Newcastle Breweries	3%*	June 30	2½%*	...	...
Newnes (George)	10%†	...	Same	15	15
North American Co. (Com.)	25 cts. ps*	July 1	Same	...	...
Do. (Pref.)	75 cts. ps*	July 1	Same	...	...

OTHER COMPANIES—cont.							
Ohlsson's Cape Breweries ...	9½%†	...	July 3	7%†	12½	10	...
Ribble Motor Services ...	6%†	...	...	Same	10	10	...
Rickett Cookrell and Company ...	...	...	...	...	5	4	...
Rio de Janeiro Flour Mills ...	3½%*	...	July 1	Same	...	...	...
Rippers ...	...	...	...	...	7	...	...
"Sanitas" Trust ...	...	...	July 1	...	1d ps†	1d ps†	...
Snia Viscosa ...	...	...	...	...	16-50lire	16-50lire	...
South African Breweries ...	15½%†	...	...	12½%†	120	117½	...
South Hetton Coal (Ord.) ...	Nil*	...	...	1%*	...	...	...
Switth's Investment ...	4%*	...	June 17	...	...	...	...
Telephone Rentals ...	5%†	...	...	4½%†	8½	8	...
Tennamaram Palm Oil 6% Pref. ...	24%*	...	...	4 years to June 30, 1934	...	...	...
Whessoe Foundry ...	...	...	...	...	7½	5	...
Witan Investment ...	...	...	...	...	9	8	...

(i) Nine months. † Free of income tax.

CREDIT FONCIER D'ALGERIE ET DE TUNISIE.—A dividend of Frs. 37 has been declared by the board in respect of the bank's year ended December 31, 1935, being the same as in the previous year. The net dividend payable per registered share is Frs. 34.50, and bearer shares Frs. 30.30 per share. As an interim dividend of Frs. 18.50 per share was paid in January, 1936, a final dividend of Frs. 18 per registered share and Frs. 13.80 per bearer share will be payable on or after July 1, 1936, against coupon No. 57.

DAVY BROTHERS.—The directors of Davy Brothers recommend a dividend of 5 per cent. for the year on the ordinary shares. This is the first distribution since 1923-24.

FIRST RECOVERY TRUST.—Distribution of 1.6d. per Sub-unit.—An initial distribution is to be made by the First Recovery Trust of 1.6d. net per sub-unit for the period from February 4, 1936, to May 15, 1936, payable on June 15, 1936, on presentation of Coupon No. 1 at Martins Bank, Ltd., 68 Lombard Street, E.C.3.

LIMITED INVESTMENT FUND.—The first distribution in respect of the first period ended June 5, 1936, is 3.60d. per unit, free of tax, equivalent to a gross yield of 4 1/2 is. 9d. per cent. per annum on the initial price of £1. This is arrived at after allowing for all expenses, including the remuneration of the managers and trustee, and after making full provision for amortisation of wasting assets.

MILMO AND ASKAM HEMATITE IRON COMPANY.—Payment of preference dividend withheld. The directors believe it to be the most prudent course to adopt.

SNIA VISCOSA DIVIDEND.—This company is paying a dividend of 16.50 lire per share for 1935, the same as for 1934. Hambros Bank has now been advised that, as under the existing financial regulations in Italy no remittance of the funds to England is permitted, the lire in respect of the dividend on the English tranche will be placed on a blocked lire account with the Credito Italiano, Milan.

WEEKLY TRAFFIC RETURNS RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended June 5, 1936.	(c) Week ended June 6, 1936.	Miles Open	Gross Receipts, week ended June 7, 1936 (£'000)					Aggregate Gross Receipts 1936 compared with 1935 (23 weeks) (£'000)				
			Passenger, Ger. &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts	Passenger, Ger. &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts
Great Western { 1936 3,746	214	157	56	213	427	4,066	4,263	2,373	6,636	10,702	10,702	10,702
Western { 1935 3,748	246	190	95	285	531	4,037	4,126	2,351	6,477	10,514	10,514	10,514
(c) L. & N. { 1936 6,332	370	263	161	424	794	6,369	7,372	5,470	12,842	19,211	19,211	19,211
Eastern { 1935 6,336	382	296	214	510	892	6,301	7,151	5,292	12,443	18,744	18,744	18,744
L. M. & S. { 1936 6,917	543	396	151	547	1,090	9,745	10,797	5,764	16,561	26,306	26,306	26,306
Scottish { 1935 6,925	610	459	225	684	1,294	9,636	10,303	5,615	15,978	25,534	25,534	25,534
Southern { 1936 2,154	321	48	16	64	385	6,121	1,383	769	2,143	8,264	8,264	8,264
1935 2,171	372	56	20	76	448	6,073	1,384	715	2,099	8,172	8,172	8,172
Total { 1936 19,149	1,448	864	354	1,248	2,696	26,301	23,815	14,367	38,182	64,483	64,483	64,483
1935 19,181	1,610	1,001	554	1,555	3,165	26,047	22,964	13,973	36,937	62,984	62,984	62,984

COMPARISONS WITH CORRESPONDING PERIODS, 1934 AND 1935 (000's omitted)				
	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year 1934:				
Gross increase or decrease	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year 1935:				
23 weeks to June 7, 1936	+ 188	+ 752	+ 467	+ 92
Weekly average first half 1936	+ 8½	+ 32½	+ 20½	+ 4
Latest week 1936 compared with 1935	- 104	- 204	- 98	- 63

LONDON TRANSPORT

Week ending June 6, 1936.		*Takings		Compared with corresponding period of last year	
Aggregate 49 weeks ending June 6, 1936.	£591,800	£26,776,900	£31,800	+ 369,600	
* For an explanation of the manner in which the figures are made up, see the Economist, March 17, 1934, page 610.					
Note.—The receipts for 1936 include receipts of bus undertakings not absorbed by London Transport in the corresponding period of the previous year. In order to make a comparison with the previous year, the figures for that year have been adjusted on the basis of the best information available. The receipts for the week are comparable without adjustment.					

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mitigation	Gross Receipts for Week		Gross Aggregate Receipts	
				1936	+ or -	1936	+ or -
INDIAN							
Assam Bengal	7	May 20	1,330	Rs. 4,54,900	+ 16,557	Rs. 22,26,100	+ 40,945
Barsi L. Ry.	6	10	292	444,900	+ 4,700	2,00,300	+ 15,500
Bengal & N.Western	7	20	2,112	11,20,095	+ 11,871	55,51,488	+ 2,16,826
Bengal-Nagpur	6	10	3,268	22,41,000	+ 1,46,182	96,10,000	+ 3,83,849
Bombay Bar. & C.I.	9	31	3,072	35,99,000	+ 25,000	218,72,000	+ 18,31,000
Madras & S. Mahr.	7	20	3,230	22,91,000	+ 8,681	1,13,08,000	+ 3,67,280
Rohilk'd & Kumaon	7	20	572	12,35,733	+ 38,526	11,96,258	+ 86,340
South Indian	7	20	2,532	11,83,442	+ 69,035	75,37,887	+ 214,863

COAL

SHEFFIELD.—Demand for coal is steady, but supplies are not plentiful owing to the Whitsuntide holidays, and there is a shortage of washed smalls. Coke is in strong demand, especially furnace qualities, and current quotations are likely to be maintained for some time.

Export prices: South Yorkshire hards, 19s. to 19s. 6d.; washed trebles, 17s. 6d. to 18s.; washed smalls, 14s. 9d. to 15s. 3d.; Derbyshire top hards, 18s. 3d. to 18s. 9d.; Cobble, 18s. 3d. to 18s. 9d.; washed doubles, 16s. 9d. to 17s. Inland prices: South Yorkshire best, 23s. to 25s.; Derbyshire best house, 22s. to 23s.; best screened nuts, 19s. to 20s.; Yorkshire hards, 19s. 6d. to 20s.; nutty slacks, 10s. to 11s.

NEWCASTLE-ON-TYNE.—Northumberland steam coals remain a firm market, there being no indication at present of any seasonal slackness. Large screened coal has a good sale in Scandinavia, whilst smalls and singles are shipped in increasing quantities to the Thames. Durham is in an unusual position. The South of the coalfield is active under the influence of a good home demand, whilst in the North some collieries have to close down owing to the scarcity of export business, which has been brought about largely by the suspension of shipments to Italy. Coke of all descriptions is very firm.

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

GLASGOW.—The tonnage raised in April was 2,648,033 tons. The tonnage consumed for colliery purposes was 178,196. Total proceeds were £1,619,738, against £1,652,800 in March, production costs being £1,480,500, against £1,496,409 in March. Pit-head proceeds come out at 12s. 2-80d. per ton, compared with 12s. 4-98d., and the net credit balance per ton was 1s. 0-61d., against 1s. 3-35d. in March. The market remains firm in tone. The improvement in exports has been maintained. Bunkering trade has been much better. Coastwise business, however, has slackened in some directions. Generally outputs are moving away well and, with the exception of the household trade, prices remain firm.

Export rates, f.o.b. district ports, are as follows:—LANARKSHIRE.—Ell best, 16s.-16s. 6d.; splint best, 18s. 6d.; splint second, 16s. 6d.-17s.; navigation, screened, 16s.-16s. 6d.; navigation, unscreened, 14s.-14s. 6d.; steam, 15s.; trebles, 15s.-15s. 6d.; doubles, 15s. 6d.-16s.; singles, 16s.; pearls, 14s. 6d.-14s. 9d.; dross, 12s. 6d. FIRE.—Best unscreened navigation, 14s.-14s. 6d.; unscreened navigation, 13s. 9d.-14s.; first-class steam, 15s.-15s. 6d.; third-class steam, 14s.-14s. 6d.; trebles, 16s.-18s.; doubles, 16s.-16s. 6d.; singles, 16s.-16s. 6d.; pearls, 14s.-14s. 6d. LOTHIAN.—Best splint, 14s. 6d.-15s.; prime steam, 14s. 6d.; secondary steam, 13s. 6d.; unscreened navigation, 13s.-14s.; trebles, 16s.-16s. 6d.; dross, 15s. 6d.; singles, nominal; pearls, nominal. AYRSHIRE.—Best unscreened navigation, 16s. 6d.; steam, 13s. 6d.; trebles, 15s. 6d.; doubles, 16s.; singles, 16s.-16s. 6d.; pearls, nominal; dross, nominal.

CARDIFF.—During the past week a contract for 6,000 tons of large coal for early delivery at Haifa has been placed by the Palestine Railways, and there are inquiries on the market by the Tunis Tramways and the Oran Electricity Works for 4,000 tons respectively. Otherwise, business on the Cardiff Exchange has been featureless. The volume of trade is below the average weekly figure for the current year. Last week, when loading operations were suspended for the Whitsun holiday, exports, foreign and coastwise, totalled only 191,000 tons, compared with 353,500 tons the previous week and 297,300 tons in the corresponding Whitsun week in 1935, while during the early part of the current week there were as many loading berths idle as there were occupied. There has been a glut of large coal; and as a result of the reduction in the output of large coal, supplies of washed and graded smalls have been very scarce, particularly for spot shipment. Furnace coke continues in strong demand, and with the expanding requirements of the pig-iron industry an agreement has been made between the Powell Duffryn and Guest Keen companies for the relighting of a battery of the latter furnaces at Merthyr. There was a fair inquiry for patent fuel, but the pitwood trade is slack.

Current approximate quotations: Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best dries, 18s. 6d.; Black Veins, 18s. 3d.; Western Valleys, 17s. 6d. to 17s. 9d.; Eastern Valleys, 17s. 3d. to 17s. 7d.; best small steams (washed), 13s. 6d. to 14s. 6d.; seconds, 13s. to 14s.; coking smalls, 14s. 3d. to 14s. 6d.; anthracite best large, 36s. to 40s.; Red Vein, large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s. 9d.; rubbly culm, 11s. 6d. to 12s.; special foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21s.; pitwood ex ship, French, 24s. 3d., Portuguese 21s. to 21s. 6d.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that the volume of new business in the iron and steel markets has been somewhat restricted since the holidays; but a considerable amount of inquiry has been put into circulation. Manufacturers are acting cautiously in undertaking new commitments, as they are well sold until late in the year, and the time required for delivery is gradually lengthening.

In the pig-iron department prompt business is difficult to arrange, and transactions which have been entered into lately have been

almost entirely for delivery over the second half of the year. The recent increases in the price of pig iron have had no effect upon demand, and consumers appear anxious to cover as far forward as possible at the new rates. In order to spread their production over the market manufacturers of some descriptions of pig iron have been obliged to ration buyers even for forward business.

In the semi-finished steel department the situation has become easier, and there is not the same pressure to obtain supplies. This is the result of an expansion in British production and of the increased quantities of Continental material imported by special arrangement.

In the finished steel section of the market heavy deliveries continue to be made to the consuming works, and in most branches the mills are operating at capacity. Some improvement has been noticeable lately in the export trade, but the great bulk of production goes to satisfy home requirements.

MIDDLESBROUGH.—The iron and steel market continues steady and prices are firm. Home requirements are absorbing practically the whole of the output of foundry and hematite pig iron, whilst the basic pig iron manufactured locally is being used in makers' own steelworks. Business in foundry pig iron is being transacted for delivery during the second half of this year at 75s. per ton, delivered locally. The increase in the price of East Coast hematite has not resulted in any hesitation on the part of buyers. More inquiries are circulating and any supplies which become available are readily changing hands on the basis of No. 1 grade at 80s. 6d. per ton delivered locally. A parcel of about 1,500 tons of special hematite has been shipped to the United States, whilst smaller parcels of pig iron have been shipped to Denmark and Holland; the usual coastwise shipments of foundry iron to Scotland have been resumed. Demand for all classes of semi-finished and finished steel is still strong, all departments working at capacity to fulfil contracts already on their books. New business in foreign ore is restricted owing to the Spanish seamen's strike. Blast-furnace coke, whilst rather more plentiful, is maintained at 25s. per ton, delivered at furnaces. Heavy melting steel scrap from British sources, at about 57s. 6d. per ton delivered works, is slightly easier owing to imports of scrap from abroad.

SHEFFIELD.—The rise in prices has had very little effect on the iron market and demand is good. Contract commitments are absorbing practically the whole of the output, and the volume of business is therefore comparatively small. There have been transactions in a few small parcels of basic and foundry pig iron, but consumers are unable to obtain large consignments. Demand for forge pig iron is good and fair supplies are available. Makers are still unable to accumulate stocks as production goes into immediate consumption. East and West Coast hematites are still in brisk demand, but there is little on offer owing to makers being fully sold for some time past. Business in finished iron is better than for some time past. Demand for common bars is at a high level, and marked bars are showing steady improvement. Derbyshire forge is 71s. and foundry 75s. per ton. Lincolnshire iron is not quoted here, makers having nothing to offer. East Coast hematite is 85s. 6d. for mixed numbers, and West Coast 90s. 6d., all delivered in Sheffield and district. The various increases in steel prices have given no setback to demand, and business is on a good scale. Demand for basic billets cannot be fully satisfied, and acid billet requirements are becoming heavier. Wire rods are also a very strong market.

Quotation: Soft basic billets, £6 7s. 6d. to £7 5s.; hard, £7 7s. 6d. to £8 17s. 6d.; acid carbon billets, £8 10s. to £11 7s. 6d.; soft basic wire rods, £8 14s. 6d.; hard, £10 15s. 6d.; acid, £12 16s.

GLASGOW.—Work is being steadily maintained and output readily absorbed. Steelmakers find a ready market for almost all classes of material and anticipate a further increase in the amount of shipbuilding material required as a result of the important contracts which Clyde shipbuilders now have on hand. Sheet makers are exceedingly busy with orders for home delivery, and both rolling mills and galvanising plant are steadily employed. Tube makers are still rather quiet. Structural engineers in this district have a number of big jobs on hand and there are quite a number of promising inquiries on the market. Re-rollers of steel bars also report a steady business and plant is well employed.

CARDIFF.—Conditions in the tinplate trade are practically unchanged. At a meeting this week manufacturers decided to make no change in the output quota, current production being about 58½ per cent. of capacity. Shipments show no expansion, but there is a fair home demand. Deliveries into warehouse last week were about 5,700 boxes more than the previous week but nearly 9,000 boxes less than in the corresponding week last year, while stocks increased to 82,125 boxes, against 69,555 boxes the previous week and 88,730 boxes a year ago. It transpires that British makers surrendered a part of their nominal share of the cartel quota in order to satisfy Germany's claim for an increase, but in view of the conditions prevailing in some of the overseas markets it is hoped that there may not be a corresponding reduction in the actual exports from the South Wales ports. Prices are unaltered for galvanised sheets and tinplate bars as well as for tinplates.

OTHER METALS

COPPER.—Prices continued to show weakness, owing to the uncertain outlook generally, although no major decline occurred. Similar conditions prevail on the New York market. American sales did not exceed 16,000 short tons last month—which is not surprising in view of the heavy volume of business effected in April (158,000 tons). Since the bulk of these April sales were for delivery during June and July, no important upward movement of American prices seems probable in the next few weeks.

Sales on the London Metal Exchange: 775 tons on Monday; 1,050 tons on Tuesday, against 150 tons last week; 850 tons on Wednesday, against 1,600 last week. Domestic spot was quoted at 8-82½ cents per lb. in New York on Wednesday, against 8-85 cents a week ago and 8-87½ cents a month ago. Wednesday's official closing price for standard cash in London was £36 1s. 3d. to £36 2s. 6d., compared with £36 5s. to £36 6s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 58,127 tons, show a decrease of 260 tons, while stocks of rough copper, at 5,817 tons, show an increase of 200 tons on the week.

LEAD AND SPELTER.—Despite the news of an increased world output in April, lead prices scored a slight advance. According to the American Bureau of Metal Statistics, world production rose from 128,700 short tons in March to 140,400 short tons in April. But this increase was overdue and the statistical position remains excellent. Spelter prices showed no new change on the week, at the close on Wednesday, although a slightly firmer tendency had been apparent on Monday. Consumers' demand in Europe remains small. Zinc deliveries in the United States rose in May by 1,666 short tons to 43,977 short tons; but since the American output simultaneously advanced by 2,653 short tons to 44,905 short tons, stocks showed a rise of some 1,000 to 81,710 short tons. Meanwhile, the Czechoslovakian Government has received from its zinc smelting industry an application for an increase in the import duty on crude zinc from 240 to 720 koruna per metric ton. Some increase is generally expected—though possibly not to the extent proposed by the smelters.

Sales of lead on the London Metal Exchange: 1,350 tons on Monday; 1,100 tons on Tuesday, against 1,000 tons last week; 750 tons on Wednesday, against 750 last week. The New York quotation on Wednesday was 4-60 cents per lb., against 4-60 cents a week ago and 4-60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 6s. 3d. per ton, compared with £15 3s. 9d. a week ago.

Sales of spelter on the London Metal Exchange: 350 tons on Monday; 850 tons on Tuesday, against 150 tons last week; 750 tons on Wednesday, against 950 tons last week. Wednesday's quotation in East St. Louis was 4-90 cents per lb., against 4-90 cents the week before and 4-90 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £14 2s. 6d. per ton, against £14 2s. 6d. last week.

TIN.—After substantial fluctuations, prices, at the close on Wednesday, showed a net decline of £3 10s. per ton on the week. On Wednesday the backwardation again amounted to £2, although at one time it had touched £1 12s. 6d.—the narrowest margin for many months. Uncertainty concerning the future of the tin scheme continues and until this is removed there is little chance of a major improvement on this market. Although consuming industries are active, consumers have become cautious buyers and the market seems likely to remain rather narrow for some time to come.

Sales of tin on the London Metal Exchange: 180 tons on Monday; 340 tons on Tuesday, against 685 tons last week; 325 tons on Wednesday, against 625 last week. The New York quotation on Wednesday was 42-12½ cents per lb., against 42-75 cents a week ago and 46-87½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £183 10s. to £183 15s. per ton, compared with £187 to £187 10s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 625 tons, a decrease of 9 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was again quoted at £12 7s. 6d. per flask of 76 lbs. Chinese antimony was quoted at £55 to £57 per ton ex warehouse, duty paid, as against £56 to £57 last week. Chinese wolfram for June-July shipment was quoted at 31s. to 31s. 6d. per unit, c.i.f., as against 32s. to 32s. 6d. per unit last week. Platinum (refined) was maintained at £7 per ounce.

TEXTILES

COTTON.—Manchester. — Business in the market has been rather slow after the Whitsuntide holidays. Demand, however, continues rather better, and some buyers have been stimulated to place orders more freely. A further upward movement has occurred in raw cotton prices. Weather reports from the American belt remain very mixed. It is generally acknowledged that the crop has made a poor start. Demand for actual cotton continues healthy. World consumption tends to increase.

The undercurrent of inquiry in piece goods for abroad has been more encouraging. Large sales have been of rare occurrence, but the turnover in small lots has improved. With regard to India, a steady demand has been reported in bleaching qualities, not only in the lighter styles but also in shirtings, some fair orders being secured for Karachi. Dhooties, light whites and fancies have been wanted for Calcutta. Most of the demand for Bombay and the up-country markets has run on printed and dyed cloths. Some useful lines have been mentioned in fancies for Java and Singapore. Demand for Egypt has been fair, and a steady business has again been done for West Africa in printed and coloured cloths. Some makers of sheetings continue to sell more freely for South America. Demand for Australia has been more active. This development is probably due to the recent reduction in the import duties. Rather mixed reports have been received from the home trade, but a fair amount of replacement buying has taken place. Quotations in

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the yarn market have gone against buyers. Inquiry has been healthier, and more business has been done in American and Egyptian qualities.

COTTON PRICES

	1936				Corresponding Date	
	May 20	May 27	June 3	June 10	1934	1935
Raw Cotton—Mid. American	d. 60	d. 59	d. 62	d. 61	d. 65	d. 61
Sakellaridis Fully Good Fair	6-60	6-59	6-72	6-71	6-75	6-81
Yarns—32's twist	8-99	8-74	8-75	8-78	8-65	8-14
40's	10½	10½	10½	10½	10½	10½
60's	10½	10½	10½	10½	10½	10½
60's twist (Egyptian)	15½	15½	15½	15½	16½	15
32 in. Printers 116 yds., 16 by 16, 32's and 50's	s. d. 17 2	s. d. 17 2	s. d. 17 4	s. d. 17 4	s. d. 18 7½	s. d. 17 6
36 in. Shirtings, 75 yds., 19 by 19, 32's and 40's	24 3	24 3	24 6	24 6	23 6	24 0
38 in. ditto, 88 yds., 18 by 18, 10 lb.	10 1	10 1	10 2	10 2	10 11	10 4
39 in. ditto, 87½ yds., 16 by 15, 8½ lb.	9 1	9 1	9 2	9 2	9 9	9 2

WOOL. — Bradford. — The absence of new business in wool tops and other materials, as well as the strikes in France, have had a slightly depressing effect. Prices of tops have moved in buyers' favour, but everything else has been fairly steady. The reason for the decline in the price of tops is that small firms have been willing to grant concessions to spinners. Certain importing top-makers who buy heavily in Australia during the season have also seen fit to sell merinos at about 1d. per lb. below market quotations. There has been no definite delivery date, the arrangement being that tops could be taken up by spinners at the agreed price at any time between July and September. This renders it possible to deliver tops made from wool which is already in importers' warehouses. Other firms who do a very big importing and topmaking business have refused to make any further reduction in their quotations, because they cannot sell tops already covered by purchases of wool. Their combing machinery is busy, and is expected to continue so until the commencement of the next Australian selling season. These firms are not giving any lead to lower prices, and are relying on a normal revival of demand to prevent prices falling much further. At the moment, it is impossible to buy wool at a price which corresponds to the current nominal quotation for average 64's tops, which is around 32d. per lb. Quotations for carded cross-bred tops are about ¾d. per lb. lower than a fortnight ago, and 46-48's have been sold for export to the Far East at very reasonable prices. Consumption of fine and medium carded and prepared qualities by home trade spinners is substantial, and prices for the latter are quite steady. Some spinners of high-class botany yarn are busy, and are therefore refusing to indulge in the price cutting to which others are tempted by the lack of delivery instructions and the fact that their manufacturing clients have already placed the bulk of their seasonal orders. Most of the employment for spinning and weaving machinery is provided by the demand for men's wear fabrics. No big buying move on the part of the multiple stores is expected until July or later, and in the meantime prices are more or less in the balance.

GRAIN MARKETS

WHEAT.—Although American prices show little change, the markets in this country have been barely steady. Markets are now largely under the influence of crop news from the spring wheat areas of Canada and the United States. In these regions the position was relieved by good showers last week-end. Meanwhile, favourable weather has been experienced both in Australia and in Argentina.

On Wednesday last, "July" futures were quoted in Chicago at 84½ cents per bushel, against 84½ cents the week before and 85½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 30s. 9d. per 496 lbs., against 31s. a week ago; No. 2 Northern Manitoba, ex ship, 30s. 3d., against 30s. 6d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,315,000 quarters, against 1,091,000 in the previous week and 1,167,000 quarters in the corresponding week a year ago.

FLOUR.—Demand remains quiet and there is a tendency for quotations to sag. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 27s. per 280 lbs., against 27s. a week ago; delivered inner London, 26s. 6d. as compared with 27s. a week ago. Manitoba patents, ex store, 25s. to 26s. 9d., against 25s. to 26s. 9d. a week ago. Australian, ex store, 21s. 9d. to 22s. 3d., against 22s. to 22s. 6d. a week ago.

BARLEY.—The market in imported descriptions remains steady. "July" futures were quoted at 36½ cents per bushel in Winnipeg on Wednesday, against 36½ cents a week ago and 37½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 22s. 6d., as against 22s. 6d. a week ago; "English malting" at farm, 25s. to 40s., against 25s. to 40s. a week ago.

OATS.—Demand continues quiet, with prices showing little change. On Wednesday, "July" futures were quoted at 24½ cents a bushel in Chicago, against 25½ cents a week ago and 26½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 18s. to 19s. per 336 lbs., against 18s. to 19s. a week ago; "English White," at farm, 18s. to 19s., against 18s. to 19s. a week earlier.

MAIZE.—The market has had a stronger tone. Shipments from Argentina remain small, while demand in this country shows some improvement. "July" futures were quoted on Wednesday at 61½ cents per bushel in Chicago, against 60 cents a week ago, and 60½ cents last month. Quotations in London, Wednesday: "Plate," landed, 19s. 6d. per 480 lbs., compared with 19s. 3d. a week ago; "Plate," ex ship, 18s. 10½d., as against 18s. 6d. a week ago; "Plate," "June," 18s. 7½d., as against 18s. a week ago; yellow maize meal, ex wharf, was quoted at £5 2s. 6d. per ton, as against £5 2s. 6d. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat	Cwts.	Cwts.	Cwts.	Cwts.
1 week to June 6	64,640	129,401	116,466	146,955
40 weeks to June 6	8,278,544	10,260,595	12,600,595	12,709,953
Average price of English wheat per cwt.	s. d.	s. d.	s. d.	s. d.
	6 2	5 4	5 6	6 9

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
June 4, 1932	Cwts. 81,938	Cwts. 8,263	Cwts. 16,651	s. d. 6 3	s. d. 7 4	s. d. 8 0
June 3, 1933	84,640	30,783	7,592	6 2	6 11	5 8
June 9, 1934	129,401	6,725	15,017	5 4	7 1	6 3
June 8, 1935	116,466	12,933	12,786	5 6	7 0	7 4
May 30, 1936	108,252	13,460	18,393	6 10	8 11	6 2
June 6, 1936	146,955	18,342	24,415	6 9	6 6	6 2

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

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	June 12, 1935	Dec. 31, 1935	June 3, 1936	June 10, 1936
Winnipeg (No. 1, Manitoba)	65½	82½	81½	84½	77½	77½
Chicago (No. 2 Winter)	84½	98½	80½	75½	84½	84½

The visible supply of wheat in Canada amounts to 88,636,000 bushels, against 93,884,000 bushels last week, and 107,407,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—Demand has been fair and the market steady. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 86s. to 90s.; Canadian, 80s.; Danish, 89s., the same as last week. Arrivals in London last week included Danish, 14,263 bales; Canadian, 4,495; Dutch, 2,523; Lithuanian, 1,955; and Polish, 2,437, as against 13,601, 4,167, 2,217, 1,640 and 2,030, respectively, in the previous week.

BUTTER.—The market has had a strong tone, with prices showing a substantial gain on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 112s.; Australian, choicest salted, 111s. to 112s.; Danish, 118s.; compared with 104s., 102s. and 110s., respectively, a week ago.

CHEESE.—The market has ruled firm for all descriptions. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, factory, 53s. to 56s.; Canadian, finest coloured, 66s. to 68s.; and New Zealand, finest coloured, 61s. 6d. to 62s.; against 53s. to 56s., 65s. to 66s. and 58s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 6 cents per lb., as against 5½ cents per lb. last week. In London, on Wednesday last, good fermented new crop, "October-December" was quoted 26s. 10½d. per 250 kilos., c.i.f. Continent, against 26s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 590 bags; delivered, for home consumption, 5,141 bags; exported, 1,258 bags; stocks, 169,765 bags, against 193,390 bags a year ago.

COFFEE.—A rather quiet tendency has been in evidence, both in London and New York. On Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb. in New York, as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed,

44 cwt.; delivered, for home consumption, 262 cwt.; exported, nil; stocks, 10,281 cwt., against 17,433 bags a year ago. Central and South American, landed, 2,412 cwt.; delivered, for home consumption, 2,744 cwt.; exported, 1,012 cwt.; stocks, 124,413 cwt., against 114,068 packages last year. Other kinds, landed, 1,677 cwt.; delivered, for home consumption, 3,053 cwt.; exported, 785 cwt.; stocks, 175,917 cwt., against 125,961 packages last year.

EGGS.—At the London Egg Exchange on Monday, supplies were rather smaller, while demand remained good. Prices generally were well maintained. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 10s. to 10s. 6d. per 120, as against 9s. 9d. to 10s. last week, while Danish (15½ lb.) made 8s. 9d. to 9s. per 120, against 8s. 9d. to 9s. last week.

FRUIT.—Following the holiday period, business at Covent Garden showed a steady improvement, states *The Fruitgrower*. But fine weather is needed for a good soft-fruit season. Supplies of outdoor strawberries are now on the increase, and demand good. Green gooseberries have been well in evidence, and a few French red currants made their appearance this week. Spanish apricots and plums encountered a better inquiry, and sold at good prices. Grapes and melons have also sold well. English peaches and nectarines, in splendid form, met a steady inquiry. Although demand for apples remains fairly good, prices have eased owing to the competition of the soft fruits. Oranges are also rather lower in price, although pears remain steady. Grapefruit have been in better demand at firm rates, while lemons remain steady at the recent high level of quotations.

MEAT.—Trade at Smithfield for chilled beef and for mutton and lamb was fair this week, with beef prices rather higher. Quotations for pork were firm. On Wednesday last, Argentine chilled hind-quarters were quoted at 3s. 10d. to 4s. 4d. per 8 lbs., as compared with 3s. 4d. to 3s. 11d. a week ago. New Zealand frozen mutton was 3s. to 3s. 6d. per 8 lbs., against 3s. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 7,861 tons, a decrease of 735 tons on the corresponding week last year. Beef and veal accounted for 4,436 tons, mutton and lamb, 2,400 tons, and pork and bacon, 629 tons, as compared with 4,842, 2,653 and 638 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 10 tons; delivered, 6 tons; stocks, 1,763 tons, against 2,189 tons a year ago. White, landed, nil; delivered, 51 tons; stocks, 12,130 tons, against 19,059 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 9d. per cwt. ex warehouse on Wednesday, as compared with 8s. 9d. per cwt. a week ago. "June-July" in singles to Continent and U.K., was quoted at 7s. 9d. per cwt., against 7s. 7½d. for last week. Movements in London during the past week were as follows: Landed, 593 tons; delivered, 102 tons; stocks, 1,773 tons, against 8,313 tons a year ago.

SUGAR.—The spot markets in London and New York have had a steady tone, prices being unchanged. The spot price in New York on Wednesday was 3-72 cents per lb., as compared with 3-72 cents per lb. last week and 3-72 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 8d. to 4s. 8½d., against 4s. 8½d. to 4s. 8½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 20,611 tons, against 18,355 tons last week and 4,202 tons in the same week of last year; deliveries, 26,997 tons, against 19,455 tons last week and 15,441 tons last year; stocks, 163,597 tons, against 170,010 tons last week and 112,965 tons last year.

TEA.—This week's offerings at the public auctions in Mincing Lane comprised 48,580 packages of Indian and 28,584 packages of Ceylon tea. Demand for Indian grades was quieter, with low price and medium sorts cheaper than before the holidays. A similar tendency was apparent at Tuesday's Ceylon auction, although demand was moderately active.

VEGETABLES.—With decreasing supplies, prices of asparagus have become firmer this week, states *The Fruitgrower*. Some outdoor green peas are now to hand from Kent, while house-grown peas and beans are still on offer. Tomatoes, in rather short supply, continue to sell well, and cucumbers are steady. Mushrooms, however, are a point easier. With the warmer weather, spring cabbage and cauliflower have fallen from the high level of recent weeks. But new carrots and forced marrows are firmer. Cabbage lettuce, in heavy supply, has been difficult to clear. Demand for old potatoes at London markets remains good, and best siltland King Edward, which ranged from 7s. to 8s. per cwt. at the Borough a week ago, rose to 8s. to 9s. on Tuesday last. Meanwhile, new potatoes continue to sell well, Jerseys making 23s. per cwt., against 26s. a week ago, and Matros 18s. to 19s., compared with 17s. to 18s. in the previous week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—Markets generally are steadier, but the volume of business is not large. A better demand for linseed on the Continent, coupled with uncertainty concerning the yield in the United States, caused Plate to advance to the highest point reached since February. English crushers, however, are satisfying their moderate requirements from Indian linseed, which is still offered freely. Argentine shipments are heavier. The quantity now afloat for Europe is 126,500 tons (including 41,700 tons from India), an increase of 9,400 tons on the week; and for America 22,000 tons, against 44,400 tons a year ago. Trade in linseed oil is fair, but prices, which had advanced by 20s. per ton from the

lowest recorded for some months, have lost some of the ground gained. The current price of raw oil ex Hull mill is around £24 10s. per ton, naked, for June and July-August deliveries, the later position being at a very small premium.

The market in old crop Egyptian cottonseed is very firm, for very little now remains unsold and £7 5s. is now wanted. Business in new crop has not yet begun and £6 2s. 6d. is the nominal quotation for October-December. Crude cotton oil is dearer in sympathy with seed and £24 10s. ex Hull is quoted; refined is quoted at £26. Palm-kernel oil is easier, but little or no change has taken place in regard to other seed oils. Demand for oilcakes is fair and prices are steady.

RUBBER.—The market has been rather dull during most of the past week. Renewed fears concerning the future of the franc and

the guilders were responsible for early weakness, but prices subsequently firmed up, and closed on Wednesday showing a slight net gain on the week. Meanwhile, stocks in the United Kingdom continue their gradual decline.

The spot price in New York on Wednesday was 15½ cents per lb., compared with 15½ cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. for July-September shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 128,960 tons, against 130,560 tons a week earlier. A year ago stocks amounted to 169,068 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, June 10th		The prices in the following are revised with the assistance of an eminent firm in each department.	
CEREALS AND MEAT		POTATOES—	
GRAIN, Etc.—		King Edward per cwt.	s. d. s. d.
Wheat—		Jersey new	23 0 9 0
No. 2, N. Man. 496 lb.	30 3		
Eng. Gaz. av., per cwt.	6 9		
Barley, Eng. Gaz. av.	6 6		
Oats—			
Maize, La Plata, landed,	19 6		
480 lb.			
Flour, Lon. stan. ex mill,	25 3		
280 lb.	7 9		
Rice, No. 2 Burma, per cwt.			
MEAT—			
Beef, per 8 lbs.—			
English long sides	4 2 5 0		
Argentine chilled hinds	3 10 4 4		
Mutton, per 8 lbs.—			
English wethers	5 8 6 8		
N.Z. frozen	3 0 3 6		
Lamb, per 8 lbs.—			
N.Z. frozen	4 6 5 4		
Pork, English, per 8 lbs.—	4 8 5 2		
OTHER FOODS		SUGAR—	
BACON—		(Duty, 11/8 per cwt.)	
English—per cwt.	86 0 90 0	Centrifugals, 98% prpt.	
Irish	84 0 91 0	shipm., c.i.f. U.K./Cont.	
Danish	89 0	B.W.I., crystallised	17 0 18 6
Dutch	84 0	Java, white, c. & f. India	
HAMS—		Oct.-Dec. London	Nominal.
Canadian	96 0 100 0	Refined—	
American	98 0 100 0	Yellow Crystals	22 1½ 22 7½
BUTTER—		Cubes	19 10 20 4½
Australian	111 0 112 0	Crushed	18 3 18 7½
New Zealand	112 0	Granulated	18 0 18 4½
Danish	118 0 120 0	Home Grown	18 0 18 4½
CHEESE—		TEA—	
Canadian—per cwt.	66 0 68 0	Indian—per lb.—	
New Zealand	61 6 62 0	Pekoe	0 11½ 1 1
English Cheddars	...	Broken Pekoe	0 11½ 1 1
English factory	...	Orange Pekoe	0 11½ 1 5
Dutch	42 0 48 0	Broken Orange Pekoe	0 11½ 1 8½
COCOA—		Ceylon—per lb.—	
(Duty, British grown,		Pekoe	0 11½ 2 0½
11/8; foreign, 14/- cwt.)		Broken Pekoe	0 11½ 1 3½
Accra, f.i., per cwt.	27 0 27 6	Orange Pekoe	1 0 2 1
Trinidad	43 0 46 0	Broken Orange	0 11½ 1 11
Grenada	42 0 44 0	TOBACCO—	
COFFEE—		(Duty, 9/6-10/8 per lb.)	
(Duty, British grown		Empire growth, 7/5½	
4/8; foreign, 14/- cwt.)		8/4½ per lb.)	
Santos sup. c. & f. cwt.	39 0	Virginia leaf—	
Colombian, good	46 0 55 0	Common to fine	0 8 2 6
Costa Rica, med. to good	52 0 72 0	Rhodesian leaf	0 8 1 10
East Indian	40 0 62 0	Nyasaland leaf	0 7 1 4
Kenya, medium	44 0 58 0	strips	0 9 1 6
EGGS—		East Indian leaf	0 5 1 4
English—per 120	10 0 10 6	strips	0 6 1 6
Danish	8 9 9 0		
FRUIT—Oranges—		TEXTILES	
Valencia	10 0 18 0	COTTON—	
Brazilian	10 6 18 0	d.	
Lemons, Malaga	...	Mid-American	6-71
Sicilian	24 0 28 0	Sakellaris, f.g.f.	8-78
Apples: Amer. (var.) boxes	...	Yarns, 32's twist	10½
(var.) boxes	...	60's twist	15½
Australian	7 0 10 0	FLAX—	
Onions—		Livonian ZK	52 0
Valencia, case	...	Pernau HD	nominal
Egyptian, bags	8 0 9 0	Slanet Medium 1st sort	67 0
Grapes, Almeria, barrels	...	HEMP—	
Grapefruit, S. African	14 0 21 0	Italian P.C.	nominal
Amer.	18 0 21 0	Manilla, Apr.-June "2"	25 10
LARD—		Sisal, African	25 10 27 0
Irish bladders	56 0 64 0	UTE—	
U.S.	52 0 53 6	Native 1st mks.—per ton	
		c.i.f. H.A.R.B.	£17/16/3
		June-July	
		Daisee 2/3 c.i.f. Dundee	£19/0/0
		June-July	
		SILK—	
		s. d. s. d.	
		Canton	4 0 6 0
		Tussah	3 8 4 6
		Japan	6 3 6 9
		Italian—raw, fr. Milan	7 6 11 0

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

UNITED STATES

(New York quotations unless otherwise stated)

	June 12, 1935	May 13, 1936	June 3, 1936	June 10, 1936		June 12, 1935	May 13, 1936	June 3, 1936	June 10, 1936
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	80½	93(b)	84½(c)	84½(c)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3-35	3-72	3-72	3-72
Maize, nearest future, Chicago, per bushel	80½	62½(b)	60(c)	61½(c)	Cotton, middling, spot, per lb.	11-80	11-63	11-80	11-79
Oats, nearest future, Chicago, per bushel	34½	26(b)	25½(c)	24½(c)	Rubber, smoked sheet, spot, per lb.	12½	15½	15½	15½
Rye, nearest future, Chicago, per bushel	45½	53½(b)	54(c)	54½(c)	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	(a)	(a)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	7-62½	8-87½	8-85	8-82½
Coffee, Rio No. 7, cash, per lb.	7	6½	6½	6½	Copper, "Electrolytic," Export prompt, per lb.	7-85	9-20	9-07½	9-05
" Santos No. 4, cash, per lb.	8½	8½	8½	8½	Spelter, East St. Louis, spot, per lb.	4-30	4-90	4-90	4-90
Cocoa, Accra, nearest future, per lb.	4-41	5-16	5-49	5-65	Lead, spot, per lb.	4-00	4-60	4-60	4-60
	(a) Nominal	(b) May futures	(c) July futures		Tin, "Straits," spot, per lb.	50-75	46-87½	42-75	42-12½

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THE JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY LIMITED

Group Declaration of Dividends

NOTICE IS HEREBY GIVEN that Dividends have been declared payable to Shareholders registered in the books of the undermentioned Companies at the close of business on 30th June, 1936, and to persons presenting the respective Coupons, detailed below, detached from Share Warrants.

Coupons must be deposited FOUR CLEAR DAYS before being paid and, unless accompanied by Inland Revenue Declarations will be subject to a deduction of United Kingdom Income Tax as above.

The Dividends are declared in the currency of the Union of South Africa and become due on 1st July, 1936, but Warrants in payment will be posted both from Head and London Offices on or about 30th July, 1936, this interval being necessary for the balancing of the books and preparation of the Warrants. Dividends payable from the London Office will be paid in British currency at par provided there is no material difference between South African and British currencies on 1st July, 1936. Should there be any material difference between the two currencies the London Office will pay on the basis of the equivalent British currency calculated at the rate of exchange ruling on that date. Amounts payable to persons presenting Coupons will be on the same basis irrespective of the date of presentation of Coupons.

Warrants despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of Dominion Taxes.

Shareholders with registered addresses outside South Africa who desire to have their Dividends paid to an address therein or vice versa must give notice to the Companies to that effect on or before 30th June, 1936.

The Transfer Books and Register of Members will be closed in each case from 1st to 7th July, 1936, both days inclusive.

The Dividends on the shares included in Share Warrants will be payable to the persons presenting the relative Coupons at the London Office, 10 & 11, Austin Friars, E.C.2, on or after 31st July, 1936, in accordance with a Notice to be issued by the London Office.

NAME OF COMPANY (each of which is incor- porated in the Union of South Africa)	Divi- dend No.	Cou- pon No.	Per share in the currency of the Union of South Africa
Government Gold Mining Areas (Modderfontein) Consolidated, Ltd.	38	38	55 2/9 (per 5/- share)
New State Areas, Ltd.	23	23	15 3/- (per £1 share)
The Langlaagte Estate and Gold Mining Co., Ltd. ...	90	79	7 1/6 (per £1 share)
The Randfontein Estates Gold Mining Co., Wit- watersrand, Ltd.	17	17	12 2/6 (per £1 share)
Van Ryn Deep, Ltd.	46	46	12 2/6 (per £1 share)
Witwatersrand Gold Mining Co., Ltd.	61	59	10 2/- (per £1 share)

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RETREAT

THE reversal of policy announced by Mr Eden in the historic debate on Thursday was, on the surface, the pronouncement of a united Cabinet, firmly supported by an overwhelming Parliamentary majority. Indeed, it might have been expected that so momentous a statement would be an expression of will by a united nation.

In fact, the opposite was the case. For the temper of the House revealed a conflict of political emotion that had not been seen in Parliament for many years. The final decision to abandon sanctions was arrived at—or perhaps we should be more correct in saying "stumbled into"—after much division of opinion and obviously with the gravest misgivings on the part of the Foreign Secretary; while the announcement itself is one which will permanently change the attitude of a considerable section of the electorate towards the Government, and leave foreign opinion in a state of baffled bewilderment. A sick world requires that British policy should be distinguished by strength and singleness of purpose. It is a tragedy that it should be possible to describe British policy during the last six months as one of weakness and vacillation.

Seven months ago the third National Government obtained an overwhelming majority in a General Election. That election was fought by the outgoing Government on a most favourable field. The Opposition Parties were manoeuvred into a tactical disadvantage by nation-wide support for the strong line taken by the Government at Geneva, and by that Government's firm adherence to the principles of collective security within the framework of the Covenant. Government spokesmen vied with each other and with the Opposition in protestations of unswerving fidelity to the principles of the League and to collective restraint of aggression. They obtained the prize of office.

Within four weeks of the election, the publication of the terms of the Hoare-Laval plan revealed a Cabinet divided in counsels, a Prime Minister apparently uninformed and certainly uninformative, and a depth of public indignation

against the Prime Minister and Cabinet which was scarcely assuaged by Mr Baldwin's sacrifice of Sir Samuel Hoare. Still the Cabinet declined to maintain the lead against Italy which Sir Samuel Hoare had first assumed at Geneva. They refused to put that pressure on France which could have been successfully employed to make sanctions truly effective; and Mr Eden was given the hopeless task of reassuring public opinion—more by his name than by any action which the Government were prepared to take—that the Government meant business. For six months of delay and hesitation, the lack of precision in British policy has filled our friends with misgiving, rendered impotent the one institution which guaranteed us allies, alienated American sympathy, and—worst of all—gone a long way towards driving the Dominions into policies of isolation. Italy has been established as a threat to our imperial territories and communications. Germany and most of the smaller nations of Europe have discovered that Great Britain can be ignored with impunity. And thus has been prepared the worst conceivable *terrain* for British diplomacy.

From the standpoint of our fellow-members of the League, the last phase of this sorry story is in keeping with the rest. For the new Foreign Minister of France has pointed out that Britain's decision has been announced to the world *before* consulting the League Council, and in a way that will make it almost impossible for other nations to influence what is supposed to be a collective decision. He has also pointed out that the abandonment of sanctions is to be made unconditionally, and without even the pretence of asking for a *quid pro quo* from Signor Mussolini. The British climb-down could not be more hasty or more complete.

From the domestic political standpoint the results, though less immediate in their effect on the course of events, are deeply significant. Mr Neville Chamberlain's unpremeditated reflections in public to the effect that sanctions should be raised and the powers of the League reduced were, in the circumstances of the case, the application of the

method of the *fait accompli* to a supremely important matter of public policy. For clearly if the Chancellor's views had been rejected it would have broken the Government. Indeed, for some days it seemed that this might be the result. It has revealed Mr Baldwin as no longer master in his own house.

Mr Eden, too, was placed in a very awkward predicament; for the decision he announced has destroyed the hold which he had obtained over a public much wider than the ranks of the Conservative Party.

Finally, the temper of the House on Thursday revealed that the solid front of public opinion in the face of a great international crisis has been shattered. It is difficult to see how our foreign policy in general, and our attitude to the League in particular, can fail to become a party issue. Not even a handsome Parliamentary majority has given the third successive National Government the will to carry through to success a policy on which it had deliberately embarked, and to which it was in honour deeply committed.

Unless the Government speedily evolve some policy which will enable them to restore their shattered prestige, and also discover the will to carry it out, it is to be feared that two consequences will follow. First, dictatorship will gain gratuitous advertisement, as the only decisive and effective political system, by the default of a democratically elected British Government. And secondly Germany and Italy will rapidly attract into their political and economic orbits the smaller Powers of Europe and the Near East. These smaller Powers will tend to accept the leadership and the political systems of countries at the head of which stand men who appear to know their own minds, and possess the determination to act accordingly.

In the long run, we see no reason to despair of democratic institutions in this country. But the Government's latest reversal of policy invites a warning that the sands of public patience may soon run completely out. A deplorable chapter in British history will be turned to good account if it impels our political leaders to handle great public issues more forcefully and more courageously.

THE NEXT STEP

HIS MAJESTY'S Government in the United Kingdom have duly adopted, as their public policy, Mr Neville Chamberlain's private thoughts. They have decided to come out openly, at the forthcoming meetings of the League Council and Assembly, for the abandonment of the sanctions now in force against Italy.

In taking this line they have the support of His Majesty's Government in Australia, and perhaps the acquiescence of His Majesty's Government in Canada. On the other hand, the South Africans, being closer to the actual scene of Signor Mussolini's assassination of our post-war system of international law and order, are more sensitive to the implications of a policy of giving the criminal a free hand to garner the harvest of his crime at leisure. In the South African Assembly, on Tuesday, General Hertzog declared that, whatever other countries might do, South Africa would not run away from her obligations under the Covenant; that, if the League collapsed to-morrow—as, in his opinion, it would, if sanctions were now abandoned—nothing could prevent the outbreak of a world war within the next twenty years; and that the choice lay between this certainty of world-wide disaster to-morrow and acceptance, to-day, of the risk of a war between the States-Members of the League and one single Power, for the sake of making the collective system of international law and order really work.

The latter of the alternatives which General Hertzog has laid before us is obviously the right choice among competing foreign policies. There is no doubt that, even at this twelfth hour, a success could be made of it if the people of this country (in collaboration with a France that is at last ready to take this line) were to summon up the courage and the far-sightedness to go through with it. If we not only maintained the present sanctions but intensified them to the point of complete non-intercourse, then—even allowing for defections in the sanctionist ranks—we could

be fairly sure of bringing such pressure to bear on Italy that she would be forced to choose between disgorging her Ethiopian prey, or going to war with the rest of us. Mr Eden said on Thursday she would make war. But Italy cannot afford to face fatal odds, such as those constituted by League Members in deadly earnest. True, the risk of war is there. But we have to weigh that risk against the certain peril to the British Empire and the world of allowing the League to collapse and the aggressor to triumph. If we follow General Hertzog's advice, it is certain that, whether it were by economic pressure or by war, right would be vindicated. And we should be able to say to the Germans and the Japanese, in tones they could not then afford to ignore: *Sic semper tyrannis*.

That is the right policy. We have, however, to face the fact that it has been rejected in this country by a Government which commands a majority in Parliament. The lifting of sanctions, however, is merely Part I of that story. Part II concerns our relations with Italy afterwards, for there is a further choice still to be taken. We shall have to choose between a European policy which ignores Italy and one which aims at taking her into partnership. We shrewdly suspect that this latter choice is the one into which the Government is now about to push the country, after the lapse of whatever they consider to be the political interval of time.

So humiliating a reversal of British policy is in no way dictated by the alleged failure of sanctions as an instrument of League policy. This weapon has been only very partially and half-heartedly applied. Even so, fifty countries have loyally played their part; these half-measures have drastically reduced Italy's trade; and the experience has shown that a prompt and full economic boycott would have had decisive results. If the Government are really sincere in their professions still to make the League, and what it stands for, the basis of British Foreign policy, then the reform of the League which is commended to us by experience up to date is clear. It consists in confining League membership to States which genuinely believe in the collective system, and which believe in it to the point of accepting all its risks and sacrifices—even in the last resort the risk of war with a Great Power—for the sake of securing, as between themselves, the assurance of mutual support.

If we apply this principle to the present situation, it means, first, suspending Italy from membership of the League and depriving her of all claim to collective protection until she is ready to accept the validity of the League's decisions. In the second place, it means trying to build a more exacting, and to that extent more effective, League on the basis, if necessary, of a narrower membership. Our aim should be to bring France, Russia, the States-Members of the Little Entente, Poland and the West-European ex-neutrals into a genuinely reformed League consisting of States which are not only law-abiding for their own part, but are also all prepared to go to war in defence of any of their number. This is the second decision we have to take. If the Government were prepared to adopt such a policy, it would at least do something to mitigate the calamitous result of their present surrender.

We suspect, however, that this is not the Government's intention. For this wholehearted League policy, on a stricter basis of membership, involves both risks and sacrifices from which we fancy this Government will continue to flinch. One risk is that of an Italo-German understanding. On the nature of that risk we would make two observations.

First, if a general European war is to be avoided, France and Britain must in any case try to discover a just *modus vivendi* with Germany. That implies some recognition of Germany's need for unhindered economic development, and practical proof of our willingness to examine and, if possible, to satisfy the German claim to colonial possessions. Does Mr Baldwin, and do his colleagues, accept all the implications of this policy *vis-à-vis* Germany, and *vis-à-vis* our fellow League Members?

Our second observation is that, unless we are to play our cards extremely badly, the fear of an effective Italo-German understanding is largely unreal. Signor Mussolini cannot abandon Austria, unless he is willing to believe that

Herr Hitler, secure on the Brenner, would never claim the South Tirol. And if Germany had the South Tirol, the industrial backbone of Italy would be at her mercy. Moreover, German armies at Graz and Klagenfurt, coupled with the German economic penetration which we describe in a succeeding article, would jeopardise Trieste, Fiume, and the entire Adriatic. The report that Signor Mussolini is himself now in favour of a Habsburg restoration in Austria, in the last resort, may therefore contain more than a grain of truth.

Now the Government may not believe in the possibility of any *modus vivendi* with Germany, or they may deem Herr Hitler's terms far too high. They may also really believe in the possibility of an effective Italo-German understanding. They may therefore be tempted to think that some agreement with Italy, which would in effect aim at encirclement of Germany, would be the lesser evil; and may then seek to adopt the Laval policy on the morrow of its repudiation by the French electorate itself. In making such a choice they would, we believe, commit as gross a blunder as they made when they tried to foist on the British people the Hoare-Laval Plan. Persuading the country to abandon sanctions is quite a different thing from persuading it to employ Mussolini as a policeman against Hitler.

There is only one way out of this dilemma. The Government must not attempt to play off Italy against Germany, or to enter into special relations with either of them. Their policy should be to follow the course outlined above. On the one hand, they should forthwith strengthen our relations with all those Members of the League whose support for it is genuine. On the other, they should not cease to employ our diplomatic influence to induce both Italy and Germany to accept the principles of that League, with all the obligations, as well as the advantages, which such a system embodies.

FUTURE MONETARY POLICY

THERE has been remarkably little difference of opinion over monetary policy in this country during the last five years. The departure from the old gold parity in 1931, though anticipated with the gravest apprehension, was soon accepted with relief; and in the conditions of acute depression and unemployment then existing nobody could seriously oppose the obvious policy of cheap money, credit expansion and conversion operations. Nor, in the years that followed, has there been any serious question of the beneficial effects of this policy. No very acute difference of opinion arose, because on the one hand the influx of gold into the Bank of England was sufficient, even valued at the fictitious pre-1931 price, to support a marked credit expansion, and because on the other hand industrial recovery was proceeding smoothly and steadily.

To-day, however, there are signs that these conditions may before long begin to change. A certain tendency towards a hardening of long-term interest rates is discernible; the private housing boom cannot indefinitely continue; and the cessation of recovery some time in 1937 has been predicted by various responsible authorities. To assume, on the grounds of building recession alone, that depression will supervene in Great Britain in the next eighteen months, would doubtless be rash, as we pointed out in our survey of economic prospects in last week's *Economist*. A really sustained recovery in the outside world, and in particular in America, might easily keep our own recovery going.

It is nevertheless pertinent to inquire well in advance what monetary policy ought to be pursued by the British authorities, supposing unmistakable signs of internal depression did emerge, and there were no countervailing external stimulus. To ask that is not to ignore the paramount need for direct measures of a fiscal kind designed to expand our exports. Indeed, at the moment unemployment cannot be further quickly reduced except by such measures; for the unemployment remaining over and above the minimum that might normally be expected at the top of a trade cycle is almost entirely in the exporting areas. Supposing, however, that such direct measures failed, or were not



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attempted, that world deflation did not materialise, and that cyclical unemployment began to increase throughout this country as a result of building recession; what then would be the appropriate policy?

To answer this it is necessary to scrutinise the broad facts of our recovery in the past four years and our present monetary position. Whether we attribute the housing boom mainly to cheap food or cheap money, it will be agreed that the fall in long-term interest rates was the nerve centre of recovery. In an article in our Money and Banking Section on December 28th we traced this fall to the purchase of Government securities made by the Bank of England during 1932-34 on the basis of the increase of gold reserves that followed our departure from the gold standard. Between November, 1931 and November, 1935 the gold reserve of the Bank of England, as officially valued, rose from £121 millions to £198 millions, and the Bank's holding of Government securities rose from £57 millions to £85 millions. As a result the total of Bank of England notes rose from £396 millions to £458 millions, and the clearing banks' reserve of coins, notes and balances at the Bank of England rose from £173 millions to £214 million, i.e. by £41 millions, during the period. In theory such an increase should permit an expansion of at least £410 millions in total bank deposits, and there was actually an expansion during the period of £333 millions. Since advances were falling, however, owing to the initial influence of recovery in thawing frozen loans, and since discounts were also falling in the later part of the period, the increase in deposits was almost entirely counter-balanced by an increase in investments. Actually investments increased from £300 millions in November, 1931 to £621 millions in November, 1935. The banks, that is to say, bought something like £320 millions of gilt-edged between 1931 and 1935. Here, without question, is the main origin of the fall in long-term interest rates.

The experiences of these years show that changes in the long-term rate of interest are, in the short run at any rate, and in a country divorced from the gold standard, largely in the hands of the monetary authorities. What lesson must be drawn from this in considering the problem of a possible business recession in the next two years? During the last few months there has been persistent talk of a hardening tendency in interest rates. This tendency, though real, has not gone very far. The issue price of new 3 per cent. municipal stocks has been steadily reduced this year from 101 to 98½, but 2½ per cent. Consols and 3½ per cent. War Loan are barely one point below the level of the end of January; though there has been a greater fall since January, 1935. Does the underlying monetary situation, however, threaten any rise in interest rates? The May clearing bank returns are abnormal, as they are distorted by the influx of French money and French hoarding of British currency. If the April returns, as being more representative, are examined, it appears that between January and April, 1936, the total advances of the clearing banks rose from £788 millions to £839 millions. Reserves (i.e. coin, notes and Bank of England balances) remained stationary

during the period. It was consequently only through a fall in discounts that a fall in total investments was avoided. For if discounts and reserves had both remained stationary while advances rose, investments would have had to be reduced. To some extent, of course, the cash ratio might be allowed to fall since it was still 10.6 per cent. in April; but this could not go on long. It seems likely, therefore, that as the business demand for advances tends to expand still further, a pressure to sell investments, and so to force up interest rates, may begin.

Simply to deplore this tendency as inevitable would be both defeatist and unwise. If we wish to prevent it, we can do so by further broadening the basis of credit. In what circumstances, however, should this be done? It should not be done if either an inflationary rise in prices beyond the point necessitated by full normal employment were threatened; or, alternatively, if the gold reserve behind the credit structure were clearly insufficient to support it (assuming that our monetary policy must still, for psychological reasons, bear some relation to gold). The first objection will not be valid if credit is expanded in order to prevent an increase in unemployment in our "prosperous" domestic industries. The validity of the second depends on the real size of our gold reserves.

An attempt to estimate this was made in an article on "Britain's Gold Reserve" in our issue of May 23rd. It was there concluded that if the declared reserve in the Bank is revalued at the market price and the holdings of the Exchange Account—whether earmarked in Paris or elsewhere—are added, the total must be somewhere near 9,000 million Swiss francs, or about £600 millions. To treat the whole of this as a banking reserve would, of course, be foolish; for much of it is an offset against refugee money which would soon fly home if the franc were devalued or if various other things happened.

But we shall be on the safe side if we allow £250 millions as a reserve against this contingency. This leaves us with £350 millions of genuine reserve. Some further deductions must be made, however, since sterling is free to fluctuate on gold, and the sterling price of gold might conceivably fall. It is inconceivable, however, that sterling should be allowed to appreciate more than, say, 12 per cent. on gold at a maximum; and we may thus assume a gold reserve of £300 millions without fear of overestimation.

A rough calculation shows that a gold reserve of £300 millions would permit an expansion of the present note circulation by £100 millions; and supposing the proportion of notes held by clearing banks to the total of Bank of England notes remained approximately the same as has prevailed recently, then rather over £20 millions of the new notes would find their way into the banks' reserves. This would permit an expansion of over £200 millions in bank deposits. Such an expansion would enable the banks to increase their holdings of gilt-edged by nearly 30 per cent. without any reduction in advances, or alternatively to increase their investments and advances considerably at the same time. If it were thought imprudent to take "an interim dividend" on the gold profit in this way without irrevocably fixing the gold value of sterling (though the problem must be faced sooner or later), it would only be necessary for the Bank to buy Government securities, and for the fiduciary issue to be expanded. To refrain from doing this in face of rising unemployment, with an artificially written-down gold reserve, would be sheer deflation.

If, therefore, a rise in interest rates and a rise of unemployment should begin to emerge in the next eighteen months, it should be the duty of the monetary authorities to ease the credit structure either by an interim re-valuation of the gold stock, or by open-market purchases and the expansion of the fiduciary issue. This policy would be no more than an extension of the Bank's policy of buying gold, on which we comment in a Financial Note on page 678. Moreover, such a policy would be complementary and not antithetical to a stimulation of public works, civil or military, and a resumption of foreign loans. In the first place, if public works and building are sufficient in themselves to maintain employment, there will be no increase in unemployment, and the problem will not arise. In the second place, foreign lending need not, as is often supposed, necessarily raise internal interest rates. If the supply of saving is fixed, then rates would, of course, rise. But if

the credit structure were expanded it would be possible for foreign loans to stimulate exports, and internal loans to stimulate home trade at one and the same time.

The situation must therefore be closely watched for a rise in interest rates and a rise in unemployment. And if both these tendencies emerge simultaneously, steps should unhesitatingly be taken to expand the credit structure.

GERMANY LOOKS SOUTH-EAST

Nor the least unsettling influence in Europe before the war was the effort of German foreign policy, conceived to realise the dream of a Berlin-Bagdad railway, to penetrate gradually, through the gateway of Vienna, into South-Eastern Europe. This *Drang nach den Süd-Osten*, as it was termed, was always in the mind of Bismarck, who tried to stem his more extreme critics' demands for overseas colonies and an accompanying "Big Navy" policy by pointing out the peaceful advantages that would accrue to Germany by reason of commercial penetration in Central, South-Eastern and Eastern Europe. Bismarck's successors renounced his policy in favour of a more dangerous one.

Germany's pre-war colonial policy was a mere prestige-point, while the "natural" bent of her economy was towards Eastern and South East Europe. The development of industry in the Empire of Austria-Hungary depended upon German capital and German influence. Hence the "Pan German League" built up branches in Austria-Hungary. They claimed and pursued a policy of economic and political unification of Germany and Austria-Hungary in a "Greater Germany" reaching from the Baltic to the Adriatic. This would have brought about complete dependence of the small Balkan countries on Germany. Thus, the economic unification of Central and South East Europe, backed by such Eastern European countries as Poland, Lithuania, Latvia, Estonia and Finland under German administration, became in 1917 the official German war objective.

Germany's defeat in 1918 stopped any expansion in such directions. On the contrary, the former unified Danubian basin, as well as the Western part of Tsarist Russia, were split into several small States, each raising barriers against Germany, and some even becoming industrial competitors, like Austria and Czechoslovakia. But the "natural" tendency of Germany's economy remained towards South East Europe. The idea of the unification of Central and South-Eastern Europe was resurrected first within the conservative ranks, and then in the unimportant Nazi Party (supported by heavy industry), which claimed the *Anschluss* of nearly 12 million Germans in Austria, Czechoslovakia, Hungary, Yugoslavia, and even Roumania. The economic crisis brought about several attempts between 1930 and 1932 to accelerate the penetration of South-Eastern Europe. The chief attempt was to establish a Customs Union between Germany and Austria. That soon collapsed after the intervention of Italy and France. Thereafter Germany developed a system of preferential duties with Hungary, Yugoslavia, Roumania and Bulgaria. To-day this system has become a series of barter and exchange agreements.

Since the Nazi Government embarked upon its threefold policy of maintaining the nominal value of the Reichsmark, achieving the highest degree of self-sufficiency, and controlling imports and exports so as to secure the raw materials for a rapid and extensive re-armament programme, the German penetration of Central and South-Eastern Europe has once more become a veritable *Drang nach den Süd-Osten*. It has been powerfully reinforced by an astute trade and foreign exchange policy under Dr. Schacht's leadership. Bilateral clearing agreements have replaced most of Germany's export surpluses in her European trade with heavy import surpluses. The smaller European countries have exported more and more to Germany in recent years, in the belief that their "clearings" would ensure payment to their exporters. But they sold Germany more than Germany could pay for on the basis of Germany's current exports. The small Central and South-Eastern European countries, mainly debtor countries themselves, found the proceeds of their export surpluses in their trade

with Germany piling up "blocked marks." Then Germany demanded greater exports, in her turn, to these countries, to unfreeze the frozen balances. The results of this astute business were striking; and the present discussions which Dr. Schacht is undertaking in the Central and South-Eastern capitals of Europe are expected to lead this process of "penetration by German debtors" still farther, until Nazi Germany has peaceably acquired the commercial hegemony of all Central and South-Eastern Europe.

The share of Austria, Czechoslovakia, Hungary, Roumania, Yugoslavia, Bulgaria and Greece, taken as a whole, in Germany's foreign trade is as follows (in per cent. of Germany's total imports and exports by value):—

Year	German Imports	German Exports	Year	German Imports	German Exports
1913	8.8	13.1	1934	10.7	10.2
1929	9.0	10.7	1935	12.3	11.5
1932	9.4	9.7			

These figures derive increased significance by comparison with Eastern Europe—which, in 1913, was Tsarist Russia, and now is European Russia, Finland, Estonia, Latvia, Lithuania and Poland. The share of this region in Germany's foreign trade is as follows:—

Year	German Imports	German Exports	Year	German Imports	German Exports
1913	13.2	8.7	1934	8.5	4.7
1929	7.8	7.9	1935	8.7	4.3
1932	9.5	14.3			

The first remarkable change is the decrease in Germany's foreign trade with Eastern Europe; secondly, there has been a decrease in her foreign trade with Austria and Czechoslovakia taken together, as shown below:—

Year	German Imports	German Exports	Year	German Imports	German Exports
1925	5.6	8.8	1934	5.1	6.2
1929	5.1	8.2	1935	4.6	5.6
1932	4.4	7.2			

The increase in Germany's foreign trade with the other South-Eastern European countries is thus the more important, though her exports to them have not reached the 1913 percentages. This is due partly to the Balkanisation of South-Eastern Europe, partly to the shrewd use of the clearing agreements by Germany.

Germany's share in the total foreign trade of each Central and South-East European country has moved as follows since before the Nazi economic experiments were inaugurated:—

(Percentages of Total Foreign Trade)						
1932		1934		1935		
Imports from Germany	Exports to Germany	Imports from Germany	Exports to Germany	Imports from Germany	Exports to Germany	
Austria	20.0	16.5	17.1	15.8	16.7	16.0
Czechoslovakia	26.3	16.2	19.4	21.4	17.3	14.9
Hungary	22.5	15.1	18.2	22.1	22.6	23.8
Roumania	24.5	12.4	15.5	16.6	24.4	16.6
Yugoslavia	17.9	11.3	14.2	15.5	16.7	18.7
Bulgaria	25.9	26.0	40.1	42.7	53.6	48.2
Greece	9.7	15.1	14.7	22.5	20.4*	29.1

* Estimate.

Austria and Czechoslovakia are the only countries in whose foreign trade the German share has decreased. In the case of Hungary, Austria used to take the chief share in her total foreign trade; but since 1934 Germany has occupied the first place.

Thus Germany has driven a formidable economic wedge into Central and South-Eastern Europe in the last two years; and this wedge will permit the passage of considerable political influence. The process will greatly aid Germany, both militarily and in her self-sufficiency programme. For example, out of her total necessary imports of the following commodities in 1935, by quantities, Germany took the following percentages from the five South-East European countries together:—

PERCENTAGE OF TOTAL GERMAN IMPORTS OF CERTAIN GOODS COMING FROM SOUTH-EAST EUROPE		
Imports into Germany	Percentage from South-East Europe	
	1934	1935
Wood	36.1	40.9
Pulp	21.0	19.7
Oil	7.8	19.4
Bacon and meat	33.2	54.9
Lard	13.5	44.6

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Moreover, considerable proportions of Germany's total imports of eggs, fruit, fodder, oilseeds, tobacco, copper, bauxite and ores came from the five south-eastern countries: Hungary, Roumania, Yugoslavia, Bulgaria and Greece. Germany's chief exports, in exchange, are heavy equipment, chemicals, machinery, electrical apparatus and hardware. By rapid development of its extractive industries, coupled with mechanisation of its agriculture, South-Eastern Europe may render Germany much more independent of overseas raw materials, and help to develop her industries in exchange. For this consummation of Nazi foreign policy, the political control of Austria and Czechoslovakia is the condition precedent of a German Continental hegemony. German commercial and financial policy is ably preparing the ground for control of that portion of Europe in which other Powers affect to disinterest themselves.

BACK TO GRUB STREET!

(BY A CORRESPONDENT)

PROGRESS seems to have done little for the artist. The Greeks, we are told, educated their people in public theatres; and the Athenian State laid a public duty upon its richer citizens to provide, equip and train a chorus. Ever since, material progress has created the patron-citizen, who has followed the example of the Greek State and supported the arts. Patronage, however, has its disadvantages; and in eighteenth-century England authorship had become so dependent on patronage that authors had, in the main, become hacks in unsavoury Grub Street. So opprobrious did the name of this street become that it was later renamed Milton Street. But in the last analysis it is the public which is, and has been, the great patron of literature. In our own day, private patrons have commercialised themselves, and now take the form of publishing houses. Never were more books written, more books read, than to-day; but public support has been rather for publishers than for authors. Ninety-nine per cent. of professional authors to-day are unable to support themselves on the products of their creative abilities. Instead, they are forced either into compilation or "pot-boiling." And it almost seems as if our age will be dubbed by posterity "the pot-boiling epoch."

In these days of mass production and libraries, publishers are moderately content if a book sells 1,500 copies. But what is an author's royalty on 1,500 copies? After paying the expense of typing, paper, postage and agents' fees, £30 is about all he can expect from such a sale. With some publishers an author has to wait eighteen months or two years for this sum; and with all publishers he will not get a penny until some three or four months after the finished manuscript has been accepted for publication. Is there any public service so badly paid? Yet publishers and libraries are enjoying a kind of Indian summer of prosperity. It is estimated that one library book serves fifty

readers; which means that *fifty readers collectively subscribe less than ninepence* to an author's royalty. The second-hand market contributes nothing to the support of authors. Is there any library subscriber or second-hand book buyer who will say that this is "a fair return"? One hopes not. But it is a question whether this situation of the author is legally remediable. There are good grounds for believing that it is.

Copyright law was framed to give protection to authors. The law was framed to protect copyright material from being exploited for gain unless the author had made an assignment in writing. It is not difficult to see why a newspaper is unable to buy a copy of a book which it likes, and run it as a serial for its readers, unless the holder of the copyright has so assigned that right. Or why a cinema producer, or stage manager, cannot produce a book on the screen or stage without an assignment from the author. The law makes no specific mention of newspapers, cinemas or theatres; but various judgments have laid down that these actions are an infringement of copyright. That is to say, these infringements of copyright are *interpretations* of the law, perhaps not existing in the letter of the law. But if the interpretation of the law can protect one thing, it seems curious that it cannot protect another. If the legal advisers of sports clubs can interpret copyright to the advantage of footballers, it should not be impossible for authors to secure a legal interpretation to their own advantage.

Now libraries are doing what newspapers are not allowed to do. They buy a book and circulate it to fifty readers, on an average, without an assignment from the author. This infringement of copyright has never been challenged, and never will be, until authors get together and collectively urge the legal rights—and wrongs—of their case. When the present law was framed the number of libraries was insignificant in comparison with what it is to-day. One

or two sufficed for the needs of each community. But to-day there exist long chains of them throughout the Kingdom; and in London it is not uncommon to find three or four in one street—a testimony, perhaps, to the nation's love of reading, but a source of great loss to authors.

Our public libraries perform a great service to the public; but from an author's standpoint the system of inter-lending now in vogue means penury, or something so near it as to necessitate "pot-boiling." Books often represent many months or years of study on an author's subject. Carried to its logical conclusion, the library system might mean that an issue of 100 books would serve the whole kingdom—as long as they were durable. In the same way it would appear that the whole of the second-hand book trade is also an infringement of copyright.

Literature, we may legitimately hope, is above political controversy. It should not be difficult, therefore, to obtain powers to authorise two issues of royalty stamps—say, to the denomination of one halfpenny and sixpence. One halfpenny stamp could be affixed each time a book was loaned and a sixpenny stamp each time a book was sold at second-hand. The labour entailed in each library or second-hand bookshop would be small. It need be no more than the entry of title, author and publisher, on an endless roll, the carbon of which could be forwarded to the central authority when purchasing the supply of stamps. If literature be entertainment, there seems no reason why an entertainment tax, borne by public and publisher alike, should not be utilised to guarantee at least a subsistence minimum for the professional author. It would not be a dole; for its yield would rise if the public accorded the author full meed of approval. Indeed, it would be little more than a guaranteed royalty, the guarantee given by public and publisher, with the State as umpire. Certain it is that, unless something be done soon on these lines, literature will lapse into pot-boiling, and authors will go back to Grub Street.

NOTES OF THE WEEK

Unemployment Assistance.—A great deal of light is thrown on the untractable unemployment assistance problem by the publication of the first annual report of the Unemployment Assistance Board. The Board was created by the 1934 Act to provide for the "material needs" and "welfare" of those able-bodied unemployed, normally wage-earners, who had exhausted their right to benefit under the Insurance scheme. New standard relief schedules were drawn up by the Board, and came into force on January 1, 1935. After six weeks, however, as everybody knows, the schedules were withdrawn in deference to public outcry; and a standstill was instituted providing for the maintenance of the new scales, or the old "transitional payments," whichever were the higher. The present Report is a statement neither of what the Board thinks ought to be done nor of what it thinks about the rights or wrongs of the standstill decision. It is simply a description of the principles on which the Board drew up its schedules and of the way they have been carried out. As such it is an impressive document, seemingly imbued with a humane and broad-minded outlook. It shows how fully the Board was conscious, in devising its scales, of the danger on the one hand of excessive bureaucratic rigidity, and on the other of perpetuating unjustifiable discrepancies between different areas. The Board found itself confronted with a multiplicity of different local scales, based in most cases on no rational ground; and it decided to draw up standard scales allowing for differentiation according to certain definite principles. The most important of these principles was that relief should vary according to rent; but "discretion" was allowed to local officers in a great many important ways. In particular, a fairly liberal interpretation was placed on the household needs test enjoined on the Board by the Act; and extra payments were made in many cases for both "exceptional needs" and "special circumstances." Altogether the Report leaves one even more puzzled at the intensity of the spontaneous outcry which greeted the regulations eighteen

months ago. The explanation may perhaps be that traditional scales had come to be regarded as fair in particular areas, and that the inevitable local reductions implied in any standardisation were therefore felt as an outrage on administrative justice. If so, it may be necessary to preserve some of the traditional scales, at least in the case of long-standing claimants. Clearly, however, this cannot be allowed to continue on the general, and chaotic, scale implied in the present standstill.

The 40-hour Week.—This year's discussions of the 40-hour week proposal at the International Labour Office have drawn heightened significance from their coincidence with the French and Belgian strikers' demands, and the introduction of a legal 40-hour week in New Zealand. The 40-hour week now appears as one of the immediate aims of the working class in all the advanced industrial countries. It is a demand which will arouse general sympathy, but must at the same time present very serious difficulties. We discussed the general problems raised by the 40-hour week proposals in our issues of June 2 and November 22, 1934; and we there suggested that the 40-hour or five-day week should be regarded as a social reform, alternative to higher incomes, rather than a cure for unemployment. For a reduction in hours may either be offset by an increase in the workers' efficiency, in which case no new workers will be needed; or else it will not be so offset, in which case there must be a rise in costs. It is of course this danger of a rise in costs which has inspired most of the employers' delegates at the I.L.O. this week to oppose the proposed convention for an international 40-hour week in the textile industry. The difficulty is a real one; and it is aggravated by the fact that a reduction in hours is more likely to bring a reduction in wages in countries with weak trade union movements than in those with strong. Nevertheless, it would be a pity if

the employees' delegates, and even the British Government, were to give the impression of obstructive opposition to the whole movement. The proper line of advance is a reduction in hours in those industries and those countries where very long hours are worked; for here there is the best chance of a corresponding increase in efficiency. And undoubtedly the I.L.O. is right in attempting to organise the change internationally, and to do so industry by industry. The question of hours of work is a very important one; for even in this country very much longer hours are worked in certain trades than is generally realised. Certainly the British Government should not fall behind the French, Belgian and American in tackling the formidable obstacles that at present stand in the way of the 40-hour week.

"Inflation Without Devaluation."—M. Auriol, the French Finance Minister, has told France this week that there is to be no devaluation, but that the Government's reform programme will be financed by a restoration of confidence and by "first-aid inflation." This official pronouncement on financial policy was finally postponed from Thursday until after the closing of the Bourse on Friday. Whether this portends devaluation or exchange restriction, is naturally still uncertain. But M. Auriol cannot seriously imagine that he can go on much longer without one or the other. It may be possible to stimulate ephemeral accesses of "confidence" by reiterated denials of the intention to devalue, and it may be possible to borrow without limit from the Bank of France. But, in the present enormous disparity of French and world prices, the effect of such policies can only be a headlong outrush of gold. Of the two possible solutions, devaluation would be far the best. But to adopt neither solution, and simply to let the situation drift would of course be worst of all, and would almost certainly involve France's new Social-Democratic experiment in catastrophe. It is good news that M. Blum's Cabinet has drafted decrees designed to dissolve entirely the extra-Parliamentary Croix de Feu, Francistes, Solidarité Française and Jeunesse Patriote. But the future of democracy in France, and perhaps elsewhere, seems at the moment more likely to depend on monetary policy than on the dissolution of any number of "Fascist" Leagues.

Strikes in Belgium.—M. van Zeeland this week succeeded in forming a Government at the end of three weeks' negotiation; and he already seems to be on the way to settling the strike crisis. After the General Election, despite the general support given to his Government, M. van Zeeland announced his intention to resign. It was even reported that he intended to return to the National Bank. The Socialist leader, M. Vandervelde, however, failed to form a Government owing to the unwillingness of the Catholics and Liberals to serve under any but a non-party Prime Minister. M. van Zeeland, on a second attempt, found the situation still difficult, since the Socialists, now the strongest party in the Chamber, wanted a more forward policy. Further, M. van Zeeland had some constitutional reforms of his own to propose, which have not been made public, and do not seem to have been wholly acceptable to the party leaders. Finally, however, agreement was reached this week, and a Government was formed containing Socialist Ministers of Finance and Foreign Affairs. But almost on the same day on which M. van Zeeland's success was announced, an epidemic of strikes began, affecting in particular the coal mines and heavy industries. The immediate occasion of the strike has clearly been the success of the French workers. For the Liège and Mons areas, which are not very far from the industrial districts of North-East France, first felt the movement; and the strikers' demands for a 40-hour week, holidays with pay, collective bargaining and higher wages were similar to those of the French workers. But the movement must be presumed to have had its origin in the long deflationary pressure which, up to March, 1935, was as severe in Belgium as in France. Since devaluation there has been a far-reaching industrial recovery in Belgium and a large fall in unemployment. But the worker who has been employed

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Enquiries from merchants regarding shipments to the East and the special facilities available are invited.

throughout must have suffered almost as great a reduction in money wages in the last five years as the French worker. Indeed, since the cost of living has risen 10 per cent. in the last year, he is actually worse off; though the Belgian working class as a whole has benefited as a result of the 50 per cent. fall in unemployment. In these circumstances the strikes are understandable; and it may be hoped that the new Government will be able to meet such of the strikers' demands as will not involve a rise in costs great enough to offset the effect of devaluation. The provisional agreement reached on Wednesday night included the grant of a minimum wage, a six-day holiday with pay, and the recognition of union rights. Separate negotiations are to be directed to the introduction of the 40-hour week. Thanks to devaluation, these concessions should not overstrain the Belgian economy. Indeed, they may be fairly regarded as the completion of M. van Zeeland's work of general economic reconstruction.

The Republican Candidate.—The Republican Party Convention which has just ended compared unfavourably with some of its predecessors, judged by the number of hours filled by cheering, parades and brass bands. Nevertheless, it has been one of the most important in the Party's history. Governor Landon, of Kansas, received the nomination for the Presidency and Colonel Knox for the Vice-Presidency. All other candidates withdrew their names and supported Governor Landon, except Senator Borah, who retired to Washington in disgust at the new candidate's devotion to a monetary system based on the rigid gold standard. The main issue before the Convention was the choice of a programme for the campaign against the New Deal. The Old Guard of Eastern Republicans were for a flat rejection of any meliorist policies, for high tariffs, and for no interference by Government in industry; they were prepared to lose the election rather than adopt a progressive platform. The Western Republicans favoured a policy which had much in common with the Democratic New Deal. The platform finally adopted has all the contradictions common to its kind, but must be interpreted as a definite victory for the progressives; the day of "rugged individualism," with prizes for all, is dead. This shifting of position may increase the Republicans' somewhat slender chances of replacing the Democrats in this year's Presidential elections and heighten their prospects of a victory four years hence. The Democrats are far more vulnerable on the ground that many of their actions do not produce the social results which the New Deal postulates as desirable, than on the charge that the Federal Government has no right to attempt to ameliorate social and economic maladjustments. It is true, of course, that, just as the Democrats since 1932 have reversed their traditional defence of State rights and have fought for enlarged Federal powers, so now the Republicans have deserted their previous support for increased centralisation and have become defenders of the States. But when Republicans obtain office they will probably discover, as the Democrats did, that their objectives cannot be secured without modification of the limitations imposed upon the Federal Government by the Supreme Court's interpretation of the Constitution. It is to Governor Landon's credit that he has not shirked this point. Far from taking issue with President Roosevelt, he has already declared that if the Constitution will not permit desirable economic and social

ends to be achieved, it must be amended. In any case, the fundamental contradictions which remain in the new Republican platform may have no more binding influence upon Republican policy after the election than the Democratic platform of 1932 had on President Roosevelt. What chiefly matters is that the Republicans have been converted to social reform.

* * *

Turning the Screw in Palestine.—There are now eight battalions of British troops in Palestine. The mandatory authorities have been turning the screw in their efforts to repress the present disorders. On June 12th the High Commissioner, Sir Arthur Wauchope, issued an ordinance making additional regulations under the Palestine Defence Order-in-Council of 1931. The civil courts are now empowered to pass sentences of death or of imprisonment for life on persons convicted of having fired on the Palestinian police or on the forces of the British Crown, or of having thrown bombs with intent to injure persons or to damage property. And life terms (rising to death sentences in cases involving danger to life) have also been made legal as the punishment for a wider list of acts of sabotage. No doubt any Government must take—and use—all powers that may be necessary in order to re-establish its own authority against a campaign of terrorism, and this must be its first concern. But our Palestinian policy, though it may have to begin at this point, most certainly cannot end there. It is possible that the present measures of repression may momentarily succeed in achieving their immediate object; but, unless they are accompanied by constructive statesmanship, the crop of embitterment which they will have sown is bound to spring up in successive *émeutes* which will call for new repetitions of repressive measures. Such conditions would render the development of the Jewish National Home quite impossible, and would thereby defeat the very object for which the Mandatory Power has thrown itself into collision with the Palestinian Arab community. Surely, it is only right that we should now at last let the Palestinian Arabs know clearly where they stand over against British policy. They have to expect that Jewish immigrants will continue to be admitted into Palestine as fast as the economic situation permits and with no other limit. If there is to be no end to this process, then the Arabs will find themselves reduced, sooner or later, to the status of a poor minority. This is a prospect to which no community in the world would submit without a desperate struggle. Surely we ought quickly to decide, and to declare, our intentions on the ultimate stabilisation of the national strengths of Arabs and Jews in Palestine.

* * *

Nazi Violence at Danzig.—At Danzig on the night of June 12th one person was killed and some fifty or sixty were injured in a Nazi attack on a political meeting organised by the survivors in Danzig of a German National Party, which is now only a memory in the Reich. The attack was delivered by 120 S.A. men, armed with hand-grenades taken from the Danzig police arsenal. Though the man killed was one of the Nazi assailants, while another of them has since died of his injuries, the majority of the casualties were sustained by the victims of the attack, including a large number of women. The fact that the National Party was the object of attack, and not either the Catholic Centre or the Social-Democrats, underlines the truth that, in domestic politics, the Nazis regard the existence of any non-Nazi political organisation as an unpardonable affront to themselves. The latest outbreak of Nazi violence at Danzig is serious, because Herr Hitler is known to be acutely sensitive, and desperately sore, about the success of the non-Nazi parties in the Free City in holding, between them, not much less than half the seats in the local Senate, against vehement and repeated Nazi attempts to take Danzig by storm. The state of parties in the Danzig Senate is, indeed, a standing commentary upon the virtually totalitarian Nazi votes which Herr Hitler obtains nowadays in his six-monthly plebiscites within the frontiers of the Reich. It is not as if the political conditions within the borders of the Free City were completely free and fair. Far from it. The Nazis at Danzig have the advantage of superior financial resources (obtained from the Reich) and superior powers of intimidation (exemplified in last week's hand-grenades). If,

in such circumstances, a mere residue of freedom and fairness makes it possible for the non-Nazi parties to hold their own, this calls in question Herr Hitler's claim to have behind him the unanimous support, not only of the inhabitants of the Reich, but of the whole German "nation," outside as well as inside the Reich's present frontiers. Meanwhile, the Nazis in Danzig are doing their best to suppress their opponents by internal action, with indirect and underground assistance from the Reich. Opposition members are arrested; all opposition newspapers confiscated; the Nazi police, secret and official, are everywhere; and all this on no grounds but Nazi totalitarianism. It is a situation which is putting a heavy tax on the patience and fortitude of the League's admirable Irish High Commissioner, Mr Sean Lester. But what will the League—and the Danzig *rapporteur*, Mr Eden—do if the Danzig opposition appeal again? Wag the finger at the Nazis? If so, the Nazis may well retort by copying Signor Mussolini's tactics, as soon as the Third Reich has expanded far enough to overawe Poland—and Britain.

* * *

Little Entente Policy.—The three States-Members of the Little Entente seem to have agreed to continue to stand firmly together, while each makes itself as strong as possible. Whatever may be going to happen in Europe, it is certain that Czechoslovakia, Yugoslavia and Rumania will be able to secure better terms *en bloc* than piecemeal. If their statesmen had not seen this patent truth for themselves, the Germans and Italians could not have failed to enlighten them by the very assiduity of their efforts to prise the three allies asunder. While Italy allows Roumania and Czechoslovakia to understand that they have nothing to fear from her as long as they leave Yugoslavia to her fate, Germany hints to Yugoslavia and Roumania that they have only to leave Czechoslovakia to her fate in order to secure favourable terms from a rapidly expanding Third Reich. If the East European Successor-States do have to come to terms with either or both of the Central European dictatorships, then union is strength. While they would vastly prefer to run risks and to make sacrifices for a system of collective security, they have to face the question whether anything that deserves to be called by such a name can be expected to survive an abdication by both France and Great Britain from their once great positions in European affairs. If the two Western democracies deliberately reduce themselves to the rank of small States, can the Little Entente Powers still look to Russia, single-handed, to back them in upholding the collective system in Eastern Europe? In such circumstances, would not Russia treat a German act of aggression against the East European Successor-States with the same inhuman self-restraint that she showed when the Japanese over-ran Manchuria and seized the Chinese Eastern Railway? With these formidable contingencies to consider, the Little Entente obviously cannot rule out the possibility of being confronted one day with a choice between political extinction and capitulation to Germany—not outright, but on terms. For this, too, they would find great advantages in maintaining their unity. They would have more, for instance, as a trio than Hungary or Bulgaria would have to offer to a German master of Europe. If the Little Entente does eventually make its own terms with Germany, the consequent increase in Germany's strength will be exceedingly serious for us. And we shall have only ourselves to thank for it.

* * *

The Swedish Government Resigns.—The resignation of the Swedish Government last week-end is scarcely surprising. It had been clear for some time that the three *bourgeois* parties—Conservatives, People's Party (i.e. Liberals) and Peasants—were not going to lose a chance to jockey the Government out of office on the issue of national defence, and that the Cabinet itself was somewhat undecided about the best course to adopt before the coming elections. Mr Per Albin Hansson's Socialist Government has been in office for four and a half years—a longer period than that of any other Swedish Cabinet during the last twenty-five years. The Cabinet can show a remarkable record of success and solid achievement. Through a com-

bination of good luck and good management, Sweden's Socialist administration had succeeded in leading the country out of the depths of depression and out of the *débris* of the Kreuger crash, but in developing an altogether new peak of national prosperity. Being a minority Cabinet, and having to rely on the support of the Peasants, it pursued a cautious national policy, dictated by solid practical considerations and not by Marxist dogma. In these circumstances the *bourgeois* Opposition found it increasingly difficult to challenge the Socialists on any really vital issue, and their repeated efforts to find or create such issues invariably ended in their discomfiture. Moreover, they had little or no policy to offer. The re-armament wave was a godsend to them. Here at last was a platform on which they could all unite and attack the Government. But Mr Hansson's Cabinet, realising the nation's genuine desire for a stronger defence force, and not wishing to be forced to resign on so burning a question, went a long way towards a compromise. It offered 135 million kronor for defences, whereas the Opposition demanded 148 millions. The petty 13 million kronor were thus the extent of the gulf between them. But the Opposition prepared to throw out the Socialists. Thereupon the astute "Per Albin" put forward a plan by which these disputed 13 millions were to be linked with another 5 million kronor for old-age pensions. The Opposition rejected his offer, and after a good fighting speech he resigned. He and his colleagues will now be able to concentrate on the election campaign free of the burdens and responsibilities of office. There is little doubt that they will be successful.

* * *

To and Fro in China.—After marching—or, rather, entraining—for the North with an anti-Japanese flourish of trumpets, the troops of the Chinese Government at Canton are now falling back again behind their own provincial boundaries as the troops of the Chinese Government at Nanking approach the southern borders of Hunan. It looks as though the flux in the political relations between Canton and the Yangtse Basin might at last be brought to an issue by the slow but sure process of railway construction. It is now reported that, some four months hence, the through route between Hankow and Canton will be opened at last, with the completion of the missing link on the watershed. There is also a project for prolonging the Shanghai-Hangchow Railway south-westwards until it joins the Hankow-Canton Railway at a point south of Changsha. If these two railway developments soon coincide, there will be some prospect at last of politically consolidating all that is left of an independent China under a single Government, which, without being plagued by Chinese rivals, will be able to focus against Japan all the still surviving forces of Chinese resistance. A united South Chinese Government in all probability would not establish its capital in Nanking or Canton—exposed, as both of them are, to Japanese attack. It would be more likely to seek a safer seat at some point in the interior which had been opened up by the improvement in the South Chinese railway system. This development would be unwelcome to Japan, who now seems to have set her ambition upon swallowing China whole, as an easier option than attacking Russia, who can strike back at Japan more effectively than Japan can strike at her. Perhaps this is the light in which we should read the report of a conversation at Tokyo, on June 10th, between the Japanese Foreign Minister, Mr Arita, and Sir Frederick Leith-Ross. The economic adviser to the Government of the United Kingdom seems to have suggested that the revival of Chinese trade might be beneficial to Japan, and to have received the reply that Nanking can expect no Japanese economic assistance so long as she remained politically hostile. "In regard," *The Times* correspondent continued, "to certain railway plans which Sir Frederick Leith-Ross considered financially sound," Mr Arita, "pointed out that railways in China had political as well as economic aspects." Now that the Japanese front has advanced, in four and a half years, from the Yalu River to the hinterland of Hongkong, what are His Majesty's Government beginning to think about 1937? May they not soon be forced to help China to resist Japan's aggression, in defence of Empire? Or have they given up that idea together with the idea of collective security?

Three Million Houses.—Sir Kingsley Wood, Minister of Health, announced with pardonable satisfaction, in a speech at Winchester on June 16th, that about 3,000,000 new houses had been provided in England and Wales since the Armistice. As the total number of houses in England and Wales at the end of the war was a little under 8,000,000, much progress has clearly been made in rehousing the nation. But out of 2,981,417 new houses provided since the war, 2,120,369 have been built by private enterprise. The total of 174,009 houses built in England and Wales in the half-year ended March 31st last was a record, and was 5,282 more than in the corresponding period a year ago and 24,092 more than in the six months ended September 30, 1935. Of particular interest is the fact that 61,826 houses were built to let during the half-year ended last March. Of the smallest types of houses having a rateable value not exceeding £13, some 81,015, during this period, included 47,073 for letting. Slum clearance is making gradual progress; the number of houses completed by local authorities during the six months ended last March totalled 27,198. That much remains to be done, however, in this direction is being clearly revealed by the results of the survey of overcrowding which is now in progress.

* * *

Iron and Steel Production.—The figures recently published by the British Iron and Steel Federation reveal a slight decline in the output of steel ingots and castings, but a further increase in the production of pig-iron. There is still, however, a marked shortage of pig-iron; and despite increased imports of semi-finished materials in recent months, a satisfactory balance between production and requirements has yet to be achieved:—

(In thousands of tons)

Period	Production		Foreign Trade	
	Pig Iron	Steel Ingots and Castings	Total Imports	British Exports
1913—Monthly Average	855.0	638.6	185.9	414.1
1929 " "	632.4	803.0	235.2	364.9
1932 " "	297.8	438.5	132.7	157.4
1933 " "	344.7	585.3	80.9	160.2
1934 " "	498.2	738.3	113.9	187.8
1935 " "	335.5	820.2	96.0	197.7
1935—April	526.3	808.7	62.7	204.3
" May	558.9	853.3	86.4	206.8
" June	529.3	770.0	98.2	195.1
" July	547.3	803.3	90.2	205.7
" August	543.4	759.9	74.3	202.5
" September	529.6	855.9	89.3	187.2
" October	544.3	907.3	101.2	224.0
" November	529.3	903.3	77.0	215.8
" December	559.3	811.5	113.0	190.3
1936—January	595.5	911.7	119.9	164.8
" February	584.7	938.5	123.2	167.8
" March	633.6	980.1	130.3	163.4
" April	629.8	984.2	120.8	177.5
" May	661.0	963.0	117.5	204.1

Since last autumn the increasing pressure of home demand has been satisfied, in part, at the expense of export orders. Exports last month, however, showed appreciable expansion, though the tonnage shipped was still below the level of May, 1935. In that month, British India was our most important iron and steel market, but in May, 1936, our exports to India were only 14,905 tons, against 20,029 tons. Exports to Russia, which were substantial three years ago, have now dwindled to insignificance. Shipments to Argentina have declined from 19,635 tons a year ago to 10,564 tons last month, while exports to Canada have risen from 17,143 tons to 21,876 tons. Shipments to China have increased from 3,194 tons to 10,113 tons, and to Denmark from 10,480 tons to 21,101 tons. As compared with a year ago there has been a sharp decline in total exports of pig iron, plates and sheets (except tin-plates) and wrought tubes, while shipments of railway material have greatly increased.

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

Overseas Trade in May.—A further slight improvement in Britain's overseas trade occurred last month, when imports and exports both showed an increase compared with the previous month and with the corresponding month of 1935. The figures, however, failed to attain the level of the last quarter of 1935:—

OVERSEAS TRADE IN MAY
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	%
Total imports	£ 61,797	£ 64,529	£ 69,178	+ £ 4,649	+ 7.2
British exports	32,759	35,207	36,396	+ 1,189	+ 3.4
Re-exports	4,787	5,560	5,635	+ 75	+ 1.3
Total exports	37,546	40,767	42,031	+ 1,264	+ 3.1
Excess of imports over exports ..	24,251	23,762	27,147	+ 3,385	+ 14.2
Transshipments under bond	1,829	2,190	1,908	- 282	- 12.9

OVERSEAS TRADE IN FIRST FIVE MONTHS
(000's omitted)

	1934	1935	1936	Change between 1935 and 1936	%
Total imports	£ 301,311	£ 302,073	£ 335,688	+ £ 33,595	+ 11.1
British exports	157,608	173,578	175,853	+ 2,275	+ 1.3
Re-exports	24,708	23,641	27,392	+ 3,751	+ 15.9
Total exports	182,316	197,219	203,244	+ 6,025	+ 3.1
Excess of imports over exports ..	118,995	104,854	132,444	+ 27,590	+ 26.0
Transshipments under bond	10,122	9,992	10,621	+ 629	+ 6.3

The increase in imports compared with last year was fairly well spread between the principal categories, but was most marked in the raw materials group—a factor which gives promise of continued expansion of industrial activity in the near future. In view of the fact that sanctions have reduced our trade with Italy almost to nil, the maintenance of British exports is moderately encouraging. Re-exports, however, showed a slight decline during the past month.

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Chief Imports and Exports.—Imports of the majority of raw materials during May were higher this year than last:—

RETAINED IMPORTS
Month of May

Item and Measure	1934	1935	1936
Wheat	'000 cwt.	9,205	10,438
Beef and veal	'000 cwt.	1,101	1,123
Mutton and lamb	'000 cwt.	673	856
Sugar (unrefined)	'000 cwt.	3,417	3,067
Iron ore and scrap	'000 tons	476	463
Raw cotton	'000 cents	979	812
Sheep's and lambs' wool	'000 cents	455	811
Flax, hemp and jute*	tons	24,900	21,497
Crude petroleum*	'000 galls.	28,914	42,171
Hides, wet and dry	'000 cwt.	72	111
Wood pulp*	'000 tons	234	193
Rubber	'000 cents	219	280
Unwrought copper*	tons	14,727	25,424
Pig-lead	tons	22,407	26,643
Tin	tons	4,121	5,113
Ore and concentrates*	tons	51	194
Blocks, ingots, slabs and bars	tons	122	86
Iron and steel manufactures	'000 tons	6,501	7,163
Machinery	tons	6,501	9,324

* Total imports.

Imports of grains and meat showed a decline by comparison with a year ago, but imports of other foodstuffs were generally higher. Imports of raw cotton and cotton waste increased sharply, and their value rose by £555,000, while purchases of other textile raw materials, with the exception of raw silk and waste, were also considerably higher. The reduced import of unwrought copper was partly due to a falling-off in shipments from Chile, while British Malaya was mainly responsible for the decrease, £644,000 in value, in our imports of crude rubber. Despite considerably increased imports from Nigeria, total purchases of tin ore and concentrates showed a decline this year. Imports of iron ore and scrap reflected the sustained activity of the iron and steel industry. A steep rise in purchases of machinery—mainly from Germany and the United States—may be attributed to expanding production in general and to demand for special types of machinery.

BRITISH EXPORTS
Month of May

Item and Measure	1934	1935	1936
Coal	'000 tons	3,648	3,668
Iron and steel scrap	tons	27,165	12,172
Pig-iron and ferro-alloys	tons	12,503	17,790
Railway materials	tons	15,753	4,574
Total iron and steel manufactures	tons	188,455	206,797
Textile machinery	tons	8,101	6,787
Total machinery	tons	29,857	33,983
Cotton yarns	'000 lbs.	11,272	11,677
Cotton piece-goods	'000 sq. yds.	150,645	158,156
Wool tops	'000 lbs.	3,760	3,811
Worsted yarns	'000 lbs.	3,176	2,495
Woollen tissues	'000 sq. yds.	4,722	4,198
Worsted piece-goods	'000 sq. yds.	2,335	2,570
Leather boots and shoes	doz. pairs	36,573	26,672
Leather	cwt.	14,676	22,219
Paper and cardboard	'000 cwt.	328	325
Locomotives (complete and parts)	tons	474	868
Motor vehicles and chassis	number	4,551	5,881

British exports of railway materials showed a welcome recovery compared with the previous year, and exports of locomotives and parts were also substantially above the corresponding 1935 figure. The prosperity of the woollen and worsted industry and the continued depression of the cotton industry are again reflected in the export figures. Coal exports are still suffering from the drastic curtailment of Italian purchases, but this factor has been partly offset by increased exports to other countries.

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Shipping Freight Index.—As measured by the monthly index the general level of whole cargo shipping freights fell by 1.2 per cent. during May, following a rise of 0.1 per cent. in April. The current figure of 88.8 compares with 83.7 in May, 1935, and 83.4 in May, 1934. Details of the index number are as follows:—

(1898-1913=100)

	Average 1913	May, 1935	March 1936	April 1936	May, 1936
European waters	110.0	87.9	85.8	86.1	88.0
North America	113.1	81.7	90.4	90.9	89.0
South America	123.4	80.1	85.4	87.4	85.2
India	106.3	88.7	97.0	95.0	92.5
Far East and Pacific	117.4	79.2	87.9	87.3	85.8
Australia	127.9	84.6	92.6	92.6	92.6
TOTAL	116.3	83.7	89.8	89.9	88.8

Hull reports a continued limited demand for tonnage and easy rates. At Liverpool, from the River Plate chartering homewards has been moderately active, and from Montreal a fair interest has been maintained. Newcastle reports a slightly better enquiry for the Baltic. Southampton shows a continued improvement, and the April figures are considerably above those of April last year. There has been very little improvement at Cardiff, Newport and Swansea. At Glasgow the French, Bay and Mediterranean trades have been dull. The Baltic trade has been fairly brisk with rates firmly maintained, and in the Atlantic trades Montreal has been a little busier. Movements of the various sections are as follows:—

	Index No.	Inc. or Dec. Points		Index No.	Inc. or Dec. Points
Home trade	80.9	+3.1	South America:—		
Bay—outwards	104.6	...	Outwards	61.3	-4.6
Bay—homewards	91.9	+1.6	Homewards	109.1	...
Mediterranean:—			India—outwards	77.2	-1.4
Outwards	80.3	+2.2	India—homewards	107.7	-3.8
Homewards	89.2	+1.5	Far East, etc.	85.6	-1.7
North America	89.0	-1.9	Australia	92.6	...

Expressed as a percentage of the average for 1913, the complete figure of our index number for May is 76.3, compared with 77.3 for April and 71.9 for May, 1935.

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Another "Queen Mary."—We learn as we go to press that Mr Chamberlain has announced his agreement "in principle" to the Cunard-White Star Line using funds available under the North American Shipping Act for the construction of a sister ship to the "Queen Mary." The decision is welcome. Since the economy of a large and fast ship depends entirely on a two-ship weekly service, the sooner the new ship is built the better.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE SUPREME COURT'S NEW VERDICT

THE Supreme Court's decision on June 1st invalidating the New York State Minimum Wage Law for Women and Children promises to be the most consequential of the series of definitions of Governmental authority given by the Court during the past two years. The previous ones concerned the powers of the Federal Government, and, of course, preponderantly circumscribed them. Likewise they affected New Deal measures. The reactions to the previous decisions varied little. The Opposition applauded, and the Administration was forced to be silent after the cold reception which greeted Mr Roosevelt's bitter comment on the N.R.A. decision. The latest ruling did not, however, concern the New Deal nor Federal authority. It denied that a State had the power to establish minimum wages and questioned State efforts at industrial regulation in most forms. This is an especially stiff blow to the Opposition, which has held that, if regulation be needed, the States should do it. Mr Roosevelt coined a popular phrase by saying that the decision points to a kind of "no man's land" in which both the Federal and State Governments are powerless. In any event, the Opposition is not a little embarrassed, and some prominent figures in the Republican Party have urged their Convention meeting at Cleveland this week to propose a Constitutional amendment to enlarge the powers of the States. Whether or not the Opposition does attempt to "kidnap Thomas Jefferson," as it threatens to do on other issues as well, the decision greatly increases the probability that the Constitution will be an important centre of campaign discussion.

A continually favourable level of business is shown by current reports. Steel operations are forecast for this week at 69.5 per cent. of capacity, compared with 68.2 per cent. during the previous week. General Motors sales of cars and lorries in May set an all-time high for that month and the same was true of May sales of Montgomery Ward. Carloadings declined in the week of May 30th with the holiday, but remained 18 per cent. ahead of a year ago, as in the preceding week.

WALL STREET AND THE NEW MARGIN RESTRICTIONS

There is increasing discussion of the current shift of security market operations abroad designed to escape the margin and other restrictive regulations now in force. Reports are current that already operations in American securities abroad equal a third or a fourth of the volume here and that the proportion is rising. Whether an important movement of funds is implicit in this situation, if it is as consequential as stated, is a question; thus far evidence is lacking. At the same time, the Reserve authorities are reported to be less adamant about the equity required from brokers than from their customers.

The Treasury's June offering of securities was well received. Subscriptions for the \$1,000 millions of securities offered for cash totalled \$7,054 millions. Of this, total subscriptions for the \$600 millions of 2½ per cent. 15-18-year bonds aggregated \$4,282 millions; and those for the 1½ per cent. five-year notes \$2,772 millions. Allotments to subscribers for the former were 14 per cent. and for the latter 15 per cent. The financing also included refinancing of the notes maturing on June 15th and August 1st. The holders were given the option to take either bonds or notes, and showed a marked preference for bonds. The popularity of the new securities, which were promptly quoted at premiums, demonstrates the continuing ease of money and the banking demand for earning assets. The Treasury does not expect to do any further financing until September, except for the weekly bill offerings. The cash balance already built up, plus the addition by this operation and further small accretions from the weekly bill offerings, is expected to be adequate to care for the deficit and the cashing of the bonus bonds which are to be distributed to veterans on June 15th.

NEW YORK, June 8.

FRANCE

THE SENATE AND REFORM LEGISLATION

THE Conservative Senate will follow the Chamber in voting M. Blum's measures of social reform. The Senate Committee of Finance, which has been the great fortress of deflation and Budget economies, has surrendered; and it accepts the abrogation of certain decree-laws, though it does not know what new charges this decision implies. M. Blum has declared that he is unable to fix them. Parliament knows well enough that the country supports the economic experiment of the "Popular Front." Resistance is therefore impossible unless and until public opinion has changed as the result of keen disappointment. It should be noticed, however, that if the Socialists have been outdone by the wild claims of the Communists, the Communists seem to have been in their turn outdone by the Trotskyists. The task of the Government in maintaining harmony between its supporters of the Right and of the Left accordingly looks more and more difficult.

For the time being, however, the strikers have resumed work and social peace has been re-established. The next task will be to reconcile the new social charges with the necessity for economic equilibrium, both in private and public affairs. Since wages have been increased, profitability must somehow be safeguarded and fiscal receipts increased. It is all-important to estimate the repercussion of the increase in wages on costs and selling prices—a question which is here being obscured by the various theories and interests concerned.

Pursuing his campaign for devaluation, which is also a campaign for the maintenance of profitability and economic liberty, M. Paul Reynaud, the leader of the devaluationists in the Chamber, now declares that the recent social laws will increase costs by 35 per cent., although French prices are already the highest in the world. The estimate of 35 per cent. comes from M. Jouhaux, the leader of the Confédération Générale du Travail. But M. Blum, starting from his "no devaluation" point of view, contends that this rise of 35 per cent. in costs will entail a rise of only about 4 or 5 per cent. in selling prices, while M. Gignoux, a writer in the Conservative Press, expects a rise of 5 to 8 per cent. A rise of 4 to 5 per cent., M. Blum says, will be rapidly absorbed by a revival of production and trade, since the increased charges will be distributed over a greater number of manufactured goods.

This argument is not without substance. But the 35 per cent. estimate is premature, first because the application of the social laws will vary considerably from industry to industry, and, secondly, because the rise in prices will depend not merely upon costs but also on demand. For the increase of incomes only affects the workers. The incomes and consumption of the rest of the public will not be increased; and it may even be diminished by the *crise de confiance*, the flight of capital, and the possibility of greater saving in expectation of a rise of prices and new social disorders.

THE "MYSTIQUE" OF THE FRANC

The whole difficulty of the problem lies in the internal contradictions of the French political and economic situation. For instance, all members of Parliament (except the 72 Communists) are, in fact, converted to devaluation, but the "mystique" of the franc is so great that a proposal for devaluation by M. Reynaud would not obtain more than perhaps twenty official votes; so that M. Reynaud himself, in spite of his staunch support of devaluation, will probably not even table this proposal in the Chamber. Again, the whole country considers devaluation inevitable; yet the holders of the 40,000 million francs of hoarded franc notes are not exchanging them against gold or other "real" assets. But if these huge sums of money remain hoarded now, will they emerge in answer to future appeals for confidence by the Minister of Finance, M. Auriol? Will they not perhaps refuse to circulate as stubbornly as they did at

the time of the reiterated appeals of MM. Germain-Martin and Marcel Régnier?

Thus M. Blum has embarked on the policy of higher wages and prices, which would normally imply a revival of business or else lead to a control of prices and the exchanges. But M. Aurion insists that he is not moving towards a monetary adventure comparable with that in which Dr. Schacht has involved Germany. He rejects exchange control. He wishes to mobilise, by restoring confidence, the 40,000 millions of hoarded francs, and he believes the exchange rate will remain stable, on the ground that all capitalists who wished to take their money abroad have already done so. But, in fact, if the hoarded funds do not come to the rescue of the Government, economic recovery will not start and the end of the Government's experiment will be an increased debt owed by the State to the Bank of France, and a reduction of the competitive power of French producers in international markets—in a word, an intensified crisis for France's public and private finances.

PARIS, June 18.

GERMANY

ANSWERING THE QUESTIONNAIRE

GERMANS are at present engaged in an edifying Peace Drive, and are even calling their new Olympic Games village and bridges "Peace" construction. Having a characteristic faith in the magic of such labels, they cannot conceive how anyone could doubt their honesty. They remark that the only threat to European peace in the last half-year has been the Anglo-Italian quarrel, the responsibility for which, not being interested in Abyssinia, they do not seek to determine. The report that London is impatient at the delay in replying to Mr Eden's *questionnaire* has not been well received either. There was a very long delay, it is retorted between Herr Hitler's offers of March 7th and the presentation of the *questionnaire*; and it must not be expected that so many questions, even if inspired by *naïveté* and *Weltfremdheit*, could be answered in the first innocence of a midnight dream. The uncertainty of the League's attitude to Abyssinia is one important ground of German dilatoriness.

It is probably an error for London to assume that Germany's return to the League would make that institution a more efficient peace instrument. The latest failure of the League—as Germans see it—was not due to the absence of certain Great Powers but rather to the presence of certain other Great Powers. There is no reason to think that Germany would have shown more vigour against Italy than was shown by Great Britain and France. If Germany now re-enters the League her aim will be to share in the Great Power policy, from which when formerly at Geneva she was excluded by her military weakness. The newly-repeated British devotion to the League as an instrument of security is not taken seriously here. To critical German minds League policy seems destined always to fail. The League, it is argued, was based on assumptions of progressive international improvement or improvability which do not accord with history.

There is once again a serious shortage of meat, and prices have risen very much. Eggs can hardly be bought. Butter, however, is now plentiful. Butter production in 1935 is returned at 435,000 tons, as against 395,000 tons in 1932, and net imports as 70,995 tons against 69,300 tons. The cereal crops report for June 1st is very good; the "conditions index" (3 = good, 2 = middling), was for winter rye 2.4 as against 2.7 in the same month of the best recent year, 1933, and winter wheat was 2.4 against 2.6. The fodder crops are also satisfactory. Cereals, however, are very largely influenced by June weather, and so far this has been very bad. The total retail trade turnover in April was 9 per cent. above that of April, 1935, but business in the department stores again declined.

The number of unemployed decreased in May by 272,000 to 1,491,200. Only 200,000 unemployed now receive insurance pay; while 640,000 draw "crisis relief" and 246,000 poor law relief. The extent of occupied capacity in

industry (per cent. of occupied working places) in the past four years has moved as follows. If seasonal changes are eliminated, July, 1932, was about the lowest point of the depression:—

	July, 1932	April, 1936
All industries	41.4	67.3
All capital goods	36.4	71.3
All consumption goods	47.9	62.2
Heavy iron and metals	42.1	85.6
Machinery	36.9	82.2
Vehicles	28.9	84.1
Textiles	57.2	71.4
Building	16.0	66.5

In the building industry (end March) the unemployed numbered 269,400, as against 931,900 in 1932. The activity in building is very largely due to public orders; and much of it, e.g. re-armament construction, is temporary. Nazi policy, which in general aims at a static economic condition, seeks to temper the extremes of trade cycles. It is hoped that when the re-armament and work-creation stimuli disappear, no marked general trade decline will ensue. One favourable factor is the heavy accumulation of reserves by joint-stock companies, whereby private investment may be financed as soon as the existing prohibitions on expansion are withdrawn. Public finance is being officially influenced from the same viewpoint. For the municipalities the Reich Government recently issued an Ordinance prescribing the accumulation of reserves for the future financing of works on the eve of depression. In general these reserves are to be fed out of ordinary Budget resources; and until the prescribed reserve sums are accumulated no reduction of taxes may take place. This is officially called a "trade policy of compensation."

ACTIVITY IN HEAVY INDUSTRY

The steel industry continues to be active, and there are reports of increasing foreign orders for machinery. The machine tools trade is almost fully engaged. The main demand is domestic, but exports this year have so far risen about 50 per cent., despite a heavy fall in the average price per machine. The export of hand tools has also considerably increased. Of all industries, the cement trade has recovered most; monthly output of cement has multiplied fivefold since early in 1932, and exports have more than doubled. The demand for foreign wool continues to be heavy, and the Bremen market cannot satisfy it.

The I.G. Farbenindustrie announces an unchanged dividend of 7 per cent. for 1935, thereby disappointing Bourse expectations. Gross profit was Rm. 612 millions, as against Rm. 565 millions in 1934; and net profit Rm. 56 millions, against Rm. 53 millions.

The imposition on German products of countervailing anti-dumping duties by the United States came as a surprise. Only a fortnight ago German official quarters were threatening a further reduction of imports from America owing to dislike of Washington's policy. Germans object with reason that the notion of "dumping," always an absurdity, has become meaningless in consequence of currency changes. The German export subsidy system involves, it is true, selling to abroad at below production cost; but the currency depreciations of other countries, it is pleaded, make it possible to "dump" without selling at below production cost.

BERLIN, June 15.

BELGIUM

THE REXISTS AND M. VAN ZEELAND

THE elections of May 24th weakened the three traditional parties; and the Rexists, a new anti-Parliamentary group, as well as the Communists and the Flemish extremists, gained an unexpected success. Do these results mean a defeat for the Government which has been in power for the last year? The best-informed observers say it does not. In fact the Communists and Socialists together only secured 38 per cent. of the votes, against 40 per cent. in 1932. The axis of Parliament has been pushed slightly to the Right. Moreover, the success of the Rexists, who now have 21 seats in Parliament, was obtained by attacks on the Government in power before devaluation and not by attacks on the van Zeeland Government. The Rexists

denounced scandals which were alleged to have taken place during the period of State intervention made necessary by the previous deflation.

The interference policy of the Government during the deflationary period seems nevertheless to have been successful; for the collapse of efficient enterprises was thereby avoided. The big banks and important industrial concerns were all able to resist the crisis. Besides, the interference policy has not involved the expenditure of large sums of public money. The State made available 6,000 million francs; and repayment of these debts is now almost complete. It is estimated that the losses will not exceed 100 million francs, and that they will be covered by the reserves of the official organisations which supervise these operations.

In any case, the elections are not a condemnation of the policy followed by M. van Zeeland. The absence of a movement to the Left shows that there has been a relaxation of the tension; and the fact that political strife is once again prevailing suggests that economic difficulties are less keen. The economic situation, however, though improved, remains difficult, especially among certain classes of the workers. Retail businesses, in particular, are not flourishing.

After the elections the van Zeeland Government resigned, as is usually done, and the King asked M. Vandervelde, to form a new Cabinet. He failed. After a fruitless endeavour, M. van Zeeland succeeded on a renewed attempt; indeed, he was obliged by the social unrest in the industrial areas to adopt an immediate solution. One may regret M. van Zeeland's departure from the Foreign Office. He will now only hold the chairmanship over Cabinet meetings, having left the Foreign Office to M. Spaak, a Socialist deputy, less than forty years old, who showed considerable ability in the first van Zeeland Ministry.

THE STRIKE MOVEMENT

The strike movement which emerged in France and caused a temporary breakdown of industrial activity there has had its effect in Belgium, though the situation is entirely different in the two countries. Unemployment still prevails without any diminution in France, while in Belgium it has fallen by 50 per cent. in fifteen months. Wages have not been reduced any further in Belgium; they have even been advanced a little on the average. Nevertheless, it has frequently happened in the past that social unrest and even riots have extended from France to Belgium over the very thin frontier. The French papers are read throughout Belgium.

The Government is resolved to make all concessions to the workers which are compatible with the economic position of the country. It will advocate paid holidays and will improve the unemployment insurance system and make it compulsory. Urged by the Socialists to establish the 40-hour week, the Government has promised to examine the question, particularly in relation to certain industries. The Government is also determined to maintain order, and has already effected the evacuation of a few factories which had been occupied by the strikers in the same way as in France.

In general, the improvement of the economic situation should allow a prudent increase of wages. This will mean a certain rise in the cost of living, but the general price level in Belgium can bear a small increase. Experts are of opinion that it would have been preferable to wait a little longer on account of monetary insecurity in Europe, but circumstances have made it necessary to go quicker. If the movement is kept within reasonable limits, it should not be injurious to the economic convalescence of the country.

The business trend was still upwards when the strikes began. The collieries, heavy industries and building are doing particularly well; and general unemployment has fallen to a low level not thought possible a few months ago. Industries producing for home consumption have been slightly more affected by the hesitancy felt after the military occupation of the Rhineland. But the state of the public finance remains very satisfactory. Of the surplus realised by the re-valuation of the gold reserve, only the amount required for the repayment of public debts has been used. Belgium is thus likely to overcome the present difficulties without very much friction.

LOUVAIN, June 16.

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HUNGARY

PUBLIC OPINION AND THE LEAGUE

THE Budget for 1936-37 was voted in the House of Deputies without alteration. During the general debate, the Foreign Minister, M. de Kánya, reiterated the desire of the Government to work for a peaceful reorganisation of the unsatisfactory situation in the Danube Valley. The corner stone of Hungary's foreign policy, he stated, was the preservation of friendships and not unilateral alliances. He also reiterated Hungary's adherence to the League of Nations. Public opinion here sincerely desires an improvement in British-Italian relations, as it is believed that a thorough understanding between these two countries is absolutely necessary to the solution of the Danubian problem.

Trade returns for the first five months of the year show an import surplus of 6.1 million pengő, against an export surplus of 15.7 million pengő in the corresponding period of last year. Exports have increased from 162.8 million pengő to 178.8 million pengő, thanks to a rise in prices rather than to an increase in volume. Imports have risen by more than 25 per cent. from 146.9 million pengő to 184.9 million pengő. The size of the import surplus shows that in spite of the scarcity of foreign exchanges, Hungary was able to replenish exhausted stocks of raw materials. Imports of maize necessitated by the bad crops of last year, and the drop in wheat exports were chiefly responsible for the import surplus. There is little doubt, however, that the import surplus will disappear during the rest of the year. Crop prospects are promising.

DR. SCHACHT'S VISIT

The impending visit of Dr. Schacht at a time when a commercial delegation from Germany is negotiating here for the adjustment of the existing clearing agreement, is awaited with great interest. The German market has become increasingly important, especially for slaughtered animals and other food products which Hungary cannot sell elsewhere at satisfactory prices. On the other hand, being a debtor nation, Hungary cannot afford the luxury of extending merchandise credits to Germany, and it is believed that the forthcoming negotiations with Dr. Schacht will centre upon the use of the 25 million pengő balance, which accrued as the result of an Hungarian export surplus.

Hungary's clearing with Austria, on the other hand, shows a heavy deficit. Instead of an export surplus of 50 per cent. of the value of imports, as provided in the treaty, imports from Austria have actually exceeded exports to Austria in the first five months of this year. Both Italy and Switzerland bought more wheat from last year crops than was agreed, while Austria did not exhaust her quota.

In spite of political and financial difficulties in foreign countries, internal recovery continues. The purchasing power of the rural districts has risen as a result of higher

commodity prices and lower debt charges. Industrial employment is better than in any year since 1928, and in some industries, notably in textiles, production is at a record height. The stock market is very firm. Industrial shares are at their highest level for many years, and yield about 3.5 per cent. on the average. There has also been a revival in the bond market.

Owing to international uncertainties the Hungarian authorities aim at prolonging the existing agreements with the various groups of foreign creditors for another year, in the hope that meanwhile the currency position will further improve so that the way will be open by then for a general settlement. Thus the standstill agreement which will lapse on June 30th will be renewed for another year, and the Finance Minister, who is soon going to London to negotiate with the League Loan Committee, will offer 50 per cent. payment in original currency for the next coupons. Actually a 50 per cent. payment on the League Loan coupons corresponds to 3½ per cent., whereas other creditors, short-term and long-term creditors alike, at best receive 2 per cent. interest.

BUDAPEST, June 15.

ARGENTINA

FALL IN EXPORT SURPLUS

THE official trade figures for the first four months of the present year continue to show a fall in the export surplus:—

FIRST FOUR MONTHS OF			
	1935	1936	%
	\$	\$	
Imports	377,553,382	377,038,505	— 0.1
Exports	573,342,128	515,134,504	— 10.2
Export Surplus	195,788,746	138,095,999	

The decline in the value of imports has been negligible, and the tonnage figure actually shows an increase of 13 per cent. over last year. Great Britain continues to maintain her position as a seller to the Argentine; and the formerly rapidly increasing influx of Japanese goods has apparently slowed down, as this year's figures show little change over last year.

Imports of tobacco and textiles show an appreciable reduction as compared with last year; but imports of machinery and vehicles are considerably higher. The import of motor vehicles from Great Britain is still relatively unimportant, compared with that from the United States; but there is no doubt that some headway has been made during the last few years. The mass-produced, high-powered, cheap American car, however, is eminently suited to this country, and as sales are large, good service, an important point in out-of-the-way places, can be given.

As usual, regrettable delay in the presentation of the Budget to Congress is the subject of local comment. The Budget is supposed to be placed before Congress during the first month of the ordinary session. During the last few years it has been rushed through at the last moment with a host of other decrees.

A decree has recently been passed by the National Government authorising a scheme of road construction throughout the country at a cost of \$300 millions. That more and better roads are necessary, there is no doubt. Unfortunately, however, the sums hitherto expended on roads have often been used to build highways running parallel to the already existing railways instead of constructing roads connecting outlying districts with the railway stations.

The anomaly of keen competition for business and comparatively high deposit rates still continues in the money market. Argentine internal bonds are firm. Bankruptcy figures for May show a slight reduction in liabilities, as compared with those for the same month of the previous year; and the total for the first five months of 1936 is \$24,600,000, compared with \$38,600,000 during the same period of 1935. This improvement is most satisfactory.

The revenue and expenditure figures for the first five months of 1936 show a substantial improvement over those for the same period of 1935:—

	1935	1936	\$
Cash revenue	349,311,000	394,789,000	+45,478,000
From credit operations	65,291,000	55,679,000	— 9,612,000
Total	414,602,000	450,468,000	+35,866,000
Expenditure	427,340,000	446,329,000	+18,989,000
Surplus or Deficit —12,738,000		+4,139,000	

The improvement in revenue is chiefly from inland and various revenue, and the extra expenditure is mainly attributable to salaries.

BUENOS AIRES, June 3.

CANADA

REVISION OF OTTAWA TO BE DISCUSSED

MR. DUNNING, the Minister of Finance, hopes to leave for London at the end of June to begin discussions with British Ministers about the revision of the Anglo-Canadian Ottawa Agreement. In view of the progress which has been made with parliamentary business, Mr Mackenzie King, the Prime Minister, may be able to accompany him. But this may be prevented by a controversy which threatens to develop between the Government and the Senate over the proposed constitutional amendments designed to enable the Federal Government to assist in the rehabilitation of Provincial finances. In the Commons the Conservatives did not divide against the resolution which is to be the basis for a petition for the amendments. In the Senate, however, it was strongly criticised by prominent Conservatives, who argued that the proposed changes would impair the financial arrangements underlying the Confederation and permit ruinous competition between the Provinces in sales taxes, which would soon become the equivalent of inter-Provincial tariff walls. Eventually the clauses conferring upon the Provinces the right to levy sales taxes and other indirect taxation were struck out by the large majority of 50 to 10. The effect of this vote is to block a change which the Government holds to be essential for the financial salvation of the Provinces. The Senate is also threatening to alter the Government's bill for changing the system of management of the Canadian National Railways.

Meanwhile, a bill drafted for the avowed purpose of fulfilling the Government's election pledge to bring the Bank of Canada under public control is before the Commons. It proposes that the capital of the bank, now fixed at \$5,000,000, should be doubled; that the Treasury should be authorised to expend funds sufficient to purchase 51 per cent. of the total outstanding stock when it is increased; and that the Government should be empowered to nominate four additional directors, who, reinforcing *ex-officio* directors like the Governor and the Deputy-Minister of Finance, would give it a majority control on the board. The bill has encountered sharp criticism from all quarters of the House. Mr G. G. McGreer, the Liberal Mayor of Vancouver, said that it would still leave the control of currency and credit in the hands of the financial oligarchy, which had been dominating Canada's economic fortunes.

MR ABERHART AND THE BONDHOLDERS

Ministers were taken greatly by surprise when, following a conference in Ottawa with Mr Aberhart and some of his Ministers, at which the latter seemed to show a more conciliatory spirit, word suddenly arrived from Edmonton that the Provincial Government has notified its intention to reduce, through exercise of its powers under the Treasury Act, interest on all outstanding bonds of the Province, which now averages nearly 5 per cent., to 2½ per cent. A suspicion prevails that the action of the Aberhart Ministry is not necessarily irrevocable and that, having thus frightened bondholders, it may be prepared to negotiate for a voluntary conversion on more generous terms.

The latest crop report of the Bureau of Statistics asserts

that except in the two insular regions, Prince Edward and Vancouver Islands, the outlook for spring-sown crops is "rather unfavourable and uncertain." By its account conditions in the northern districts of the prairie country are reasonably good and the early growth of grain satisfactory; but in the central and southern areas abnormally high temperatures and lack of rain in the last ten days of May gave grain prospects a decided setback which has only been slightly corrected by showers in the opening days of June. On the other hand in most regions the hay crop and pastures have rarely been in better condition at this date.

The area of autumn wheat (538,000 acres) surviving for harvest is virtually unchanged; but the area of spring wheat is placed at 24,354,000 acres, as compared with 23,560,000 acres in 1935 and 26,646,100 acres in the peak year, 1932. There is little change in the intended acreages for oats and spring rye, but the acreages destined for barley and flaxseed are up, respectively, 4 and 10 per cent.

The level of business is still being maintained at a substantially higher point than a year ago, but there has been no marked advance for some weeks past. The economic indices of the Bureau of Statistics have moved as follows:—

	Car-loadings	Wholesale Prices	Bank Clearings	General Index
Week ending—				
May 9, 1936 ...	79.3	71.9	101.4	107.4
" 16 " ...	74.7	71.9	94.4	105.5
" 23 " ...	73.2	71.8	107.7	107.0
" 25, 1935 ...	70.9	72.4	93.8	101.8

The outlook for the second half of the year is rather clouded by the uncertainty of crop prospects. Manufacturers are also afraid that the increase of the sales tax may curtail business. However, there has been a gain in employment as the result of the general resumption of outdoor work, and the Bureau's employment index for May 1st was at the highest point since May 1, 1931. Railway earnings have shown a marked improvement, and an effort is being made to stimulate passenger traffic by lower fares. The banks have also reduced their rate of interest on savings deposits from 2 to 1½ per cent.

Foreign trade continues to grow. Domestic exports and imports for April were, respectively, valued at \$57,422,847 and \$42,320,032, compared with \$47,313,862 and \$36,636,702 in April, 1935. The controversy with the United States about liquor exports has been settled and the trade treaty with the Republic is bearing fruit in various directions; for example, exports of cattle to the United States up to May 14th had risen to 94,356 head, compared with 64,869 head in the previous parallel period.

OTTAWA, June 5.

BOOKS AND PUBLICATIONS

MR ROOSEVELT'S CHALLENGE

GOOD books on the New Deal have been few, mainly because the great majority of them fail to see the wood for the trees. *The present is one of the best, particularly for English readers who have only followed Mr Roosevelt's exploits cursorily in the newspapers. It is written by two Englishmen who have spent much of the last three years in America, and who are well equipped to appreciate both the economic and historical issues raised by the New Deal.

In an admirable historical introduction the authors bring out both the urgency of the social conflicts that came to a head in America in the Great Depression and the appalling difficulty of meeting them in the existing political and constitutional context. The central conflict arose from the fact that America's party system and constitution had been devised in the days when the "frontiers" of geography and class hardly existed at all. Even in the nineteenth century it was possible for any energetic American to find new land, or rise to a new class; and highly

* "An American Experiment." By E. M. Hugh-Jones and E. A. Radice. Oxford University Press. 238 pages. 6s.

LETTER TO THE EDITOR

SANCTIONS AND ITALY

TO THE EDITOR OF THE ECONOMIST

SIR,—If the subject of sanctions has not already been ventilated on the following lines, I should appreciate the courtesy of your columns for that purpose.

(1) The operative force, if any, contained in Sanctions, is presumably the starvation effect hoped to be produced in Italy by depriving her or reducing her supply of certain commodities.

(2) The original object of Sanctions was stated to be to stop the Italian war against Abyssinia. This war now being over, an alternative object for Sanctions should be found, if they are to be continued.

(3) Alternative objects might be (a) To force Italy to hand over Abyssinia to some other country. This other country might be Abyssinia itself, or some other nation. It is not reasonable to expect Sanctions to force Italy to hand the country back to the Abyssinians, when Sanctions have already failed to stop them taking it. This, therefore, cannot be reasonably regarded as a reason for continuing Sanctions. Can they therefore be expected to force Italy to hand over the territory to some other nation or nations. If so, what nations would be prepared to accept Abyssinia, and to which also would Italy agree to give it? I doubt if a justification for the continuance for Sanctions could be found on these lines. (b) Sanctions should be continued just as a plain punishment on Italy for taking Abyssinia. This object only seems to need stating to be regarded as ridiculous. (c) The object of the continuance of Sanctions is to teach Italy the meaning of the word "justice." If so, it is a very worthy object, but one may surely ask is justice learned by being starved, and in this case, since all nations and individuals are likely to argue that they could all afford to be better acquainted with the meaning of justice, surely the common sense thing to do would be for all to diet voluntarily.

I raise this issue, as the wisdom of continuing Sanctions is being debated in the ensuing weeks, and it would seem wise that all should be clear on the following:—

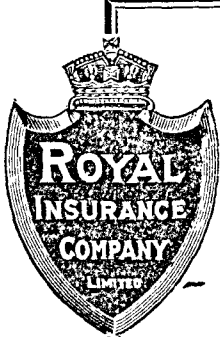
- (1) What are Sanctions?
- (2) What is the nature of the operating force contained in them?
- (3) What precise object is hoped to be achieved by their use?
- (4) Is the object a proper and worthy object?
- (5) If so, is the essential nature of Sanctions such as will inherently ensure the achievement of the desired end, or, alternatively, are such means and the end in view in no way related?

Ludwick Corner,
Welwyn Garden City,
Herts.

Yours faithfully,
F. MURPHY.

individualist social ideas and institutions resulted. By the time of the New Era and the Great Depression, however, the two frontiers had closed in, and it was no longer possible to find new land and no longer easy to rise to another class. But the old constitutional strait-jacket remained.

In this anomalous and critical situation, the authors point out, Mr Roosevelt was bound to embark on "bold,



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persistent experimentation." They divide this experimentation into four parts: monetary policy; the organisation of industry; agriculture and relief; and taxation and social services. Mr Roosevelt's monetary policy, they think, began well with the devaluation of the dollar (and observers of M. Blum's difficulties will certainly accept this judgment); but he missed the opportunity to nationalise the banking system outright immediately after the original banking holiday. The attempt at industrial organisation contained in the N.R.A. is regarded by the authors as rather incoherent, and they greatly regret the eventual failure to establish a really effective trade union organisation—perhaps the most crying need in the whole American social structure. Agricultural policy is recognised to have been the Administration's main success, and relief measures, though chaotic, at least to have saved a critical situation and helped to expand purchasing power; the Tennessee Valley Authority in particular seems to the authors worthy of praise. But they deplore the failure of the New Deal so far to achieve any really adequate re-distribution of wealth; and they are of the opinion that the financing of the new social security schemes more extensively out of the Federal Budget, combined with much heavier taxation on the rich, is the proper line of advance.

In conclusion the authors point out the ironic moral of the situation. The American people have declared indisputably in favour of social reform; and the American constitution has declared indisputably against it. They believe that Mr Roosevelt did not sufficiently realise how emphatically his policy was a challenge, and they are accordingly left with the question: "Will Mr Roosevelt, if re-elected, have the courage to secure adequate constitutional powers and to issue the challenge again?"

SHORTER NOTICES

"Report of the Director of the International Labour Office: Twentieth Session, 1936." (London) I.L.O., 12 Victoria Street, S.W.1. 87 pages. 1s. 6d. net.

Mr Harold Butler's report for 1935 is cautiously optimistic, though it rightly contains many warnings. The index of the world's industrial production is back at the 1929 level, and it has been exceeded in Chile, Denmark, Finland, Greece, Hungary, Japan, Norway, Roumania, the United Kingdom and Sweden. Expansionist monetary policies, and to some extent armaments and temporary tariff booms, have increased national production in the leading countries. A gradual improvement in prices has occurred, happily most marked in the case of primary products (Poland and Holland appear to be the exceptions); unemployment fell sharply in 1935, except in the gold bloc, where it rose sharply; and the quantum of international trade continued to rise.

Mr Butler, who only returned from America in February, thinks that American commercial policy "represents the first bold effort on the part of a great industrial nation to stem the tide of economic nationalism," in virtue of the President's power to negotiate treaties reducing tariffs by as much as 50 per cent. But he perhaps over-estimates the effects of the nine treaties already concluded.

Mr Butler's chapter on unemployment is a valuable review of the situation and of the activities of the various States' methods of handling the problem. The degree to which the national economies of Germany and Japan have become dependent on State armaments programmes is strikingly demonstrated. Mr Butler evinces here, as in the chapter on social and industrial policies, a belief that the bulk of the unemployment problem is caused by the rapid introduction of new labour-saving machinery; against which he urges the expedient of shortened hours—an experiment about to be made in France. In a section on "planning," he issues a warning, adducing Germany and Italy as examples: "once the principle of State control is admitted, the method of its application is likely to be similar."

In an interesting concluding chapter, "The Task of Reconstruction," the Director rightly advocates action to raise consuming power, citing the conclusions of eminent dieticians about the deplorable extent of malnutrition; and he also urges a thorough inquiry into "the raw materials question"—if only because so much nonsense, if nothing worse, arises from misconception of that question. His own conclusion is: "The only way out of our present troubles is by restoring as far as may be the free exchange of goods, services, money and population, upon which pre-war prosperity was founded."

"Holding Companies and Their Published Accounts." By the late Sir Gilbert Garnsey. Third Edition by T. B. Robson. Gee and Company. 362 pages. 17s. 6d. net.

Mr Robson, who collaborated with the late Sir Gilbert Garnsey in the preparation of the second edition of this important work, has undertaken the revision for the third edition. The principal changes affect the chapter on taxation problems connected with holding companies. Like earlier editions, the present volume contains a valuable appendix illustrating current holding company accounting practice from the published balance sheets of British, American and European companies.

The author, while acknowledging that the 1929 Companies Act marked the first step in procuring more informative company accounts, believes that the obligatory supplementary information which accompanies the legal balance sheet should be extended, and the directors' discretion reduced. After the doubts recently cast on the truth and correctness of the view derived from many company accounts, this statement from a professional quarter comes as a welcome confirmation. "Legal accounts are not always drawn up . . . to disclose facts which might with advantage be disclosed to shareholders." The limitations of the Statement under Section 126 (dealing with the treatment of subsidiary companies' profits for the holding company's accounts) are also discussed, with thirty-four examples, most of which are models of unenlightenment to the average shareholder. Sub-subsidiary companies, moreover, fall outside this Section.

To the intelligent investor, this plea for more adequate information will be as welcome as the detailed and adequate discussion of the technical accountancy problems involved.

BOOKS RECEIVED

Plan for Peace. By Francis Williams. (London) Methuen and Company, Ltd. 184 pages. 3s. 6d. net.

Economic Principles, Problems and Policies. By William H. Kieckhefer. (London) D. Appleton, Century Co. 955 pages. 16s. net.

The Economics of Transport. By M. R. Bonavia. (London) Nisbet & Co., Ltd. 202 pp. 5s. net.

Soviet Money and Finance. By L. E. Hubbard. (London) Macmillan and Company, Ltd. 339 pages. 12s. 6d. net.

Investment for Appreciation. By L. L. B. Angas. (London) Macmillan and Company, Ltd. 353 pages. 20s. net.

Stock Exchanges (London and Provincial) Ten-Year Record of Prices and Dividends, 1926-1935 inclusive. Compiled by F. C. Mathieson and Sons. (London) F. C. Mathieson and Sons, 16 Copthall Avenue, E.C.2. 580 pages. 20s. net.

The Voice of Britain on the Nazi Treatment of the Jews. 3rd edition. (London) McCorquodale and Company, Ltd. 32 pages. No price stated.

The Cardinal Dictator: A Portrait of Richelieu. By Auguste Bailly. Translated from the French by Hamish Hamilton. (London) Jonathan Cape, Ltd. 310 pages. 15s. net.

L'Evolution du Syndicalisme aux Etats-Unis de Washington à Roosevelt. By R. Marjolin. (Paris) Librairie Félix Alcan, 108 Bd. St-Germain. 256 pages. 25 frs.

Les Maîtres de la France. By A. Hamon. (Paris) Editions Sociales Internationales, 24 Rue Racine. 320 pages. 12 frs.

La dévaluation de l'or des thésauriseurs. By R. Mettelal and L. Goldschmied. (Paris) Marcel Riviere, 31 rue Jacob. 75 pages. 6 frs.

La Ruta de la Reacción Económica. Translated by Ernesto Schor Santos. (Barcelona) Libreria Catalonia, Ronda de San Pedro, 3 56 pages. Ptas 3-50.

A translation of Sir Henry Strakosch's "The Road to Recovery," which appeared with the *Economist* of January 5, 1935.

OFFICIAL PUBLICATIONS

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

Ethiopia No. 4 (1936): Correspondence exchanged with the Italian Government regarding the Bombing by Italian Military Aircraft of the British Red Cross Ambulance No. 1 in Ethiopia Cmd. 5160. 2d. net.

Colonial Report, No. 1748: Gold Coast, 1934-35. 4s. net. No. 1752. *New Hebrides, 1934.* 1s. 3d. net. No. 112 *Palestine and Trans-Jordan for the year 1935.* 6s. net.

Annual Statement of the Trade of the United Kingdom with British Countries and Foreign Countries, 1934, compared with the year 1930-1933. Vol. I. 12s. 6d. net. Vol. IV 15s. net.

Statistical Abstract for the United Kingdom for each of the fifteen years, 1913 and 1921 to 1934. Cmd. 5144. 6s. 6d. net.

MONEY AND BANKING

HOLLAND AND THE GUILDER

WHATEVER befalls the franc in the immediate future, it is certain that any abandonment by France of the free gold standard will spell the immediate break-up of the gold bloc. Both Holland and Switzerland will need to shape their monetary policy anew, and the recent difficulties of the guilder suggest that this fact is already well appreciated in Holland. It may be timely, therefore, to consider the political and economic background of the guilder.

Holland's position is a paradoxical combination of serious weakness and great strength. Among her chief assets are a sound and well-managed banking system, one of the most highly developed money markets in Europe, and a Government whose credit still stands high. She has had, too, an ample margin in hand with which to operate the gold standard on strictly orthodox lines. Each crisis with its heavy gold loss has been dealt with by raising Bank rate. It is significant that so far the orthodox remedy has proved successful, for the recurrent crises have been surmounted and part of the gold losses have been recovered during subsequent months. All this affords convincing testimony to Holland's excellent credit and sound technical skill.

On the other hand, Holland has for several years been experiencing all the troubles of a country with an over-valued currency—a high internal price level, dwindling foreign trade, severe unemployment, devitalised production, trade and revenue and an unbalanced Budget. The deterioration of her position is revealed in the series of tables which follow. The first presents a simple comparison of British and Dutch prices:—

PRICES AND COST OF LIVING
(September 18th, 1931=100)

	England		Holland		Sterling Exchange Rate
	Wholesale Prices	Cost of Living	Wholesale Prices	Cost of Living	
Dec., 1933 ...	105.3	98.0	84.6	94.1	Fl. to £ 8.14
Dec., 1934 ...	108.4	99.3	84.6	91.8	7.29
Mar., 1935 ...	109.0	96.0	82.4	90.2	7.13
June, 1935 ...	112.7	98.5	82.9	89.6	7.23
Sept., 1935 ...	114.5	100.0	84.2	89.5	7.25
Dec., 1935 ...	117.9	101.4	85.2	90.2	7.25
Dec., 1936 ...	117.3	99.3	83.8	...	7.30
Apr., 1936 ...	117.5	99.3	83.3	...	7.28

Though it is difficult to make a precise calculation of the over-valuation of the guilder against the pound, the present margin between the wholesale price index numbers and still more between the cost-of-living figures is far from being equal to the depreciation of 40 per cent. in the exchange value of sterling against the guilder. During the past three years, further, wholesale prices in Holland have shown practically no tendency to rise. They have shared neither in the general recovery of the United States, Belgium and the sterling area, nor in the inflationary recovery of France. Other economic indices confirm the general impression of a stagnant economy:—

ECONOMIC INDICES

	Im-ports*	Ex-ports*	Import Surplus*	Unem-ploy-ment	Produc-tion Index	Ord. Share Index
	Fl. millions			%	1928 = 100	1921-25 = 100
Dec., 1933	326	178	148	40.0	70.9	37
Dec., 1934	250	177	73	37.4	72.8	28
Mar., 1935	226	160	66	37.0	69.0	34
June, 1935	229	159	70	32.9	69.0	33
Sept., 1935	227	174	53	35.4	62.2	30
Dec., 1935	253	183	70	40.7	71.6	34
Mar., 1936	233	156	77	37.7	71.6	39

* Aggregate returns for the quarter ending with the months specified in the table.

A considerable contraction in the import surplus since 1933 has been secured at the cost of a striking reduction in the total external trade turnover. Imports have been lowered by tariffs and other restrictions, but the latter have served to maintain a high internal cost of living. Production has recovered somewhat during the last few months, and ordinary share prices have shown some response to this development, but unemployment remains severe. One reason for this is that Holland's Premier, M. Colijn, has refused to consider devaluation pending a thorough reorganisation of Dutch industry. This reorganisation has now been carried out, and its drastic character is suggested by an estimate that, in spite of the over-valuation of the guilder, Dutch shipbuilding costs have been brought within 8 per cent. of British costs. On the other hand, rationalisation has undoubtedly reduced the demand for labour and accentuated Holland's unemployment problem.

The position of the Dutch East Indies has improved during recent years, probably to a greater extent than that of Holland. The East Indies produce primary materials such as tin, rubber and tea, whose prices have shown impressive recovery in the last two or three years. Their rise, however, has been based on a regime of restriction, which has reduced the volume of production and sales below a normal level. In any case, Holland herself derives only secondary benefit from the recovery in the Dutch East Indies. Dividends and other income accruing to Holland may be higher, but Dutch employment obtains little direct assistance thereby. Again, while the Dutch East Indies' Budget is now approaching the point of balance, the stage has not been reached at which colonial finances are a source of revenue rather than a drain upon the home Budget.

Our final table deals with Holland's monetary position:—

NETHERLANDS BANK Fl. millions					
	Gold	Discounts and Advances	Note Circulation	Deposits	Bank Rate
Dec., 1933 ...	922	178	912	230	2.5
Dec., 1934 ...	842	175	913	146	2.5
Mar., 1935 ...	813	154	848	163	2.5
June, 1935 ...	627	183	809	48	4.0
Sept., 1935 ...	536	278	819	42	6.0
Dec., 1935 ...	643	173	809	50	3.5
Mar., 1936 ...	714	152	781	121	2.5
Apr., 1936 ...	709	152	766	137	2.5
May, 1936 ...	684	159	763	121	3.5
June 15, 1936	589	181	752	62	4.5

Although the Netherlands Bank's gold reserves have now dropped to Fl. 589 millions, the position remains sound. There is no big increase in discounts and advances, which would indicate either internal banking stringency or heavy Government borrowing. Nor is there any expansion in the note circulation, which would point to hoarding. From the financial angle, the recent pressure on the guilder has remained well within bounds, and is obviously no more serious than would normally have ensued from the general *malaise* in France. There are world-wide doubts of the gold bloc's expectation of life and of Holland's future monetary policy. There are no doubts of Holland's financial stability.

Politically Dr. Colijn commands general confidence. When the Catholics turned him out of office last August it quickly became clear that he was irreplaceable, and he returned after a few days' interregnum. He is not rigidly opposed to devaluation, but he played a prominent part in the formation of the gold bloc in 1933, and he then tried unsuccessfully to achieve some agreed measure of stabilisation between the gold and sterling countries and the United States. Subsequent events have forced him into the path of tariffs and import restrictions. Dr. Trip, at the Netherlands Bank, remains an obdurate opponent of devaluation, on the ground that such a policy can only yield temporary

relief; while it will raise the cost of living and impose heavier burdens upon the poorer classes. In the country at large, however, the case for devaluation is rapidly gaining ground. Rotterdam looks with envious eyes at Antwerp with her devalued belga. Industrialists feel that in carrying through rationalisation they have played their part, and that they have now earned the reward of devaluation. Politically, over half the Socialist Party and nearly half the Catholic Party are converts, and only their loyalty to Dr. Colijn restrains them from more overt agitation and pressure.

Probably Dr. Colijn will choose his own time. If and when he decides to devalue, he may well act overnight without giving speculators or other interests the benefit of any preliminary warning. It may be taken for granted that he will introduce no form of exchange restrictions, for both he and Dutch public opinion are entirely opposed to any of the German devices of the past few years. It may be confidently assumed that, whenever action is taken, the technical details will be handled with Holland's customary financial skill. There is thus a fair prospect of a minimum of disturbance, probably less even than occurred in Belgium a year ago. Whether Dr. Colijn will opt for devaluation in terms of gold, or a transfer from gold to sterling, remains to be seen. In part the choice may depend upon Britain's readiness to co-operate. We should be prepared to give any assurances to that effect which may be advisable.

FINANCIAL NOTES

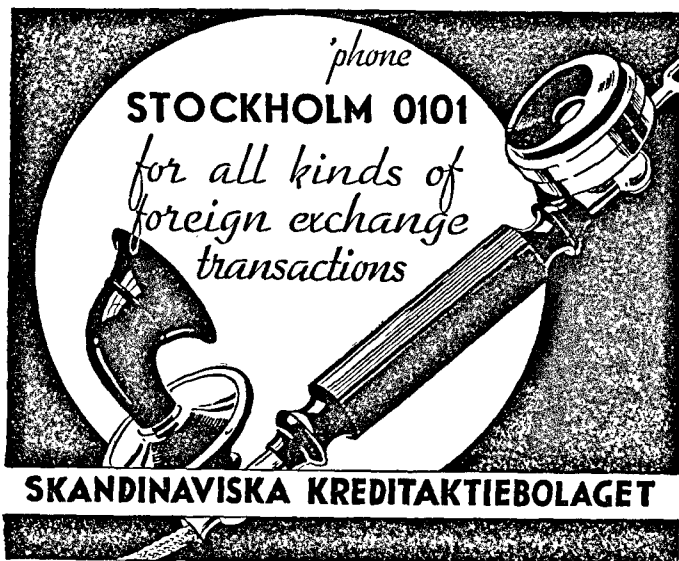
The Money Market.—Notwithstanding an increase of £4.5 millions in bankers' deposits since last week, there is still some shortage of money, and one at least of the clearing banks was calling on every day of this week. Outside rates for day-to-day money remain at $\frac{1}{2}$ per cent., but the rate for loans into July has hardened to $1\frac{1}{4}$ per cent., and very little money is so far available. The banks are also very reluctant buyers of bills. Hot Treasury bills are nominal, but there have been a few isolated purchases at $\frac{3}{8}$ per cent. The banks have bought a few late August and early September Treasuries at $\frac{1}{8}$ and $\frac{3}{8}$ per cent.

	May 28, 1936	June 4, 1936	June 11, 1936	June 18, 1936
Bank rate.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Clearing banks' deposit rate ...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Short loan rate :—				
Clearing banks	$1\frac{1}{2}$ – $1\frac{1}{2}$ *	$1\frac{1}{2}$ – $1\frac{1}{2}$ *	$1\frac{1}{2}$ – $1\frac{1}{2}$ *	$1\frac{1}{2}$ – $1\frac{1}{2}$ *
Others	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Discount rates :—				
Treasury bills	$\frac{1}{8}$	$\frac{1}{8}$ – $\frac{1}{4}$	$\frac{1}{8}$	$\frac{7}{8}$
Three months' bank bills ...	$\frac{1}{8}$	$\frac{1}{8}$ – $\frac{1}{4}$	$\frac{1}{8}$ – $\frac{1}{4}$	$\frac{7}{8}$ – $\frac{1}{2}$

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

Last week the Treasury bill tender rate rose to 18s. 10d. per cent. Some £50 millions of bills were allotted against maturities of £43 millions, and the tender issue has expanded to £58½ millions, against £518 millions on April 25th immediately before the serious influx of funds from France and gold purchases by the Exchange Equalisation Account. As the Bank return shows, however, the authorities are beginning to take steps to ease the position.

The Bank Return.—This week's Bank Return is unusually interesting. A fortnight ago, we showed how the influx of French money into British bank deposits and British currency, combined with the Exchange Equalisation Account's purchases of gold and transfer of Treasury bills to the banks and the discount market, was reducing the banks' cash ratios and creating stringency. We suggested as a remedy that the Bank might purchase gold from the Exchange Account, surrendering Treasury bills in exchange, and make good the reduction in its securities by taking up fresh Treasury bills. As the banks and market would have to take up fewer bills bankers' deposits would be replenished. This week's return suggests that this is being done. Gold has increased by no less than £3.4 millions, the Reserve by £4.4 millions, and bankers' de-



posits by £4.5 millions. A further £899,000 of gold was bought on Thursday.

BANK OF ENGLAND					
	June 19, 1935	May 27, 1936	June 3, 1936	June 10, 1936	June 17, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	192.7	206.4	207.3	208.5	211.9
Note circulation	395.7	426.1	433.5	433.0	432.0
Banking Department :—					
Reserve	57.7	41.2	34.7	36.4	40.8
Public deposits	13.6	19.8	8.2	13.5	13.9
Bankers' deposits	104.0	78.3	89.7	86.5	91.0
Other deposits	37.0	36.7	37.1	37.1	37.4
Government securities ...	94.9	91.8	98.5	97.8	98.3
Discounts and advances	5.8	6.7	6.2	6.2	4.8
Other securities	14.1	12.9	13.3	14.6	16.3
Proportion	37.3%	30.5%	25.7%	26.5%	28.6%

The following table shows what has happened since French hoarding of British currency first became noticeable :—

	April 29 £ mill.	June 17 £ mill.	Change £ mill.
Bank of England			
Gold	202.7	211.9	+ 9.2
Circulation	416.9	432.0	+15.1
Reserve	46.6	40.8	— 5.8
Securities	122.3	119.4	— 2.9
Bankers' deposits	104.7	91.0	—14.7
Treasury bills (tender issue)	518.0	578.0	+60.0

The Bank has now neutralised most of the increase in the note circulation by means of gold purchases, but bankers' deposits are still on the low side, while the banks and the market are having to carry £60 millions more of Treasury bills. The Bank therefore has so far only given partial relief, and there is a strong case for further purchases of both gold and securities.

The Foreign Exchanges.—The London market has been waiting for the next move in Paris, but with money continuing to come over from France the British Control has had to give heavy support to the spot franc rate. On Thursday afternoon it stood at Frs. 76½. British banks are now only accepting large offerings of French currency notes "for collection," and customers are only credited with the sterling equivalent after the notes have been safely received by the Paris agents of the British banks. This is a precaution against any sudden imposition of restrictions upon the re-importation of currency into France. In the forward market, one month's francs have rallied sharply since ten days ago from Frs. 4 to Frs. 2½ discount, but three months' francs remain at over Frs. 6 discount. The rally in the one month position indicates that the market now believes that devaluation will not come for at least a month. Spot dollars have been uncertain at about \$5.03. There has been some demand for forward dollars at a higher premium than a week ago. This is partly due to the switching forward of the positions maturing at the end of June, but certain interests are buying sterling spot and selling forward in order to have sterling in hand at the end of the half-year. The Dutch and Swiss rates are mostly unchanged, with spot rates at the gold export point.

THE STOCK EXCHANGE

ETHICS OF "RECONSTRUCTION"

EVERY trade recovery brings a plethora of company reconstruction schemes, as regularly as dust-carts follow a Bank Holiday. So long as there are lost assets to be written off, relationships between different classes of shareholders to be adjusted, and creditors to be placated, reconstruction schemes are inevitable. So far, however, directors, accountants and solicitors alike have failed to agree on any code of basic working principles applicable to all such schemes. When is reconstruction desirable? How should the burden of sacrifice be distributed between different classes of shareholders? No two schemes have exactly the same details, but all involve an answer to these and similar questions. Some effort to substitute a scientific approach for the present empiricism is necessary if investors are to be spared a recurrence of certain schemes, recently published, whose terms have been repugnant to the most elementary conceptions of equity.

Legally, "reconstruction" involves the winding-up of a company and its replacement by a new one, while "reorganisation" covers changes within an existing financial structure. In practice, the choice of method is a matter of circumstance and convenience, and we may conveniently apply the term "reconstruction" to both. A more useful procedure may be to divide reconstruction schemes according to their origin. There are three types of reconstruction just as there are three types of unemployment (see the *Economist*, June 13, 1936, page 601), for reconstruction and unemployment have a common source. Normal reconstruction is made necessary by mistakes in management, when directors (e.g.) who might successfully have purveyed butchers' meat have become manufacturers of pottery. Cyclical reconstructions involve the salvaging, after a period of depression, of companies which have been carrying overmuch sail in time of active trade. Special reconstructions, the most difficult of all, are the legacy of organic changes in the distribution and prosperity of individual industries, which create pools of unemployed capital no less than of labour.

Broadly, there is a *prima facie* case for reconstruction whenever a company finds itself unable to earn sufficient profits to make some return to all its shareholders, within the contractual terms imposed by its Articles of Association, after satisfying its creditors and maintaining its capital intact; and when there is reason to regard this condition as more than a temporary phase. By the courtesy of Mr. W. Bertram Nelson we reproduce the annexed table (from the report of a recent lecture to the Incorporated Accountants' Bradford and District Society), as a guide to the varied legal forms which reconstruction may assume. There are many gradations, it will be seen, between formal capital re-adjustment and a severe surgical operation which may possibly involve a company's demise and the creation of a successor concern. In all but the simplest cases, though the will of a specified majority is binding on all shareholders, the final verdict lies with the Court. In other words, behind the machinery of democratic decision stands a benevolent despotism, which has not infrequently intervened to preserve a majority of shareholders from the consequences of their own lethargy. For example, two years ago the Court declared invalid certain proposals to reduce the preference dividends of the Union Cold Storage Company, after the necessary three-fourths majorities had been obtained, on a poll, at meetings where holders of nearly two-thirds of the capital involved failed to register their vote. But it is not the function of the Court, as a tribunal of final appeal, to shield proprietors from the evils of inaction. A more encouraging precedent was the withdrawal, last year, of proposals to reduce the dividends on De Beers preferred shares, after the mobilisation of opposition under the leadership of the Association of Investment Trusts.

Where a mere reduction of ordinary share capital is involved, the issue, as a rule, is simple. The writing down, say, of a £1 ordinary share to 2s. leaves shareholders' rights in the division of profits unimpaired, and would be unnecessary if British law, like that of America,

COMPANY REORGANISATIONS AND RECONSTRUCTIONS

Nature of Scheme	Section(s) of the Companies' Act, 1929	Method	Members	Creditors	Court	Dissentients
ALTERATIONS OF CAPITAL	50	Alteration of share capital by increase, consolidation, conversion into stock and subdivision of shares or by cancellation of unissued shares.	Resolution as provided by articles.	...	...	Appeal to Court under Section 61 (if rights are varied).
	55–60	Cancellation of lost paid-up capital, extinction of uncalled capital or repayment of excessive capital.	Special resolution. Articles must permit.	Notified if Court directs.	Petition and hearing necessary.	...
COM-PROMISES	153–4	Compromise with creditors and/or members. The company need not necessarily go into liquidation. If it is desired to cease business, the Court may make provision for the transfer to a new company of the property and liabilities of the old company.	Three-fourths majority in value.	Three-fourths majority in value: all bound.	Consent required.	...
	248	Compromise with creditors during winding-up.	In members winding-up: extraordinary resolution.	In creditors winding-up: consent of Committee of Inspection or Court required. Not binding on all creditors.	...	...
SALES	251	Compromise with creditors during winding-up.	Extraordinary resolution.	Three-fourths in number and value: binding on all creditors.	Creditors have right to appeal to the Court.	...
	...	Sale of assets under a power in the memorandum of association.	See articles as to resolutions.	...	...	...
	234, 243	Sale of whole or part of the assets of a company in liquidation to a new company for shares.	Special resolution.	Liquidation meeting if creditors winding-up.	Consent of Court or Committee of Inspection required in creditors winding-up. If compulsory or supervision winding-up resolution is passed within one year, consent of Court will be required in all cases.	May give notice of dissent within 7 days, cannot be compelled to take new shares; may petition for compulsory winding-up.
...	...	Sales of shares by individual shareholders to another company.	...	...	...	Shares of dissentients may be acquired if nine-tenths in value have accepted (S.153). (Right of Appeal to Court).

NOTE.—Companies not in operation may be struck off by the Registrar of Joint Stock Companies, under Section 295.

were prepared to allow the issue of "no-par value" shares. The "nominal" value of an ordinary share is a conventional item, whose essential purpose is to define the proportion in which a given amount of profits (or, in a winding-up, of surplus capital resources) is to be divided among a number of proprietors.

When the rights of preference, as well as ordinary, shareholders are involved, however, more complex questions arise. Both preference and ordinary shareholders are partners in a single enterprise. Their dividends come from an identical source—the earnings of their company. In the last resort, their interests are parallel and not divergent. Any scheme stands convicted of inequity if it reduces the income of the one class of shareholder merely to increase that of the other. Public opinion has almost killed the once-prevalent type of scheme in which, e.g., a 7 per cent. £1 preference share was written-down to 10s. and a £1 ordinary share to 2s.—in which, in other words, the amount of preference dividend was halved, and the balance handed over to the ordinary shares. Similarly, an unfavourable response was elicited by the suggestion, made a year ago on behalf of Siemens Brothers, that in certain circumstances holders of the company's 10 per cent. preference shares might be asked to take a lower dividend. On the other hand, preference and ordinary shareholders have indubitable differences in composition and outlook. The one class has a *rentier*, the other an "equity" interest. There are serious objections to the proposal originally made by the directors of the Union Castle Company that preference shareholders should have permanent voting control. They are certainly entitled to representation on the board, as a protection against the jeopardising of their interests. It is essential, however, that decisive issues of managerial policy should be decided by those whose direct stake in the reward of their enterprise does not stop short at any fixed point.

Suppose, however, that a company's profits have become insufficient to permit of a full contractual return to preference shareholders, or, still worse, to debenture holders. What then are the canons on which a reconstruction scheme should be framed? The prime object of any scheme is to preserve a business and the first *desideratum* is to discover whether there is any reasonable prospect of its eventual rehabilitation. It may be necessary to distinguish between a "company" and a "business." It was clear, three years ago, that no power on earth could save the Royal Mail Steam Packet Company as such, but that its fleet could and should be maintained as a separate entity, under the control of a new operating company. Whenever the possibility of salvation exists it is reasonable to ask every party concerned—creditors, debenture holders, preference and ordinary shareholders—to make *some* sacrifice. Even secured creditors may find it worth while to "buy time," rather than to subject the fragments of a business to a forced sale. For time (and economic recovery) may transmute old iron into profit-earning plant. On a conservative computation the creditors in the Royal Mail group liquidation have already gained about £8,000,000 by waiting.

Where creditors are unconcerned the matter is one of equity rather than urgency. Indeed, if no new capital is required and/or no reasonable estimate of future earnings is practicable, there may be a strong argument for postponing the formulation of a scheme. The criterion for dividing the burden of sacrifice must be the amount of future profits which the company may be expected to earn. It may be equally unjust to deprive preference shareholders of their rights on the assumption that the company, in years to come, will achieve only its present earnings or something closely resembling them, as to shut out ordinary shareholders from all possibility of an eventual return, even if their capital appears to have been entirely "lost" on a current assets "valuation." With the recent experience of many British iron and steel companies in mind, who can say when capital is irretrievably "lost"? John Brown and Company, builders of the "Queen Mary," who have just declared a 16½ per cent. ordinary dividend, reorganised as recently as 1930, and had an appreciable capital "deficiency" at that time.

The ideal scheme would put back all shareholders, on a future restoration of earning power, into the identical posi-

tion they enjoyed before the onset of adversity. But reconstruction schemes are made by faith and not by sight. It may be both lawful and expedient, therefore, to offer preference shareholders a maximum total reward *in prospectu*, exceeding the fixed dividend to which they were entitled under the old dispensation. In the meantime, they will have foregone part of their rights, and accepted a business risk which was outside the terms of their original contract.

On the whole, the balance of advantage appears to lie with the practice of compensating preference shareholders by a share of the equity, i.e. by the distribution to them of ordinary shares in proportion to the extent of their sacrifice. This method avoids the perpetuation of an overwhelming *rentier* interest, carrying with it, *inter alia*, a direct incentive to the distribution of a large proportion of future profits. At the same time, it allows holders who prefer a fixed-interest share to dispose of their "compensation-equity" holdings, whenever they wish, through the ordinary machinery of the market. An indispensable feature, however, in our opinion, of every scheme framed on these lines, should be the furnishing of every shareholder concerned with a table showing exactly how profits will be divided, at various levels, under the old and the new conditions. Had such a practice been general, it is safe to say that many recent schemes which have been adversely criticised would never have seen the light at all.

INVESTMENT NOTES

Nominee Shareholdings.—Last week's Budget leakage discussion in the House of Commons, which ranged over a variety of topics from "honour policies" at Lloyd's to the morals of Stock Exchange speculation, was noteworthy for a declaration by the Chancellor of the Exchequer of his conviction of the necessity for amendment of present company law. Though the Chancellor (having in mind the effect of his earlier pronouncement in the same week, on a different subject and before a more exclusive audience) was careful to emphasise the essentially personal character of his view, there is no doubt but that the subject of company law reform has been marked down for early consideration by the authorities. From the tenor of Mr Chamberlain's speech, it would seem that the question of the registration of shares in the names of banks and nominees will be taken up in any general overhaul of the Companies Act. On this subject, the Government has "all the information that it wants." It may be hoped that the authorities have taken due account of the familiar danger, which besets all reforms involving restriction of an existing facility, of rooting up the wheat with the tares. The nominee system has many time- and money-saving advantages. Securities lodged with banks as collateral for stockbrokers' loans, and, occasionally, collateral securities against general advances, may quite legitimately be transferred into the names of bank nominees. A customer living abroad who cannot execute the necessary documents when securities are bought and sold may either grant a power of attorney to his bankers, or have his securities entered in the names of the bank's nominees. The latter method is in every way the more advantageous. A basic objection to the system is the readiness with which it can be, and is, used to defeat the intentions of the Companies Act in making the registration of shareholders' names and addresses compulsory. Every diligent inquirer in the Companies' Search Room at Bush House is acutely aware of the fruitless hours involved in investigations which, more often than not, come up against a blank wall of nominee entries whose real identity would have baffled both Sherlock and Mycroft Holmes. This matter received unfavourable publicity at the time of last year's "pepper crisis," and the revelations attendant upon the recent Budget leakage have brought it to the front once more. It would seem that all the legitimate advantages of the present arrangement might be retained if the law were to require the names of beneficial owners to be entered in company records, side by side with those of the nominee

companies. Men of straw, however, like the poor, are always with us, and their services will continue to be conveniently at the disposal of those who have something to hide. On the whole, however, it is easier to pierce a veil of straw than a thicket of nominee registrations, and such a reform may have much to recommend it. In the recent Budget inquiry, indeed, the taking out of contracts in the maiden and married name of the secretary of one of the principals itself served as a signpost, pointing inquirers to the true *fons et origo* and indubitably fastening responsibility where it belonged.

* * *

Wall Street and American Recovery.—The signs of life evident in Wall Street last week have not subsided into lethargy, and evidence in favour of a revived upward price movement is slowly accumulating. Business reports are still excellent, and consumers' goods of all kinds are likely to benefit from the spending of the veterans' bonus, which was duly distributed this week. The Interstate Commerce Commission has ruled that the emergency surcharges on freight rates are to be continued for six months, a decision which will relieve the anxieties of the railway companies, who had applied for an indefinite extension and had feared an immediate cancellation. The arguments for expecting substantial capital development by the railroads are almost irresistible, since technological changes which could greatly reduce railroad operating costs have been rapid in the last few years. Obstacles to capital expenditure are to be found mainly in the general political uncertainty—which may be expected before long to decline—and in the financial burden inherited from the past. Given a sympathetic attitude from the regulatory commissions, of which at any rate some evidence may be found in the recent I.C.C. decision, and reasonable financial reorganisation, the way should be clear for a marked increase in demand for capital goods. Similar arguments give equally solid reason to anticipate considerable development by the utilities. The present strike against Federal annihilation of holding companies must before long be terminated for three main reasons. The President is in a mood to compromise; the Supreme Court will almost certainly declare the Holding Company Act unconstitutional; and even if it is upheld, the Securities and Exchange Commission, which will have the administration of the Act, is an eminently reasonable body. The overtaking of accumulated deficiencies in plant and in dilapidations may, in fact, be quite imminent. And in still a third field the capital equipment industries may expect before long to become active. America's deficiencies in housing accommodation are steadily piling up, and no federal government projects have been able even to scratch the problem. In spite of these obvious opportunities for extension of American recovery from the consumers' goods to the capital goods industries—an extension for which every opportunity will be provided by determined maintenance of cheap money—Wall Street still shows hesitance and lack of conviction. This may be attributed in part to the turmoil of a Presidential election, and much more to the activities of the Securities and Exchange Commission in raising margin requirements on brokers' loans and on bankers' loans to brokers. But in this work the Commission should have every encouragement, since Wall Street has always been a too fickle speculative market and not primarily a market in which security values are determined by close economic consideration. The new Wall Street under the Commission control should be a much healthier place than the Wall Street of the 'twenties.

* * *

"Stock Exchanges Ten-Year Record."—For the philosophical investor this annual publication* is apt to provoke sighs, both of relief and regret, for perils escaped and chances missed. To the holder of Argentine rail stocks, for example, the tables are not the happiest of reading, but what opportunities have passed in the commercial and industrial list during the past decade! For the investment

* Published by Fredc. C. Mathieson and Sons. Price 20s.

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adviser and the institutional investor the record of high and low quotations is of undoubted service. The helpfulness of the *format* has been proved in the past, and the dividend statistics, as usual, are set under the approximate date of payment, to facilitate income-tax calculations. The work remains, as ever, an invaluable compendium for the investor and his advisers.

* * *

Industrial Profits in May.—The 269 companies whose reports reached us during May showed a slightly—but only slightly—lower return of increased profits than the 254 companies which reported in April. Industrially, the May sample is not fully representative, for of the 269 companies as many as 137 fall into one of four groups:—financial and land, rubber, tea and investment trusts. Figures for recent months are set out below:—

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

* After payment of debenture interest.

Last month's reports disclose net profits of £27,354,879 compared with £25,002,202 in the preceding year. A fall in iron, coal and steel earnings is attributable mainly to the disappointing Stewarts and Lloyds figures. Oil profits, however, have been satisfactory, for four companies reported an increase in net profits from £4,658,794 to £5,039,131. Electrical equipment, newspaper and textile profits have also shown increases well above the average. On the whole, the pace of advancing profits appears to be slackening, but the evidence on this point is not as yet conclusive.

Foreign Holdings in America.—An increase of \$765 millions in foreign holdings of United States securities during 1935 is shown in an analysis by the Department of Commerce. This brings the total up to \$5,035,000,000, of which 27.3 per cent. is held in Great Britain, 20 per cent. in Canada, 15.6 per cent. in the Netherlands, 7.9 per cent. in Switzerland, 5.6 per cent. in France, and 12.9 per cent. in other European countries. If bank deposits and other short-term funds are added, the grand total of foreign holdings in the United States at the end of 1935 is estimated at \$6,235 millions, compared with \$4,870 millions at the end of 1934. Apparently, therefore, there has been a big increase in foreign short-term as well as long-term holdings during the past year. The distribution of the long-term holdings is given as follows:—

(In millions of dollars)

	Great Britain	Canada	France	Holland	Switzerland	Other European Countries
Direct	362	322	14	249	13	42
Common stocks ...	372	408	142	196	214	350
Preferred stocks ...	146	66	19	13	32	30
Bonds	91	49	53	220	65	87
Other	403	161	54	106	75	123

It appears from these figures that French holdings in Wall Street are not so large as had been thought, and that a great part of the refugee French funds in New York must be in short-term accounts. If this is so, French distribution might not be followed by such heavy selling on Wall Street as had been imagined. Nevertheless, the considerable volume of Dutch and Swiss long-term holdings is significant. If the guilder and Swiss franc were to be devalued with the French franc, as is probable, the effect on Wall Street would clearly be marked.

Actuaries' Investment Index.—The steadier recent one in the markets finds its reflection in an improvement of half a point in the average level of 178 industrial ordinary shares in the Actuaries' Investment Index, from 81.9 a week ago to 82.4 on Tuesday last (December 31, 1928=100). The average yield is computed at 3.78 per cent. this week, 3.80 per cent. last week, and 3.72 per cent. a month ago, when the index stood at 82.6. The following table presents a number of typical movements which have contributed to the week's rise:—

Group (and No. of Securities)	Prices (Dec. 31, 1928=100)			Yields (%)		
	Month Ago (May 19)	Last Week (June 9)	This Week (June 16)	Month Ago (May 19)	Last Week (June 9)	This Week (June 16)
Building Materials (5)	100.0	99.1	101.2	4.84	4.88	4.78
Coal (7)	93.0	94.2	95.9	4.43	4.35	4.23
Oil (5)	89.8	82.6	83.4	2.78	3.10	3.07
Electric Supplies (10)	135.4	136.6	137.6	3.81	3.82	3.79
Shipping (4)	16.2	15.7	16.6	0.78	0.83	0.81
Tobacco and Catering (20)	86.5	85.4	86.4	3.58	3.64	3.60
Miscellaneous (56)	75.0	74.5	75.0	4.04	4.07	4.05

From the market's point of view, recent movements have been somewhat indecisive. Thus, while building materials shares have tended to appreciate, the leading iron, coal and steel shares have shown little net movement. Oil issues, favoured with an almost consistent run of favourable reports and dividends, are still six points lower than a month ago. Coal equities, however, continue slowly to improve, and there have been recent signs of re-awakening in the shipping

NORANDA MINES, LIMITED DIVIDEND NOTICE

Notice is hereby given that an interim dividend of \$1.25 per share, payable in Canadian funds, has been declared by the Directors of NORANDA MINES, LIMITED, payable June 30th, 1936, to shareholders of record at the close of business June 10th, 1936.

By order of the Board. T. N. HAY,
Toronto, May 28th, 1936. Secretary.

market. Although last week's political developments found the market responsive to speculative activity, there is no indication that a purposeful advance in share prices is in immediate prospect.

COMPANY NOTES

Marine Engineering Companies.—The choice of marine engineering companies open to the investor is not wide, for a large part of the industry is in the hands of companies which are primarily shipbuilders, while such well-known names as Howden, Doxford and Barclay Curle are not to be found in the Official or Supplementary Lists. There remain, however, such concerns as Richardsons Westgarth, Wallsend Slipway, Yarrow and Parsons Marine Steam Turbine who, though partially engaged in shipbuilding or connected with shipbuilding concerns, rank primarily as marine engineers in the engine-making or boiler-building trade. Suppliers of auxiliary machinery include Clarke Chapman, Chadburn's Ship Telegraph, and possibly also Marconi International Marine Communication and Shanks and Company (who furnish sanitary ware and plumbing for ships). Finally, if the list be extended to

	(Profits in £'000)					
	1930	1931	1932	1933	1934	1935
Parsons (June 30)—						
Earned for div.	20.5	15.5	10.2	10.0	11.1	12.3
Earned %	9.7†	7.3	4.9	4.7	5.3	6.0
Div. %	10†	7½	5	5	5	5*
Wallsend (Dec. 31)—						
Earned for Ord. ...	80.7	28.0	Dr. 5.9	1.0	46.3	46.9
Earned %	13.5†	4.7†	Nil	0.2	8.3	18.5
Div. %	7†	6†	5†	5	5	6**
Richardsons Westgarth (Dec. 31)—						
Earned for Pref. ...	Dr. 49.5	Dr. 6.9	Dr. 37.9	Dr. 41.6	Dr. 26.2	Dr. 27.1
		Pref. div.	in arrears	from April 130, 1930.		
Yarrow (June 30)—						
Earned for div.	9.7	16.2	18.5	20.1	37.0	30.7
Earned %	6.9	12.7	14.8	16.2	29.0	23.5
Div. %	5	5	5	5	10	10
Clarke Chapman (Dec. 31)—						
Earned for Ord. ...	60.8	12.4	15.0	Dr. 48.8	26.1	37.0
Earned %	14.3	2.7	3.3	Nil	7.4	8.7
Div. %	10	5	3½	Nil	5	6
S. Durham Steel (Sept. 30)—						
Earned for Ord. ...	21.2	Dr. 7.4	0.3	Dr. 5.5	46.5	74.7
Earned %	6.0	Nil	...	Nil	8.7	11.9
Div. %	6	4	3	Nil	9	11
Shanks (Dec. 31)—						
Earned for Ord. ...	28.0	Dr. 8.3	Dr. 1.8	17.7	36.1	49.4
Earned %	10.7	Nil	Nil	6.8	13.7	19.1
Div. %	6	Nil	Nil	4	8	10

* Plus 1½ per cent. tax free div. from investment capital profits. ** Plus 4½ per cent. tax free div. from investment capital profits. † Tax free.

include those who are closely connected with the shipbuilding trade, room might be found for South Durham Steel and Iron, who specialise in the production of plates and other shipbuilding materials, and Babcock and Wilcox, whose boilers have a high reputation over the Seven Seas. The marine engineers may hope to avoid the worst of the fluctuations inherent in the shipbuilding industry, since, though the hull of a ship is designed to last for, say, twenty-five years, much of the machinery, main or auxiliary, has to be renewed or completely overhauled at least once during the life of the hull. But inevitably the trade is dominated by conditions in shipbuilding itself—and shipbuilding is noted as the capital construction industry most liable of all to wide fluctuations. The "import duties" census of production shows that the total output of marine machinery rose in value from £2,392,000 in 1933 to £4,181,000 in 1934, a movement which, though leaving the total far below that of 1930, well illustrates the mercurial nature of the trade. The advance in engines alone was from £1,378,000 to £2,858,000. It is probable that 1935 showed only a moderate further recovery, since the recent impetus to shipbuilding only came in the closing months of the year, after an earlier period of slight recession. But if shipbuilding maintains its recent advance, a considerable expansion in

the output of the marine engineers might be achieved during the present year. The evidence of the engine builders' reports (Yarrow, Parsons and Wallsend) suggests that during the depression considerable economies have been achieved, and that profits earned on recent output might be raised above 1929 levels at a turnover only approaching that of 1929. Similarly, a business such as Clarke Chapman, providing auxiliary equipment for shipping, should find room for ample further recovery. It may be noted, incidentally, that the evidence of the census of production suggests that fluctuation, though present in a considerable degree in the auxiliary trade, is not so severe there as in the engine-building section. In general the trade appears to offer opportunities to the skilled investor during the later stages of general recovery, but it would involve risks for the investor who is not prepared to follow conditions fairly closely. Some of the leading concerns, however, mitigate this risk to some extent by a dividend stabilisation policy, as the accompanying table shows.

Richard Thomas Results.—The market was well satisfied with the Richard Thomas preliminary figures. The group, which includes a number of South Wales collieries and tinplate works, as well as the very profitable Grovesend Steel and Tinplate Company, has increased its gross profit from £880,000 to £1,184,000, earnings sufficient, after very adequate allowances for depreciation and heavily increased taxation, to pay a dividend of 12½ per cent. on the ordinary shares, compared with 6 per cent. last year, with a little to spare. Moreover, a profit of £57,000 has been brought in from a previous year—presumably showing that frozen credits are gradually becoming liquidated—while some £34,000 has been credited from the sale of investments. These sums are very properly put to reserve. The following table shows the consolidated earnings of the group during the last three years, the latest figures being approximate. The final figure for the carry-forward is not available yet, and a number of adjustments are usually made before the figure is determined:—

	Years ending March 31,		
	1934	1935	1936
Gross profit	772,410	879,995	1,184,000
Interest and other charges	166,098	174,419	190,000
Depreciation	145,492	175,000	225,000
Special expenses w.o.	29,176	16,083	26,000
Taxation	44,623	85,888	190,000
Net credit balance	387,021	428,605	553,000
Outside shareholders' share	17,219	16,924	23,000
R. Thomas preference dividend ...	202,822	202,822	203,000
R. Thomas ordinary shares—			
Earned*	166,980	208,859	327,000
Paid	Nil	129,761	286,000
Earned (%)	7.7	9.7	14.3
Paid (%)	Nil	6	12½
Remainder	166,980	79,098	41,000
Profit extraneous to period	5,591	3,619	57,000
Profit on sale of investments	Nil	Nil	34,000
Allocation to reserve	Nil	Nil	91,293
Carry-forward†	589,205	746,705	n.a.

* On assumption that whole of surplus is available for R. Thomas Ordinary Shares. † After miscellaneous adjustments.

These results, in view of the limited improvement in exports of tinplates, are very satisfactory. Much of the extra profit, no doubt, is attributable to the steel works at Redbourn, which have only in the last year achieved the full advantages of capacity production. The sheet business, too, must be doing well, and the home demand for tinplate is growing. The future depends upon two factors. On the one hand, the export market, though unlikely to expand rapidly, is definitely improving. The international tinplate cartel has been prolonged for two years, and Britain has received a slightly larger quota than before. The export price structure—the company's most vulnerable point—is therefore firm. On the other hand, the company's business at home is developing so rapidly that it is difficult properly to assess the prospects. During the past year more tinplate works have been acquired, and the relevant properties of the Ebbw Vale Steel, Iron and Coal Company



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- Protected Group, 1 Chancery Lane, Manchester 2
- Aviation Group, Palmerston House, Old Broad St., E.C.2

have been taken over. In securing its supplies of coal and ore, the company has safeguarded itself against the worst effects of an increase in the price of raw materials, and the new American strip mill which it will construct at Ebbw Vale should be profitable. Investors, however, will hope that this expansion does not proceed too rapidly: the demand for steel will not remain indefinitely at its present high level. At 15s. cum dividend the ordinary shares yield £5 14s. per cent.

* * *

Guest, Keen and Nettlefolds.—Maintaining its traditionally terse character, the report adds but little to the provisional profit statement discussed in the *Economist* of June 6th, page 563. Shareholders must await the meeting next Tuesday for further elucidation of the reasons why profits rose by less than £11,000 in a year when the bumper dividend received from Lysaghts had encouraged higher hopes. It will be seen from the figures that the 5 per cent. tax free dividend declared on Guest Keen ordinary stock was covered with £171,990 to spare (equivalent to a further 2½ per cent.), but £100,000 of this sum was applied to writing down book values under the works reorganisation scheme:

	Years ended March 31		
	1934	1935	1936
Net profit, after debenture charges	324,960	933,813	945,445
Depreciation	50,000	50,000	50,000
Obsolescence	Nil	75,000	75,000
First preference dividend	91,000	91,000	91,000
Second preference dividend	235,732*	707,196†	235,732

Ordinary shares (tax free)—			
Earned	Nil	10,617	493,714
Paid	Nil	Nil	321,724
Earned (%)	Nil	7.5‡	7.7
Paid (%)	Nil	Nil	5

Provision for works reorganisation	...	...	100,000
Carried forward	448,951	459,568	531,558

* One year's arrears (1931-32). † Three years' arrears (1932-35). ‡ After normal preference dividend.

The balance sheet is, as usual, uninformative, for out of total assets of £19,360,901, as much as £16,127,687 is represented by interests in subsidiary and associated concerns. The specialised Birmingham interests of the firm appear favourably placed for future developments, and the South Wales works reorganisation policy should prove its worth in due course. Interest is increasingly directed, however, to the prospects of the new Guest Keen Baldwins plant at Cardiff, in which Guest, Keen and Nettlefolds has a 93 per cent. interest. The Welsh coal properties, however, can hardly be in sight of any substantial improvement. For these reasons the £1 ordinary stock units, which yield £3 3s. net and £4 2s. 6d. gross at their reduced price of 31s. 9d., appear reasonably valued for the time being.

* * *

Allied Ironfounders.—This concern—which manufactures drainage fittings, baths, fireplaces and cookers—is more properly regarded as a building materials company than an iron and steel producer proper. This factor accounts for the stability of revenue during the past year. The total trading profits earned by subsidiaries, after charging depreciation, amounted to £332,036, compared with £326,530 in the previous year, while dividends brought into the parent company's revenue account totalled £259,730, against £260,182. These results suggest that trading may have been affected by the high plateau achieved in residential building during the past year, and it is conceivable that costs, both of materials and labour, have tended to rise. Income tax provision of the parent concern is reduced from £40,000 to £7,500, and a vestigial amount of £3,501 only is required for service on the debentures, now redeemed. Central obsolescence reserve, which last year received a large sum in respect of profit on debenture redemption, is credited with a further £7,279 from the same source and £15,000 from revenue. Earnings for the ordinary shares, on a strict revenue basis, have risen from £120,260 to £179,543, equivalent on the increased

ordinary capital to 14.4 per cent., against 12.5 per cent. a year ago. The reduction in the dividend rate from 12½ to 10 per cent. involves a slightly higher total distribution on the increased capital:—

	Years to March 31,		
	1934	1935	1936
Income from subsidiaries and other interest	241,583	262,305	265,502
Directors' fees	Nil	8,529	6,437
Income tax	27,500	40,000	7,500
Debenture interest	33,217	24,983	3,501
Debenture redemption	14,466	14,577	Nil
Central obsolescence and depreciation reserve	...	...	15,000
Preference dividend	53,086	53,956	53,521

Ordinary shares—			
Earned	113,314	120,260‡	179,543
Paid	57,593	120,546	124,818
Earned (%)	14.8	12.5	14.4
Paid (%)	7½	12½	10

Reserves	30,000	90,000§	35,000§
Carried forward	102,674	124,767‡	146,411†

‡ Excludes £112,379 dividends from subsidiary companies from profits on realisation of investments. This amount adjusted in amount carried forward. † After crediting £1,919 refund of income tax. § Includes research and development reserve—£30,000 in 1935, £10,000 in 1936.

Significant movements are shown in the balance sheet. The cash balance has been reduced, in round terms, from £375,000 to £122,000, and the remaining balance of debenture stock has disappeared. Increases are shown, however, by shares in subsidiaries—reflecting the acquisition of Aga Heat during the year—by deposits (£304,000, against £34,000 a year ago), and in the amounts due to and from subsidiary companies. A new trade investment is shown at £11,500, and gilt-edged securities to a value of £19,982 have been acquired. At 32s. the £1 ordinary shares yield £6 5s. per cent. This yield registers the general view that any decline in building activity might significantly affect earnings.

* * *

John Brown Accounts.—The Market was pleasantly surprised by the 16½ per cent., tax free, dividend of John Brown, and the shares, which had been down to 18s., have advanced to 27s. 6d. The full accounts are also very acceptable. Profit and dividends from subsidiaries have increased from £228,086 to £559,920; £24,000 has been received in respect of previous year, and the tax-free earnings are equivalent to 30 per cent. on the ordinary shares. The following table analyses the profits during the last three years:—

	Years ending March 31,		
	1934	1935	1936
Total profit	82,751	229,170	585,635
Depreciation	34,592	33,948	40,596
Interest, fees, etc.	107,111	101,200	94,739
Income tax	...	21,051	49,736
Earned for dividends	Dr. 58,952	72,971	400,564
Preference dividend	...	...	49,010

Ordinary shares (tax free):—			
Earned	Nil	...	351,554
Paid	Nil	Nil	195,809
Earned (%)	Nil	Nil	29.9
Paid (%)	Nil	Nil	16½

Reserve	Dr. 53,000	Nil	100,000
Carry-forward†	18,471	97,672	95,462

† After bringing in £8,852 income tax adjustment in 1934 and £6,230 in 1935, and after deducting £57,956 net expenses of debenture issue in 1936.

This large increase in total profit is definitely surprising. From the Firth Brown subsidiary 12½ per cent. tax free, was received this year, compared with 5 per cent., a difference is equivalent to approximately £100,000. The profit on the company's own yards at Clydebank must have increased by about £230,000. Naval work, though bigger than in the previous year, can have accounted for only a small proportion of that sum. A large part, therefore, must represent profit on the "Queen Mary": but whether all the profit has been taken now—in which case this high profit level is non-recurring—cannot be settled before Lord

Aberconway's speech at the meeting. In the meantime, the conversion of the debentures last year to a 4½ per cent. basis, and the recovery in the company's business, have markedly strengthened the balance sheet. An excess of current liabilities over liquid assets of £839,000 has been converted into a positive balance of £140,000. It was disclosed by the Chancellor on Thursday that Cunard-White Star have obtained preliminary tenders for a sister ship to the "Queen Mary" and are negotiating with the company. Lord Aberconway's speech on Friday next will therefore be awaited with particular interest. The 6s. ordinary shares yield £3 12s. 6d. per cent., free of income tax, at the current price.

* * *

Iron and Coal Company Results.—Among the coal and iron concerns whose reports have appeared this week, *Stanton Ironworks* naturally takes first place. The report shows a welcome expansion of earnings (after the previous year's fall) from £300,759 to £377,266, equivalent, after meeting the increased preference dividend, to 17.2 per cent. on the ordinary shares, against 11.1 per cent. in the previous year. The whole of the increase of £68,311 in ordinary earnings, however, has gone to swell the credit balance carried forward, since the dividend is maintained at 10 per cent. less tax. The movement of recent profits is shown below:—

	Years ended March 31		
	1934	1935	1936
Profit after tax and depreciation	322,278*	300,759*	377,266*
Debenture charges and directors' fees	42,463	47,180	44,979
Additional depreciation	50,000	50,000	50,000

Preference dividend	20,481	31,556	41,953
---------------------	--------	--------	--------

Ordinary Shares	Earned	209,334	172,023	240,334
	Paid	155,279	155,279	155,279
	Earned (%)	13.4	11.1	17.2
	Paid (%)	10	10	10

Issue expenses written off	15,705	...	...
Carried forward	258,965	275,709	360,763

* After providing £50,000 for contingencies.

Some part of the recent modernisation of plant has yet to fructify, and since the expansion of operations may involve further capital expenditure, the conservation of resources is to be understood. The prospects for road drainage under the £100 millions scheme and industrial demand for cast iron and concrete pipes suggest a continuation of active trading for some time to come, although the scale of the latest year's expansion, to judge from the increase in trade debtors and advances to subsidiaries, has been substantial. The £1 ordinary shares, at 50s. 9d., give a "stable equity" yield of £3 19s. per cent. *Tredegar Iron and Coal*, whose profits have increased from £40,015 to £63,236 for the year to March, reports that continued adversity in the South Wales coalfield, currency restrictions and the loss of the Italian market, have compelled resort to the most stringent economies. Hopes are expressed that the coal sales scheme will improve marketing conditions. The "B" ordinary shares of £1 fully-paid at 12s. yield £5 per cent. on a 3 per cent. dividend. The *Butterly Company*, a mixed coal, iron and constructional engineering concern, has enjoyed a record year, trading profits having increased from £116,642 to £190,498. Earnings available for the ordinary shares, at £137,940, are equivalent to 7.7 per cent., against 4.9 per cent. a year earlier. The dividend is raised from 5 to 6½ per cent., tax free, affording a net yield of £3 16s. 6d. per cent. at the present ordinary share quotation of 34s. This company is also well placed to secure further business from industrial construction work. The full report of *Whitehead Iron and Steel* (whose preliminary figures were discussed in the *Economist* of May 23rd, page 436) is couched in encouraging terms. The recent plant installations have proved highly efficient and it is proposed to instal a modern rolling mill which "should add materially to future profits." The Whitehead Hill subsidiary has given satisfactory results, and has earned six years' preference arrears, of which part has been paid to the parent concern. The ordinary shares, at 7½, yield slightly under 5 per cent. and are reasonably valued.

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The gross yield at to-day's market price represents

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India 3 per cent.
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Carreras "A" Ordinary.
Imperial Tobacco of Canada.
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New Modderfontein.
Government Areas.
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Van Ryn Deeps.
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General Electric Report.—Last week's announcement of record profits and a 15 per cent. dividend last week has been followed by a report couched in confident terms. The outlook for the "near future" is regarded as encouraging; order books are in a satisfactory condition; and the growth of business is indicated by the expansion of current trading items such as debtors and stocks. The market, however, had apparently discounted all this, and the £1 ordinary shares, which declined on Friday of last week from 83s. to 82s. 3d., show little net change at 80s. 4½d., ex rights. Trading profits and investment income have, in fact, jumped by 25 per cent. to £1,485,153, and since the debentures were redeemed during the previous year—from the proceeds of an ordinary share issue—the earnings for the equity have advanced from 14.8 to 25.8 per cent. The profits are analysed in the following table:—

	Years to March 31,		
	1934	1935	1936
Profit and investment income, after provision for contingencies	971,481	1,184,485	1,485,153
Depreciation	233,590	259,293	298,813
Pension fund	35,378	40,601	43,772
Directors' fees	4,355	4,525	4,585
Debt interest	163,674	103,930	...
Taxation reserve	...	142,576	194,245
Preference dividends	252,000	195,300	193,725

Ordinary shares	Earned	282,484†	438,258	750,013
	Paid	180,292†	295,795	436,536
	Earnings (%)	13.9	14.8	25.8
	Paid (%)	8	10	15

Reserve	100,000	98,883	100,000
Carried forward	423,438	467,018	680,495

† Earnings and dividends shown gross for 1934.

The wide spread of the company's expansion during the past year is emphasised in the report. The company is itself a supplier of capital goods to industries of the same general nature. Export trade within the sterling area has been good, and the building boom has further increased the demand for domestic appliances. Hopeful views re-

garding the future, however, should be closely related to the prevailing level of the shares. The present price of 80s. 4½d. ex rights includes a dividend (net) of 2s. 3d., and the effective yield is therefore £3 17s. per cent. The market, therefore, is not merely confident of the maintenance of the 15 per cent. dividend on the increased capital which is to be raised—381,670 £1 shares at £3 per share—but is also anticipating a further increase in dividend. Recovery factors still favour the company, and the current year has commenced well enough to suggest that plant extensions will quickly become remunerative if the present level of activity is maintained. Those investors, however, who are becoming less assured regarding the general level of ordinary shares, will probably allot General Electric an intermediate place between the stable equities and those shares with "recovery" potentialities.

Bristol Aeroplane Report.—Having gratified the market with a dividend of 22½ per cent. at the end of last week, Bristol Aeroplane has issued a report which bears all the indications of a high level of activity. Net trading profit for 1935, after providing for depreciation of property and plant, but before income tax, amounted to £300,366. The prospectus issued a year ago showed profits (on the same basis, but after adjustments) of £217,102 for 1934 and £128,880 in the preceding year. Earnings have, in fact, increased less rapidly than expenditure on airframes, engines and parts. After crediting a profit on investment sales and interest, the total profit amounts to £306,725, from which directors' fees (£4,500) and income tax (£65,000) have been provided. The amount earned for ordinary dividends (excluding investment profit) is £209,877, equivalent to 45.6 per cent. A sum of £100,000 is carried to reserve, and the balance carried forward is increased from £29,758 to £40,233. The balance sheet exhibits some striking changes. Property and machinery, which totalled £621,571 at the end of 1934, was increased

by no less than £396,650, the latter being itself a net figure after providing depreciation for the past year. Stocks and work in progress, less cash received on account, have increased from £467,664 to £690,956. Expansion on this scale has drained liquid resources dry, and the sum of £258,748 due to bankers at December last has almost certainly been increased since that date. It is proposed to take powers to increase the ordinary capital by the creation of 1,200,000 10s. ordinary shares, and the issue at least of some part of these shares can hardly be long delayed. History throws doubt on the raising of new capital at a time of boom demand, but official assurances regarding the protection of such aircraft issues have been definite, if vague. Under current pressure, moreover, the incentive to expand plant is overwhelming for the entire aircraft industry, although it may create awkward problems when the main part of the present programme has been completed. Bristol Aeroplane is in a strong position in the industry, for in addition to manufacturing the new "Bristol 142" medium bomber, the company supplies engines to a number of airframe constructors. This combination of airframe and engine manufacture is, in fact, quite rare in the industry. The latest profits, earned in a year of growing production pressure, suggest good short-term prospects—since expenditure on the air expansion programme will continue into 1937-38—subject to the Air Ministry's control of contract prices. Although maintenance work will be at a permanently high level thereafter, investors should discount the prospective falling off in new orders in considering current share prices. Bristol Aeroplane 10s. ordinary shares are quoted at 70s. 9d. to yield £3 5s. 8d. per cent.

Oil Dividends and Results.—The Eagles dividends, which were announced too late for comment last week, fulfilled the market's best expectations. *Mexican Eagle* is to pay 10d. per share on the participating preference and ordinary shares, while *Canadian Eagle* has declared 23.88 Canadian cents on the participating preference and 9d. per share on the ordinary shares. The former concern announces that profits available for 1935, after crediting reserves no longer required, and providing for depreciation and the settlement of the *Amatlan* case, amounted to £702,421. The profit in the preceding year amounted to £781,571. From the *Canadian Eagle* statement it would appear that profits in 1935 amounted to £635,000, compared with £539,054 in 1934, including a draft of £222,884 from investment reserve. The directors of *Lobitos Oilfields* have maintained the dividend at 7½ per cent., less tax, leaving £191,911 to be carried forward. Indicated profits are therefore of the order of £37,600, compared with £58,283 for 1934. The shares were dull on this disappointing result, but recovered part of their fall. The company's failure to share in improved conditions in the industry may, perhaps, be associated with the "growing pains" of the Ellesmere Port refinery. *United British Oilfields of Trinidad* report gross proceeds from sales of oil amounting to £880,956 for 1935, compared with £720,259 in the previous year. Net production amounted to 188,208 tons, compared with 146,588 tons, and crude oil purchases increased by 58,198 tons to 277,555 tons. Total sales of refined products amounted to 473,940 tons, compared with 345,678 tons in 1934, no crude oil being sold. The lower prices obtained were more than offset by expanding sales. The increased refinery operations have necessitated additions to the Trumble plant. As already announced, the ordinary dividend has been increased from 3 per cent. to 7½ per cent. Oil shares have remained firm this week, although professional interest, particularly in the *Eagle* issues, has been less active than of late. Anglo-Iranian, however, have provided a strong feature on suggestions that the recent results were subject to temporary influences which should be removed during the current year.

Recent Rubber Results.—The rubber share market remains in a hesitant condition. The commodity has painfully advanced to 7½d. per pound, and fears have recently been current regarding devaluation of the



gold currencies. Whether the latter would exert a prolonged deflationary effect on sterling prices, within a context of restriction, may be doubted, but a good deal of market unsettlement would inevitably follow the fall of the gold bloc. Meanwhile, the majority of recent rubber company reports hardly make inspiring reading, as the following analysis suggests:—

Name and Denomination of Shares	Total Profits		Earned for Ordinary		Dividend		Ordinary Shares	Yield
	1934	1935	1934	1935	1934	1935		
Allied Sumatra (£1)	5,821	5,197	1.2	2.8	2.5	2.5	15 4½	3 5 0
Bikam (2/-)	65,221	77,846	5.9	3.4	4.0	3.0	2 4½	2 10 6
Chersonese (F.M.S.)	...	...	...	...	...	...	...	...
Cheviot (2/-)	41,565	48,026	3.7	3.7	4.167*	4.167*	2 9	3 6 0*
Linga (£1)	22,932	22,098	8.4	8.4	7.5	7.5	3 10†	3 16 0
London Asiatic (2/-)	79,986	83,890	1.95	1.8	Nil	Nil	17 0	Nil
Malacca (£1)	177,301	191,383	8.7	7.8	8.0	7.0	4 1½	3 8 0
Patallang (£1)	165,931	142,968	Nil	4.0	Nil	2.5	27 0	1 17 0
Pelmadulla (£1)	30,294	21,991	8.9	7.3	7.5	7.0	32 0	4 7 9
Pembaja (£1)	84,625†	86,966†	15.9	10.8	12.5	9.0	36 6	4 18 0
Rembau Jelai (£1)	68,679	67,918	5.6	5.0	6.0	5.0	24 0	4 3 4
Straits Rubber (£1)	48,640	27,801	4.3	3.0	4.0	3.0	15 6	3 17 9
United Patani (Malaya) (£1)	43,833	27,835	6.4†	5.0	6.0	5.0	22 0	4 12 0
United Sua Betong (£1)	180,583	229,647	13.1	11.8	12.5	10.0	58 1½	3 7 3

* Free of tax.
† After allowing for participating rights of preference shares.
‡ Or 8.8 per cent. before charging £9,451 written off fixed assets.
§ Or 2.1 after charging 1 year's preference dividend only.

It would appear that trade demand is being kept as low as possible in anticipation of a fall in Mincing Lane if the guilder is devalued. If so, a "hidden demand" might well produce a sharp check to any undue downward movement. Expansion of industrial consumption—particularly in the United States—is still steadily reducing stocks, and would promise—apart from the guilder—some prospect of firmer prices. The Dutch native position, moreover, should be brought under closer control when the survey has been completed. For the present year, however, there is prospect of only modest advance in profits, for current costs, as Mr J. G. Hay pointed out at the United Sua Betong meeting, will frequently include wage increases, and investors must expect, at most, their maintenance rather than reduction. Despite the fractional falls in share values recently recorded, current yields appear too low to encourage speculative or investment activity for some time to come.

Further Rand Dividends.—The later Kaffir dividends, writes our mining correspondent, broadly maintain the favourable impression created by the first announcements, discussed on page 620 of last week's *Economist*. The declarations of the largest group, the Rand Mines-Central Mining, are particularly satisfactory, since among the declarations four companies—Consolidated Main Reef, Crown, East Rand Proprietary and Modder East—set up records. The earnings of the New Modder, whose reduced dividend is prominent, have declined owing to deterioration in development values, and the concern is one of the few adversely affected by the changed taxation basis. Rand Mines again pays 4s. per share. Changes in the Anglo-American group are usually comparatively small. The increase in the Daggafontein rate, although appreciable, is scarcely up to expectations. As anticipated, it is

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proposed to divide each existing £1 share into four 5s. shares. The latest payments are set out in the accompanying table:—

	June, 1935	Dec., 1935	Total, 1935	June, 1936
<i>Anglo-American Group:</i>				
Brakpan	1/1½	1/6	2/7½	1/4½
Daggafontein	3/9	5/-	8/9	4/9
Springs	1/2½	1/6	2/8½	1/2½
West Springs	1/-	1/-	2/-	1/-
<i>Rand Mines—Central Mining:</i>				
City Deep	1/-	1/-	2/-	1/-
Consolidated Main Reef	2/3	2/6	4/9	3/6
Crown Mines	8/-	9/-	17/-	9/6
Durban Deep	1/-	1/3	2/3	1/-
East Rand Proprietary	1/3	1/6	2/9	1/9
Goldenhuis Deep	2/-	2/-	4/-	2/-
Modder "B"	1/6	1/6	3/-	1/3
Modder East	2/6	2/9	5/3	3/6
New Modder	5/-	5/6	10/6	4/3
Nourse	1/9	2/-	3/9	2/6
Rose Deep	-6/-	-6/-	1/-	-6/-
<i>Union Corporation Group:</i>				
East Geduld	4/3	4/6	8/9	4/9
Geduld Proprietary	6/9	7/3	14/-	7/6
Modder Deep	2/6	2/-	4/6	-9/-
<i>Miscellaneous:</i>				
Luipaards Vlei	-6/-	-3/-	-9/-	-6/-
New Kleinfontein	1/-	1/-	2/-	1/6
Nigel Gold	1/6	1/6	3/-	1/6
Van Ryn Gold	2/-	2/-	4/-	2/-
West Rand Consolidated Ord.	1/-	1/6	2/6	1/-
Ditto. Deferred	...	...	...	£2/5/9
Witwatersrand Deep	1/9	1/9	3/6	2/-

The two Geduld undertakings in the Union Corporation group continue their tale of expansion, but the Modder Deep cut is more sharp than had been expected. With the exhaustion of the property in sight—operations are not expected to continue after the middle or end of next year—the directors have apparently kept the rate down on income-tax considerations. In considering General Mining declarations, it should be recalled that the Van Ryn Gold distribution for the first half of 1935 was 2s. per share tax free on the then existing £1 shares and for the second half 2s. less tax on the 10s. shares, whose nominal value was halved by the return of capital. Dividends on the deferred capital of the West Rand Consolidated—25,000 in £1 shares—have commenced, as expected. A small balance payment completed the £1,500,000 to which holders of the ordinary shares were entitled before the deferred began to rank. Profits being now divisible in the proportion of three quarters to the ordinary and one quarter to the deferred, the latter receive £2.59 per share. There is at present no market on the Stock Exchange in West Rand deferred; but the value of the shares is undoubtedly high, and the principal holder, the General Mining and Finance Corporation will benefit appreciably.

* * *

Other Company Results.—Our usual table of company results, on page 707, includes the profits of 56 companies which have not been discussed in preceding Notes. The table clearly shows the importance of this week's iron and steel results, where "recovery" is still the watchword. Concerns such as *Mirrlees, Bickerton and Day, Ransomes Sims and Jefferies* and *Whessoe Foundry* report improved profits and dividends. The net profits of *Stephenson Clarke* have advanced from £183,083 to £204,107, the dividend being maintained at 10 per cent. *Barrow Hematite* have sustained a further heavy loss of £12,812, while *Richardsons Westgarth* have fared no better than a year ago. A number of publishing concerns appear among the general industrial results. *Kelly's Directories'* profits have achieved the very satisfactory level of £114,634, while *George Newnes, Country Life* and *Hazell, Watson and Viney* have increased the previous year's profits by a few thousand pounds. *C. Arthur Pearson*, however, have earned rather less at £34,458, and the dividend has been reduced from 6½ to 5 per cent. *Scribbans*, the cake manufacturers, have experienced the ill-effects of rising costs of raw materials, and profits have been reduced from £148,786 to £127,941, involving reductions in the ordinary and deferred dividends. *Hall and Company*, the builders' merchants, have

maintained profits at a high level and the dividend at 22½ per cent. Further small rubber company results show reduced earnings, but among tea companies substantial advances in profits are recorded by *Eastern Assam* and *Rajmai*. A disappointing result is shown by *Brocklehurst-Whiston*, which has sustained a loss of £3,291 compared with the previous year's profit of £69,407.

* * *

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following company meetings:—Ottoman Bank, Sena Sugar Estates, British Electric Traction, Rio de Janeiro City Improvements, Telephone Rentals, Wm. Cory and Son, General Ceylon Rubber and Tea Estates, Holyrood Rubber, United Sumatra Rubber Estates, Willoughby's Consolidated, and Charterland and General Exploration and Finance. Sir Herbert Lawrence, at the Ottoman Bank meeting, referred to the Franco-Turkish agreement for the payment of external debts. At the Sena Sugar Estates meeting the chairman ascribed the greatly improved results to larger output, with consequent reduction of overheads. Mr J. S. Austen, at the British Electric Traction meeting, said that the Tilling and British Automobile Traction share bonus amounted at market price to about £1,500,000. At the Rio de Janeiro City Improvements meeting, Mr Francis Glyn reported that the Brazilian Government had promised a revision of the annual payment to the company. Colonel Fenwick alluded, at the Willoughby's Consolidated meeting, to the competition among prospectors and companies for mining claims and the resulting prohibitive prices. At the United Sumatra Rubber Estates meeting, the chairman reported that the sale of the Bangoen Poerba Estate had enabled them to make a fresh start. Sir Edmund Davis, at the Charterland and General Exploration and Finance meeting said that the valuation showed that the net assets amounted to 9s. 2.75d. per 5s. ordinary share. At the meeting of Telephone Rentals, the chairman described the successful application of the company's apparatus to factory uses. Sir A. Cory-Wright, at the Wm. Cory meeting, said that a voluntary increase in the contract price of coal had averted a stoppage. At the Ceylon Rubber and Tea Estates meeting, the chairman pointed out that though rubber and tea covered equal acreages, rubber produced the smaller revenue. Mr Addinsell, at the Holyrood Rubber meeting, commended the members of the International Control Committee for their administration of restriction.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

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THE market this week has taken some time to make up its mind regarding political factors, and it has reached only a tentative conclusion. Reports of Cabinet differences and anticipations of Thursday's important debate were more cautiously regarded than the market's general acquiescence in the raising of sanctions—at least initially. Business has been quiet throughout, but the tone tended to improve after the turn of the week. The improvement revealed in the May trade returns assisted the mild recovery, but price movements have been strictly limited throughout the lists, and not least in the recent speculative markets.

Gilt-edged securities opened dull, on consideration of the higher Treasury bill rate on the previous Friday, 2½ per cent. Funding Loan being a particularly poor feature, while Bank of England and India stocks were sympathetically affected. Tuesday witnessed a partial rally in the afternoon, but it was hardly sufficient to move prices on the day, and it was not until mid-week that reasonable firmness was restored. A modest demand was maintained on Thursday, when prices recorded further fractional improvements.

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In the Dominion market, satisfaction was voiced on the response to the Australian conversion, but the scrip opened at ¼ discount, and did not find par until later in the week. Canadian Provincial issues remained nominal on further reports of imposed interest cuts by various debtors.

Realisation that the Cantonese leaders were prepared for demonstration but not for civil war, brought a sharp recovery in Chinese bonds. Advances of well over a point were common earlier in the week, and there were signs of special support for Vickers and Marconi notes and the railway issues in hope of a scheme to settle arrears. Assurances from the Brazilian Finance Minister on the observation of the 1934 Debt Plan helped the loans initially, but their subsequent movements lacked any enthusiasm. German issues were inclined to recede until revenue prospects were canvassed in mid-week.

Home rail stocks passed an uneasy week, affected by the wages negotiations and the rejection of the companies' offer. Good traffics therefore exerted only ephemeral influence, and quotations for the marginal stocks were successively marked down. Little interest was found in the overseas rail market. Argentine ordinary stocks were steady after their initial half-point fall, despite the poor traffics. Nitrate rails recovered an initial loss on the lapsing of a concession.

The volume of business in the industrial markets has not been large during the week, but the tone has been fairly satisfactory, and some sections have been quite active. Irregular movements in the iron and steel section at the end of last week gave place to brighter conditions, which improved as this week advanced. Several company results were disappointing, but *Stewarts and Lloyds* benefited from anticipations that the International Tube Cartel might be revived, and *John Brown, Whitehead Iron* and *Butterley* shares improved on the reports (discussed on pages 684-5). In the aviation group, *Bristol Aeroplane* shares were in demand following the dividend announcement, but reacted on the plan to increase the capital (see page 686). The settlement of the strikes at the *Fairey* and *Parnall* company works encouraged the whole market. The motor section has been firm, and *Austin* shares were prominent in a general advance attributed to good output figures for April.

Electrical equipment shares have been a fluctuating market, the chief items of interest being found in the satisfactory *General Electric* report (analysed on page 686) and the maintenance of last year's dividend by *Callenders*, which caused some disappointment. In the stores group *Woolworth* rose steadily to a new high level of 135s. *Scribbans* fell on the reduced dividend and profits. The textile section has been rather dull, with active but intermittent demand for *Courtaulds*.

Business in the miscellaneous industrials group has been small, but there have been several bright features. *British Oxygen* shares steadily improved under good trading reports, and initially cement shares were well supported. Demand for *British Plaster Board* shares fluctuated with expectations of dividends, and the trend in the building material group became uncertain in mid-week. *British Piston Rings* were a feature in the motor components section.

The oil shares market closed last week with a flourish, thanks to the unexpectedly high dividends announced by the *Eagle* companies. This week the market has been more restrained, although *Anglo-Iranian* shares have been well supported on the strong balance-sheet position, and *Royal Dutch* have been bought from Amsterdam as a hedge against devaluation of the guilder. There has been a good market for *Burmah* issues. Business in the rubber share market has been on a very small scale, with a slight tendency toward firmness in sympathy with *Mincing Lane*, which receded in mid-week. A certain amount of confidence was demonstrated in the tea share market this week, although interest was strictly confined to the Indian section, where some good dividends have been declared. The *Ceylon* section was dull.

In contrast to last week, quiet conditions prevailed in the *Kaffir* market, which showed signs of activity only in mid-week, when development companies attracted some interest. Idle conditions are attributed to the political uncertainty, which appeared to offset the good half-yearly

dividend announcements (discussed on page 687), and the taxation concession granted by the Union Government to new producers. There was good demand for *West Witwatersrand* shares and a renewed investment demand from *Paris*. In the *West African* section business was very slight, with a very modest improvement in *Ashanti* in mid-week. Prices in the *Rhodesia* copper section were maintained, but activity was small. The continued fall in the price of the metal has induced a very dull tendency in the tin shares groups, and although selling has been limited prices have been marked down for many securities.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to June 12, 1936	June 11, 1936	June 12, 1936	June 15, 1936	June 16, 1936	June 17, 1936	June 18, 1936
Government and Municipal Loans	5,538	1,025	1,081	1,077	1,029	1,033	1,051
Transport, Communications, and Public Utilities	4,811	886	1,036	1,210	837	884	889
Commercial and Industrial*	21,299	4,281	4,218	4,329	4,243	4,436	3,902
Banks, Insurance and Financial ...	2,767	571	552	642	437	490	513
Mines (including Nitrate)	5,261	1,021	1,102	1,105	1,079	1,174	1,026
Oils	1,405	296	327	286	184	298	308
Rubber, Tea and Coffee	1,286	196	255	261	202	210	155
Total	42,367	8,276	8,571	8,910	8,011	8,525	7,844
Corresponding day in 1935	...	9,958	9,759	11,950	9,925	9,620	10,537

* Including Iron and Steel and Breweries.

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	June 11, 1936	June 12, 1936	June 15, 1936	June 16, 1936	June 17, 1936	June 18, 1936
114.5	107.4	110.4	110.4	110.9	110.8	111.0	111.4

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Mar. 16)	June 11, 1936	June 12, 1936	June 15, 1936	June 16, 1936	June 17, 1936	June 18, 1936
138.4	137.0	137.0	137.0	137.0	136.8	136.8	136.8

FOREIGN STOCK EXCHANGES NEW YORK

A FIRM close to business at the end of last week has been followed this week by a mixed display of strength trying to break through the blanket of inertia. Business news continues to justify much more forceful action than *Wall Street* demonstrates. Steel mill activity, estimated by *Iron-Age* at 71 per cent. of capacity for the week, is at the highest rate for six years, but although prices rose at the beginning of the week, the market later became timid on the prospect of having to share higher earnings with the employees of the steel industry, and marked them down again. The decision of the Interstate Commerce Commission to continue freight surcharges for another six months, together with rising freight and passenger revenues, encouraged rising prices for railroad shares. Utility shares were slightly more active than they have been for some time. There is not yet much sign of benefits from *Veterans'* spending on a large enough scale to provoke a rise in retail and distributing company shares, but automobile output is at very satisfactory levels. The bond

arket is rather dull. Professional operators had their enthusiasm for the Landon nomination rather damped by s outspoken progressive policies, and are trying to buoy themselves up with hopes of a breakaway from the Democrats of prominent anti-New Dealers. During the week resident Roosevelt signed the Commodity Exchange Control Bill, which is designed to restrain all but legitimate trading operations.

	June 10, 1936	June 17, 1936	June 17, 1936		June 10, 1936	June 17, 1936	June 17, 1936
			Eng. ↑				Eng. ↑
S. 2½% Treas. Bds. 1945-47 ...	103½	103½	103½	Natl. Biscuit	35½	35½	35½
Chison	72½	76	75½	Phelps Dodge	32½	33½	33½
le	12½	13½	13½	Pullman	46½	46½	46
inois Central	21½	21½	21½	Sears Roebuck	74½	73½	73½
Y. Central	35½	36½	36½	Un. Fruit	78½	78½	78½
nsylvania	30½	32	31½	U.S. Leather	6½	6½	6½
thern Pacific	33½	33½	33½	U.S. Rubber	28½	29½	29½
thern Rly.	15½	16	15½	U.S. Steel	61½	63½	63½
ion Pacific	128	129	128½	Westinghouse	112½	116	115½
				Woolworth	50½	53½	53½
n. Can.	128	131	130½	Am. Tel. and Tlg.	168	168½	167½
ber. Smelting ...	77½	79½	78½	Int. Tel. Teleg. ...	13½	14½	14½
aconda	33½	34½	34½	Utilities P. & L. ...	4½	4½	4½
thlehem Steel...	52½	53½	53½	W. Union Tlg. ...	81½	85½	84½
ysler Motor ...	95½	98½	98½				
in Products Rf. ...	78	80½	80½				
isman Kodak ...	162	167	166½				
n. Electric	38½	38½	38½				
n. Motors	63½	64½	64½	Shell Union	17½	17	16½
t. Harvester ...	87	88½	87½	S. N. California ...	36	36½	36½
ont. Ward	44½	45½	45½	Do., N.J.	58½	58	57½

† Calculated at \$5.02½ to £.

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

	1935		1936 (Jan. 1 to June 17)		Be- ginning of Year 1936	June 3, 1936	June 10, 1936	June 17, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Mar. 20	Highest Apr. 8				
51 Industrials ...	74.5(4)	112.3	112.7	127.1(d)	112.3	118.2	119.5	121.1
3 Rails	27.4	43.0(w)	42.8	51.1(b)	41.5	46.8	47.2	48.0
7 Utilities	52.2	93.6	91.2	106.2(a)	93.6	98.9	101.6	103.7
total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	103.3	104.7	106.3
verage yield of 50 Industrial	3.02(2)	4.06(4)	3.60(1)	High	Low	3.22%	3.49%	3.53%
Common Stocks	3.02(2)	4.06(4)	3.60(1)	2.95%	3.22%	3.49%	3.53%	3.47%

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

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

Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	June 10, 1936	June 11, 1936	June 12, 1936	June 13, 1936	June 15, 1936	June 16, 1936	June 17, 1936
147.6	126.2	137.3	139.6	137.8	138.8	139.1	140.4	139.8

TOTAL DEALINGS IN NEW YORK

	June 11, 1936	June 12, 1936	June 13*, 1936	June 15, 1936	June 16, 1936	June 17, 1936
Stock Exchange— Shares (Thous.)	1,090	1,000	380	720	1,100	1,220
Bonds (Value Thous. \$)	9,010	9,140	5,020	8,350	10,810	12,110
Sub— Shares (Thous.)	219	237	88	237	295	310

* Two-hour session.

PARIS

The exaggerated responsiveness previously shown to every political change has by now become less noticeable, yet monetary and industrial conditions continue to overshadow all others. This week's steady drift back to work—being more significant than earlier reports of nebulous "settlements"—induced a new feeling of optimism, and the market was helped by the Government's declaration that it would keep order. After two or three days' improvement, however, technical conditions led to a reaction which was followed by a state of depression due to deeper causes. Tension gave place to uncertainty pending the Finance Minister's statement late this week. For a time rumours of a compulsory conversion of Rentes sadly depressed the market but they were officially denied in mid-week. Metallurgical shares were depressed, the Government's attitude towards the nationalisation of the armaments industries being uncertain. Internationals remained somewhat in the

background; and share prices generally were irregular and trendless.

	June 10, 1936	June 15, 1936	June 17, 1936		June 10, 1936	June 15, 1936	June 17, 1936
Banque de France	5,745	5,910	5,580	Wagons Lits.....	42½	40½	40½
Crédit Lyonnais ...	1,290	1,298	1,240	Mexican Eagle	94½	96½	94½
Suez Canal	19,750	19,850	19,950	"Chartered"	121	121	118
Chargeurs Réunis..	199	201½	191	Ford	43	41	41½
Rio Tinto	1,053	990	950	De Beers	658	652	648
Royal Dutch	28,680	28,630	28,790	"Johannes"	320½	314	313½

BERLIN

An unloading of holdings has followed the realisation that many prevailing share prices seem unjustifiably high, and the market has devoted this week to recovering from the minor surgical operation. Quotations have in general come down to more reasonable levels and no outstanding movements have interfered with the normal ebb and flow of price movements. The Bourse was a little disturbed on Tuesday by selling of Steel Trust shares by a Berlin bank, and the slight weakening in prices then spread to other sections. The market later displayed reserve, but was supported by an undercurrent of rather better sentiment. The strength of Siemens shares continues, in spite of one or two small setbacks, but shipping issues have lately figured among the weaker features.

	June 10, 1936	June 15, 1936	June 17, 1936		June 10, 1936	June 15, 1936	June 17, 1936
Reichsbank.....	200.00	197.00	198.25	A. E. G.	36.90	36.60	36.60
D.D. Bank	96.00	94.50	94.75	Siemens and Halske	198.50	200.00	202.75
Dresdner	96.25	95.00	95.00	A. K. U.	56.60	55.00	57.25
I.G. Farben- industrie 172.90	171.10	172.40		Hamburg-Amer. ("Hapag New")	14.60	14.60	14.25
Norddeutscher Lloyd (New)	16.75	15.90	15.50				

AMSTERDAM

Owing to continuing currency uncertainties, the week began inauspiciously, with an irregular tendency and a small turnover. Home bond prices in particular experienced a deepening of depression after the announcement of a further issue of a 3 per cent. loan in exchange for Railway Bonds. On Tuesday, however, the market tried to persuade itself that monetary cares did not weigh too heavily upon it, and a decidedly firmer tone developed, particularly in commodity issues. Tobacco shares, which had been strong for some days, led an improvement which spread to sugar shares. Even the rubber market became more active after a short period of extreme dullness. A recession, however, ensued on the next day, rubber shares alone resisting the general, if small, downward movement.

	June 10, 1936	June 15, 1936	June 17, 1936		June 10, 1936	June 15, 1936	June 17, 1936
2½% Dutch Loan..	73	72½	72	Steel Common.....	37½	38½	39½
5½% German	19½	19½	19½	A. K. U.	22½	21½	22½
Unilever N.V.	113½	113½	115	Ford Motor	201	200	207½
Philips Lamps ...	187½	178½	178½	Deli Batavia Tob...	168½	178½	184
Netherlands Ship Union	49½	46½	48½	Royal Dutch	275	274½	276½
				Handels Am.	250½	255½	263½

CAPITAL ISSUES

THE new issue market, after last week's large output, has been granted a respite from municipal issues—where the "holiday" has been prolonged by the "wishes" of the authorities—and also from ordinary share issues, good, bad or indifferent. The only public offer, in fact, is of the 5 per cent. preference shares of *John Thompson Engineering Company*, issued at 21s. 6d. per £1 share. The company acquires interests in a number of associated boiler and metal working concerns. The prospectus commendably sets out a ten-year record of profits, which shows that the combined earnings of the undertakings amounted to £165,983 for 1935. This is the highest figure during the decade, and the record exhibits a marked cyclical swing in earnings which involved a loss in 1931. The preference dividend is well covered by the latest earnings, but in 1934 profits were equivalent to some four times the dividend, while a year earlier it would have been little more than covered. It is necessary to go back to the 1929 level of earnings before a satisfactory cover is again found. While the shares are adequately secured at present earnings levels, therefore, a somewhat speculative rating seems called for, in view of the wide fluctuations in profits in the past, and the shares are not primarily suitable for the long-term holder. Statements for information have been

published this week by *Electrical Switchgear and Associated Manufacturers, Derbyshire Stone, Imperial Cold Storage and Supply, Bedford Brick, John Bowes and Partners, Java Investment Loan and Agency, and Mount Magnet Gold Mines.*

ISSUES OF THE WEEK

January 1 to June 13, 1936, including conversions, Old Basis, £176,027,309.
January 1 to June 13, 1936, excluding conversions, Old Basis, £94,180,033.
January 1 to June 13, 1936, including conversions, New Basis, £246,969,349.
January 1 to June 13, 1936, excluding conversions, New Basis, £164,252,072.

National Savings Certificates, Net receipts week ended June 13, 1936, Dr. £50,000.

To the Public	Nominal Capital £	Conver- sions £	New Money £
John Thompson Engineering Co., 400,000 5% cum. pref. £1 at 21/6	400,000	...	430,000
Total	400,000	...	430,000
To Shareholders only			
Fisher and Ludlow, 160,000 10/- ord. shares at 34/6 each... 80,000	...	...	276,000
General Electric, 381,670 ord. shares £1 at £3 each	381,670	...	1,145,910
Gresham Fire and Accident, 50,000 ord. shares £1 with 10/- paid at 35/- each	25,000	...	87,500
Settle, Speakman and Company, 65,600 £1 ord. shares at 25/- each	65,600	...	82,000
Smith (S.) and Sons, 50,000 7% non cum. pref. ord. shares £1 at 50/- each	50,000	...	125,000
Do. 250,000 1/- def. ord. shares 5/- each	14,000	...	70,000
Strand Hotel, 100,000 8% cum. £1 pref. shares at 32/6 each	100,000	...	162,500
Tinsley Park Colliery, 240,000 10/- ord. shares at par	120,000	...	120,000
United Sui Betong Rubber, 50,000 £1 ord. shares at 45/- each	50,000	...	112,500
Webb's Crystal Glass, 97,880 5/- ord. shares at par	24,470	...	24,470
Weyburn Engineering, 55,000 ord. 5/- shares at 11/- each	13,750	...	30,250
Total	924,490	...	2,235,230

By Stock Exchange Introduction (at opening price)		
Bedford Brick, 2,037,330 2/- ord. at 2/3	203,733	229,199
Derbyshire Stone, 213,000 5½% cum. pref. £1 at 21/-	213,000	223,650
Electrical Switchgear and Associated Manufacturers— 250,000 10/- ord. at 20/3	125,000	253,125
100,000 5% cum. pref. £1 at 20/9	100,000	103,750
Style Boot (Northern), 400,000 ord. 5s. at 9/7½	100,000	132,500
Total	741,733	942,224

By Permission to Deal		
During week ended June 13, 1936	331,968	1,875,590
Total Capital raised—		
Including Conversions	Excluding Conversions	Total Offered for Subscription—
January 1 to date—		Including Conversions
1936 (New Basis) 252,432,393	169,685,116	Whole year (Old Basis)—
1936 (Old Basis) 178,642,539	96,795,263	1935..... 548,351,393
1935 (New Basis) 209,478,008	124,072,177	1934..... 410,980,300
1935 (Old Basis) 144,044,884	54,870,142	1933..... 467,921,500
January 1 to date—		
1934..... 264,164,126	96,478,456	1932..... 2,690,684,265
1933..... 184,289,199	109,070,328	1928..... 683,100,056
1928..... 244,762,793		369,058,073
(a) This figure includes £1,920,000,000 for conversion of 5 per cent. War Loan into 3½ per cent. War Loan.		

Nature of Borrowing (Excluding Conversions)

	Debentures	Preference	Ordinary	Total
January 1 to date—				
1936 (New Basis)	65,066,778	20,683,096	83,938,242	169,685,116
1936 (Old Basis)	55,587,624	31,825,570	96,795,263	
1935 (New Basis)*	38,058,568	27,014,833	58,998,776	124,072,177
1935 (Old Basis)	23,104,808	17,811,440	13,953,894	54,870,142
Whole year—(Old Basis)—				
1928.....	212,917,900	45,062,600	111,177,600	369,158,100
1933.....	222,064,300	12,733,700	9,982,500	244,780,500
1934.....	102,769,300	21,461,000	44,878,400	169,108,700
1935.....	167,185,509	31,696,741	37,265,387	236,147,637
* Including securities for which "permission to deal" was given in twenty-five weeks ended June 22, 1935.				

PUBLIC OFFERS

John Thompson Engineering Company, Ltd.—Issue of 400,000 5 per cent. cumulative £1 preference shares at 21s. 6d., repayable on winding up at 3s. 6d. premium. Formed to acquire boiler manufacturing business, and controlling interest in its associated companies and subsidiaries. Combined profits, after depreciation: 1933, £21,722; 1934, £82,617; 1935, £165,983. Combined net assets, £871,796. Total purchase price, £383,630 in cash and £451,538 in 5s. ordinary shares.

BY STOCK EXCHANGE INTRODUCTION

Derbyshire Stone, Ltd.—Issued capital, 213,000 £1 ordinary shares; and 213,000 5½ per cent. cumulative £1 preference shares now being issued. Holding company acquires from January 1, 1936, stone quarrying businesses with net assets £431,000, including goodwill £119,318. Combined profits, before depreciation: 1933, £44,904; 1934, £50,237; 1935, £52,196. Messrs Cazenove, Akroyds and Greenwood purchase 66,762 preference shares at 20s. 6d. each.

Electrical Switchgear and Associated Manufacturers, Ltd.—Issued capital, 250,000 10s. ordinary shares, 100,000 5 per cent. cumulative £1 preference shares. Established 1898. Assets, January 31, 1936, of Brookhirst Switchgear, Ltd., £216,609, acquired for £200,000, payable by 75,000 £1 preference shares and 250,000 10s. ordinary shares. Profits, after depreciation, years to July 31st: 1933, £5,589; 1934, £2,776; 1935, £22,498. Half-year to January 31, 1936, £15,967.



Imperial Cold Storage and Supply Company, Ltd.—Issued capital, 695,334 £1 ordinary shares, 500,000 5½ per cent. cumulative £1 preference shares (particulars of which are now issued), and £1,000,000 5 per cent. first mortgage debentures. No issue of debentures or shares ranking either *pari passu* with or in priority to the preference may be made without sanction of holders.

Bedford Brick Company, Ltd.—Issued capital 2,037,330 2s. ordinary shares and 37,600 6 per cent. cumulative £1 preference shares. Formed 1935 to acquire Mortaine Flettons, Ltd., owners of works near Bedford in construction for manufacture of Fletton bricks. Total assets December 31, 1935, £308,234. Purchase price £140,000 all in 2s. ordinary shares, and discharge of £43,897 of liabilities by the company. Profits ten months to December 31, 1935, £12,332 after tax totalling £5,500.

Bowes (John) and Partners, Ltd.—Issued capital, £698,625 ordinary stock. Particulars of issue of £425,000 5½ per cent. first mortgage debenture stock at par, to redeem £169,200 outstanding debentures and to provide £232,000 for construction purposes. Secured by first charge on property, mines, etc. Redeemable at par by April 1, 1964, by drawings commencing 1939, or at 105 after April 1, 1940 on six months' notice. Durham colliery company formed in 1886. Profits before depreciation, excluding profits or losses of a subsidiary: 1933, £31,476; 1934, £41,613; 1935, £18,192. Total assets, December 31, 1935, £1,066,384, including £928,369 collieries, etc.

Java Investment Loan and Agency, Ltd.—Issued capital, £400,000. Particulars of £100,000 3½ per cent. debenture stock secured by first floating charge. Redeemable at par, August 1, 1971, or after August 1, 1966 on six months' notice. Issue purchased by Cazenove, Akroyds and Greenwood and Company at 98 per cent. less ½ per cent. commission.

Mount Magnet Gold Mines, Ltd.—Issued capital, 568,043 2s. 6d. ordinary shares and 50,000 7 per cent. cumulative participating £1 preference shares. Preference shares entitled to 10 per cent. of profits in excess of the fixed dividend, and on winding up to 10 per cent. of surplus after repayment of ordinary capital. Company owns mining leases in Western Australia. Total assets at December 31, 1935, £136,910, with property at cost, £73,612. Balance on profit and loss account, years to June 30: 1934, nil; 1935, £703; balance net profit, subject to tax, July 1 to December 31, 1935, £5,335; net profit, January to May, 1936, £8,027.

BY TENDER

Rugby Gas Company.—Messrs. A. and W. Richards offer for sale by tender £24,000 4½ per cent. preference stock, at a minimum price of 108, which yields £4 3s. 4d. per cent. Net revenue 1935, £15,456. Accumulated funds at end of 1935, including £10,473 undivided profit, £25,820. Sales of gas, 1935, 377 million cubic feet; 9,624 consumers. Capital required for extension of plant, etc.

ISSUES TO SHAREHOLDERS ONLY

Settle, Speakman and Company.—Issue of 65,600 ordinary £1 shares to shareholders on the register on June 9th at 25s. per share in the proportion of one new share for each £5 stock held.

Tinsley Park Colliery.—240,000 ordinary shares of £1 have been offered to ordinary shareholders *pro rata* at par.

(Continued from page 691)

General Electric Company.—Issue of 381,670 £1 ordinary shares at £3 each in proportion of one for every ten held.

OFFER ABROAD

Texas Corporation.—Issue of \$60,000,000 15-year 3½ per cent. debentures. The proceeds of the issue are to be used for redeeming, on October 1, 1936, at 101 per cent., the Corporation's outstanding \$60,000,000 5 per cent. convertible sinking fund gold debentures due 1944.

FORTHCOMING ISSUES

Titanine, Ltd.—An issue of 289,000 2s. ordinary shares at 4s. 3d. each will be made shortly.

Vogelstruisbult Gold.—Meeting June 24th at Johannesburg to consider an issue of 628,571 10s. shares in proportion one for each seven held.

Tunnel Portland Cement Company, Ltd.—Extraordinary general meeting will be held July 8th to authorise increase of capital by creation of 1,500,000 "A" £1 preference shares. It is proposed to issue at a premium 500,000 of such preference shares and to retain the balance for future issue. The present issue of capital will be primarily used in developing a new cement manufacturing unit and for the general purposes of the company.

OTHER RESULTS OF ISSUES

Alpine (Barborton) Gold.—Issue 920,000 shares 5s. each at par. Applications were received for about 125,000 shares.

Greeff-Chemicals Holdings.—Owing to oversubscription lists for issue of 250,000 5½ per cent. cumulative preference shares 10s. at 10s. 6d. and 500,000 ordinary shares 5s. at 7s. 6d. were closed at 9.5 a.m., June 11th.

G. Hopkins and Sons.—Subscription lists for issue of 130,000 6 per cent. cumulative preference shares of 10s. at par and 195,000 ordinary shares of 2s. at 2s. 6d. per share were closed at 9.10 a.m. June 11th.

Steel Barrel Scammells.—Lists for offer for sale of 125,000 5½ per cent. cumulative preference shares £1 at par and 250,000 ordinary shares 5s. at 6s. 3d. each were closed at 10 a.m. June 11th.

Castlefield Rubber.—The offer of 1,000,000 shares of 2s. each at 3s. has been fully subscribed.

C.N.A. Investments.—The offer for sale of 500,000 5 per cent. cumulative preference shares £1 has been heavily oversubscribed. Subscription lists were closed at 9.5 a.m. June 12th.

Thomas Blackburn and Sons.—Lists for the offer for sale of 120,000 6 per cent. cumulative preference shares of 10s. at par and 440,000 ordinary shares 5s. at 6s. 6d. per share were closed at 9.15 a.m. June 12th.

Australia 2½ per cent. Loan.—Cash subscribers for up to £10,000 of stock received full allotment. For amounts above that level the basis of allotment was about 68½ per cent. of requirements.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, June 10, 1936	Price, June 17, 1936
Anglo-American Invest. 4½ Dbs. £100	5/-	5/-	...	99½-100½
Alpine (Barborton) Gold 5/-	5/-	5/-	...	3/9-4/3
Australia 2½, 1941-43	99	5	...	½ dis-½ pm
Birmingham 3½	99	39	1-1½ pm	1½-1½ pm
Cement Ltd. 5½ Deb.	100	50	1-½ dis	1½-1½ dis
C.N.A. Inv. 5½ Pref. £1	21/-	21/-	...	21/4-21/10½
Kitchen and Wade Ord. 4/-	...	...	6/1½-6/7½	6/1½-6/7½
Greeff Chemicals Ord. 5/-	...	...	...	8/7½-9/10½
Do. 5½ Pref. 10/-	10/6	10/6	...	10/6-10/9
Hopkins (G.) Ord. 2/-	2/6	2/6	...	2/3-2/9
Do. 6½ Pref. 10/-	10/-	10/-	...	9/3-9/9
Quick Barton and Co. Ord. 4/-	...	...	...	5/3-5/6
Vokes 2/-	...	...	3/1½-3/7½	3/7½-4/1½
Williamson Manufacturing 4/-	5/6	5/6	...	6/4½-6/7½
Seng Sugar 5½ Dbs.	100	10	...	½ dis-½ pm
Steel Barrel Scammells 5/-	6/3	6/3	...	6/-6/6
Do. 5½ Pref. £1	20/-	20/-	...	19/6-20/-
Southern Areas Electric Ord. 20/-	21/-	5/-	...	1/10½-2/4½
Style Boot 5/-	...	...	...	6/3-6/9

REPORTS AND NOTICES

Mr Francis Adams Beane has been appointed to a seat on the board of the Bank of British West Africa, Ltd.

Mr David Courtney Wybrants, M.C., has joined the board of Rylands and Sons, Ltd.

BANKS

CHEMICAL BANK & TRUST COMPANY.—The condensed statement of condition of Chemical Bank and Trust Company, New York, at March 31, 1936, shows assets totalling \$602,796,090, comprising cash and due from banks, \$140,899,587; U.S. Government obliga-

tions, direct and fully guaranteed, \$147,722,820; bankers' acceptances and demand loans, \$91,837,673; eligible paper and short-term notes, \$63,295,080; State and municipal bonds, \$37,918,874; other bonds and investments, \$18,084,086; loans and discounts, \$80,013,808; banking houses owned, \$267,907; other real estate owned, \$6,363,349; mortgages owned, \$5,005,160; credits granted on acceptances, \$7,449,466; other assets, \$3,938,274. On the liabilities side appears capital stock, \$20,000,000; surplus, \$40,000,000; undivided profits, \$11,689,548; dividend, payable April 1, 1936, \$900,000; reserved: taxes, interest, etc., \$8,490,925; acceptances outstanding, \$7,841,627; other liabilities, \$4,165,960; deposits, \$509,708,028—total, \$602,796,090.

RAILWAYS

MEXICAN RAILWAY COMPANY.—Gross receipts for the half-year to December 31, 1935, were \$6,587,131, or \$662,623 more than in the second half of 1934. Working expenses were \$1,110,567 heavier at \$6,539,938, and the balance carried to net revenue account is down to \$47,193 from \$495,137. At the standard rate adopted, the balance is equivalent to £2,622, which with interest amounts to £4,567. After charging debenture interest £87,338, and Mexican income tax £808, there is a deficiency of £83,579, which increases the debit brought in to £551,981. The debenture moratorium has been extended for a further three years. Meeting at Winchester House, London, E.C., June 24th, 2.30 p.m.

MISCELLANEOUS

LEHMAN CORPORATION.—On March 31, 1936, gross assets of the Lehman Corporation totalled \$89,846,303 or \$131.41 a share. At market prices cost of assets was \$67,329,224 and gross unrealised appreciation \$22,517,079. Investment at market value in common stocks totalled \$66,225,239 or 73.7 per cent. of gross assets. Investment in this group was equivalent to \$96.86 a share on Lehman stock. In preferred stocks investment at market prices was \$7,971,613 or 8.9 per cent. of gross assets, equal to \$11.66 a share on Lehman Corporation stock. Cash and government securities amounted to \$6,727,773 or 7.5 per cent. of gross assets, equal to \$9.84 a share. Investment in bonds other than Government bonds was \$6,371,576 or 7.1 per cent. of gross assets, equal to \$9.32 a share on Lehman Corporation stock. Other assets, valued at \$2,550,102, involved 2.8 per cent. of gross assets and amounted to \$3.73 a share on Lehman Corporation stock.

TOKYO ELECTRIC LIGHT CO., LTD.—Return for February, 1936: Kw. hours sold, 400,689,732; gross revenue, Yen 12,087,498; sterling equivalent at par of exchange, £1,237,960; increase over corresponding period last year, £76,963. Return for March, 1936: Kw. hours sold, 430,864,667. Gross revenue, Yen 11,705,718. Sterling equivalent at par of exchange, £1,198,861. Increase over corresponding period last year, £100,042. Return for April, 1936: Kw. hours sold, 440,482,693. Gross revenue, Yen 11,538,701. Sterling equivalent at par of exchange, £1,181,755. Increase over corresponding period last year, £88,313.

ALLIED IRONFOUNDERS, LTD.—Income for year ended March 31, 1936, after deduction of income tax, amounted to £259,730, compared with £372,561 for preceding year. The ordinary shareholders receive 10 per cent. dividend, compared with a distribution of 12½ per cent. for preceding year. The sum of £57,500 is transferred to reserves, and the carry-forward is increased from £124,767 to £146,410. Central obsolescence and depreciation reserve stands at £119,098. Mr James Shaw has been appointed managing director. During the year the company acquired the whole of the share capital of Aga Heat, Ltd. The chairman of that company, Mr J. E. V. Jobson, has been appointed an additional director of Allied Ironfounders. Total assets, £3,514,161. Cash, £122,214, against £374,578. Deposit accounts, £304,000, against £34,000. British Government securities, £199,982 against nil. Meeting, June 25th, at Winchester House, London, at noon.

THE LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES, LTD.—The directors announce that the ordinary stock of the company will in future be dealt in and be transferable in 10s. units. The preference stock will continue to be dealt in and be transferable as at present in £1 units.

RUSTON AND HORNSBY, LTD.—Balance of trading account for year ended March 31, 1936, was £109,369, against £88,276, and dividend from associated companies £24,400, against £18,600. Net profit was £109,829, against £80,265. Ordinary dividend 5 per cent., against nil; to reserve, £25,000, against nil; forward, £59,594, against £59,765. Rationalisation agreement with R. A. Lister and Company has been terminated by mutual agreement, and both parties have taken such steps as will enable them to safeguard their respective interests.

BEARDMORE (WILLIAM) AND COMPANY, LTD.—A trading profit of £18,557 on operating departments was secured in 1935 by William Beardmore and Company, Ltd. This compares with a loss of £524 in 1934. A slightly larger income was received from heritable properties, and £23,242, against £20,108, was received by way of interest and dividends from subsidiary and other companies. The net loss for the year was £32,568, against £64,810 (after crediting reserves of £19,000 no longer required). The total debit carried forward is £830,324.

BUTTERLEY COMPANY, LTD.—Net profits for year ended March 31, 1936, amounted to £137,939, comparing with £93,964 for year 1934-35. The ordinary dividend is raised from 5 per cent., free of income tax, to 6½ per cent., free of income tax. A transfer of £25,000 is made to reserve against nothing a year ago. Carry-forward reduced from £66,904 to £62,843. Total assets, £2,797,270. Cash is at £122,131 against £81,256. Meeting at Ripley, Derby, on June 25th, at noon.

COMPANY MEETINGS, &c.

OTTOMAN BANK

DIVIDEND MAINTAINED

REVIVAL IN ECONOMIC ACTIVITY

PROGRESS OF TURKEY

TRADE CONDITIONS IN THE NEAR EAST

SIR HERBERT LAWRENCE'S REVIEW

The annual general meeting of shareholders of the Ottoman Bank was held, on the 16th instant, at Winchester House, Old Broad Street, London, E.C.

General the Hon. Sir Herbert A. Lawrence, G.C.B., presided.

Mr W. Stewart McKim (secretary to the committee) having read the notice convening the meeting,

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

During the year 1935 the conditions in the sphere of our activities continued in many respects the same as in 1934.

The spirit of nationalism which is now so prevalent makes it increasingly difficult to give a general outline, but undoubtedly there has been some recovery from the critical conditions of recent years and some progress made in meeting new conditions.

INCREASE IN VOLUME OF INTERNATIONAL TRADE

The marked increase in most agricultural prices and those of certain raw materials, the liquidation of stocks and the increase in industrial production are encouraging signs which have marked the past year, and although the revival of economic activity has been mainly in the expansion of internal markets, there has been some increase in the value and volume of international trade. The soundness of industry has been increased by the elimination of the weaker elements, and there has been a progressive reduction of that indebtedness which was the cause of the financial crisis.

It is, however, difficult to find much cause for optimism and confidence in the future when one realises the political tension which, on the other hand, paralyses all initiative, when the world appears to be farther than ever from any general currency stabilisation, and when customs and monetary restrictions on the circulation of goods and money are every day increased.

As time passes it becomes more difficult to see how the old order of economic co-operation on which prosperity rested can be restored. It is almost unnecessary to recall that before the War Western Europe and Eastern Europe were economically complementary one to the other, the former being the principal outlet for the agricultural produce of the latter, who, in exchange, imported manufactured products. To-day agriculture is protected in the big industrial nations concurrently with the growing industrialisation of the agricultural countries where our branches and affiliations are established. It cannot reasonably be expected that, when these countries have become self-sufficient, they will consent to lose the fruit of the immense efforts they have made during this long crisis to equip themselves so completely.

PROGRESS OF TURKEY

When we summarise the economic development in Turkey since our last meeting we see immediately the numerous, and, at first sight, contradictory results of this general system of self-reliance to which I have just referred.

Here we have a young country of more than 16,000,000 people, full of enthusiasm and faith in their destiny, solidly supporting a truly National Government determined to spare nothing to improve the country's welfare, and, at the same time, to increase its influence abroad.

The indications of progress are numerous and apparent. With the exception of cereals, affected by the lack of rain, crops have been very good. The numbers of livestock, which had continually decreased since 1931, have begun to increase. Sales, both of agricultural products and of livestock, have continued to be easy

and remunerative; the new policy of clearing agreements has frequently had the result of forcing prices above the levels even of world prices. Artificial as this state of things is, it has nevertheless resulted, in one year, in an increase of exports from 92,000,000 Turkish pounds to nearly 96,000,000 Turkish pounds. At the same time imports have only increased from about 87,000,000 to about 89,000,000, with the result that there is a favourable commercial balance of 7,000,000 Turkish pounds, an increase of 2,000,000 over that of 1934; but I will indicate to you later the reservations which must accompany this satisfactory statement.

There is another symptom of improvement: the Budget receipts for the year 1934-35 exceed 190,000,000 Turkish pounds, an increase of 6,000,000 over estimates, and a surplus of 7,000,000 over expenditure. Two issues of the Sivas-Erzurum Internal Loan have been placed, the first of 2,000,000 at the beginning of the year, and the other of 4,500,000 at the end of the year. Work on this railway line is much advanced. The line to carry coal, which is to join up Irmak with Eregli, has been opened up to traffic as far as Filyos, and as regards the line for copper, intended to serve the Ergani mine, it already reaches as far as Diyarbakir.

ACTIVITY IN INDUSTRIAL SPHERE

In the industrial sphere there is the same activity: the Kayseri cotton mill was opened on September 16th last, and its annual output of material is already estimated at 5,000,000 kilos. Some months previously, at Ketchiborlu, a sulphur refinery was opened, with the object of supplying immediately the entire internal requirements. At least half the requirements of the country for glass and bottles will shortly be supplied by the new glass works at Pacha-Baghtche. I must also mention the semi-coke factory at Zonguldak, and, as a more normal example of industrialisation in an agricultural country, the attar of roses distillery at Isparta. In short, the five-year plan at the beginning of this year is already two-fifths completed.

There are, however, some difficulties, and they arise principally from the deflection of trade from the usual commercial channels and the transfer difficulties arising from that deflection.

EXTERNAL TRADE PROBLEMS

There is no doubt that in the case of Turkey, as in that of several other Balkan nations, compensation agreements, and in particular those which have been concluded with Germany, tend to misdirect the tendency of all external trade. The result has been that business has been more and more directed to countries only offering in payment non-transferable currency. Thus Germany, by paying high prices, attracts practically 40 per cent. of Turkish exports and, by means of payment in blocked marks, compels the selling country to buy German industrial products; trade with France and England has, on the other hand, fallen considerably, although, to meet the service of the Public Debt, as well as the recent agreements for the repurchase of certain concessions, it is to the nationals of these two countries that Turkey has to remit the major part of its financial obligations.

In a relatively short time, however, the dangers became obvious to all, and it is now realised that in spite of the most careful measures for the protection of the national currency, the favourable trade balance was not sufficient to prevent a deficit in the balance of external payments, recently estimated by the competent authorities at 5,000,000 Turkish pounds for 1935. Temporarily, the Central Bank was able to meet the situation by taking advances

on its gold and at the cost of a very slight decrease in the percentage of note cover; but more effective remedies became necessary, and this was the object of the Franco-Turkish agreement of April last.

THE FRANCO-TURKISH AGREEMENT

As you are aware, this arrangement provides that during the five years which Turkey needs to re-establish equilibrium, its various external debts will only be paid in cash to the extent of 50 per cent., the other 50 per cent. being provided in Turkish pounds to be used for the purchase of certain products, such as coal and various minerals, to be sold in France for the account of the creditors, with the object of making up the amount to which their agreements entitle them.

It is a fact of which we have had only too much experience that debtor countries can only discharge their obligations by exports of goods, and that creditor countries expose themselves to a complete cessation of payments if they close their frontiers; the French Government, by agreeing to admit additional imports of Turkish minerals, has rendered to the bondholders and to the other creditors of Turkey a service for which, in view of the present circumstances, they should be particularly grateful.

As regards our establishment, we have considered it our duty to take an active part in the elaboration of the agreement in question, and we have collaborated as founders with the Council of the Debt, of the Franco-Turkish Commercial Company which, using the authorisations obtained from the French official departments, and without seeking profit for itself, will endeavour, in the best interests of all, to effect the transfer of the balance necessary to meet the engagements undertaken by Turkey in 1933, 1934 and 1935.

This initiative cannot but contribute to the maintenance of the excellent relations which we have established with the Turkish Government since the renewal of our concession, and of which we have already received from them many proofs.

The improvement, which I reported to you last year, of our working in Turkey continued in 1935 and would have shown more satisfactory results if, unfortunately, it had not still been necessary to provide for certain items dating from before the crisis.

TRADE PROSPERITY IN EGYPT

In Egypt improvement was shown by all the usual evidences of trade prosperity. The figures of foreign trade showed an increase over the previous year. Imports amounted to 25,700,000 Egyptian pounds, as against 23,700,000 Egyptian pounds in 1934, and exports to 26,700,000 Egyptian pounds, as against 24,000,000 Egyptian pounds in the preceding year. Customs receipts up to November 30 last amounted to over 10,000,000 Egyptian pounds, an increase of 1,500,000 Egyptian pounds. The 1934-35 Budget produced a surplus of no less than 4,000,000 Egyptian pounds.

The cotton situation has been good, and the Government's estimate for the season 1935-36 is nearly 1,000,000 cantars more than the actual production of the previous season, although the area under cultivation was less.

The Egyptian Government in 1935 approved a Five-Year Plan of works involving an expenditure of 36,000,000 Egyptian pounds. The plan includes reconstruction of the Delta barrage and the building of a dam at Lake Tsana, the source of the Blue Nile. Schemes of land reclamation, involving more than 400,000 acres over a period of twenty years have also been approved in order to utilise the additional water made available by the heightening of the Assouan dam.

CONDITIONS IN PALESTINE

In Palestine during the first seven months of 1935 prosperity continued in all branches of trade. This was followed by a period of uneasiness provoked by fear of complications arising out of the war in Abyssinia; but subsequently the situation improved, and towards the end of the year gradually became more normal. The value of imports increased from 15,500,000 Palestine pounds in 1934 to 17,900,000 Palestine pounds in 1935, and that of exports from 4,350,000 Palestine pounds to approximately 4,700,000 Palestine pounds. The very large adverse trade balance shown by these figures is only apparent, as it is compensated by the funds brought into the country by the Jewish immigrants.

During the year 298 new companies were registered, with a total capital of 3,120,000 Palestine pounds. Our branches have participated fully in the commercial activity of Palestine, and the results have been satisfactory.

Unfortunately the steady progress in the country has since been interrupted by the present disturbances, and the prosperity

of Palestine will largely depend on a speedy settlement of the dispute.

IRAQ, IRAN, AND CYPRUS

In Iraq the pipe-line to the Mediterranean was opened during the year and considerable progress was made with numerous works. Some damage was done to agriculture by weather conditions and the cereal crops were below average, with the result that exports of grain were considerably less than in the previous year. The cotton crop was very satisfactory for the small area planted, and high hopes are held for its future. The date trade was adversely affected by the existence of large stocks and the closing of Italian markets.

The money repatriated from Iran, as the transit trade through Iraq dwindled, has been steadily leaving the country, principally for Palestine and, to a lesser degree, Egypt, both these countries offering opportunities for investment, especially as there is no income tax. As a result, interest rates in Iraq rose during the latter part of the year and our branches felt the benefit.

In Iran trade has been affected by the uncertainty produced by the fluctuations in the price of silver. Practically all the trade is now a State monopoly. As a result of the increasing control exercised by the Government, trade is tending to be centralised in Tehran and the employments of our branch there have consequently increased, with a corresponding reduction in the business of the provincial branches, which led us to close our branch at Hamadan at the end of the year.

In Cyprus the improvement in general conditions continued during 1935. Crops were satisfactory and prospects for the next olive, caroub, and cereal crops were excellent; but recently those prospects have been affected, to an extent which is not yet known, by climatic conditions. An increase was shown both in imports and exports. The results of our branches in the island reflected this general improvement.

THE NEAR EAST

As usual, I should like to say a few words regarding the other parts of the Near East, where we are indirectly interested through our affiliated institutions.

The activity of the Banque de Syrie et du Grand Liban has been most satisfactory during 1935, and it has been able again to increase its dividend, from 9.66 per cent. to 9.80 per cent. In its report the bank states that the good results of the agricultural season in the Levant States under French Mandate have started a recovery in the movement of trade which must confirm confidence in the future outlook of these territories.

In Yugoslavia, as in the majority of mainly agricultural regions, the upward movement in prices has been aided by German purchases. However, towards the end of the year commercial relations with Italy suffered from the effects of sanctions. The result is that the country has suffered from the immobilisation of its resources in blocked Reichsmarks and later from restriction of its exports.

In view of the circumstances, the business of the Banque Franco-Serbe during the course of the year can be regarded as relatively favourable. The board has, however, as a measure of prudence, recommended the shareholders to pass the profits to a provision account to meet contingencies.

GREECE

In 1935 the Greek market showed, on the whole, a greater activity than in the previous year, and an improvement was recorded in practically all branches of national activity. The total of external trade showed an increase of more than three-and-a-half million drachmae and of half a million tons, i.e. 25 per cent. in value and 18 per cent. in quantity.

I am able to inform you that a decree of the Greek Government has at last been issued to settle the different questions arising out of the drachmification, and particularly the question of indemnities to the banks affected. I remind you that a decree dated July 29, 1932, called "The Law of Necessity," imposed upon the banks conversion into drachmae, at an arbitrary rate of 100 drachmae to the gold dollar, of their deposits and advances in foreign currencies. In the case of our Salonica branch, the foreign currency assets considerably exceeded the liabilities. Unfortunately, the indemnity which we have received represents but a proportion, not only of the initial loss, but also of the reduced amount by which it was represented in our 1934 balance sheet owing to the appreciation of the drachma.

Our filiale, the British-French Discount Bank, Limited, which is established at Athens and Piræus, has, in spite of political events and the restrictions on exchange, benefited from its organisation and from the confidence which it has inspired in a clientèle which

has grown steadily since the bank's foundation in 1928. While it has not yet been able to earn profits it had at least, at December 31, 1935, recovered the losses which it had previously incurred as a result of the depreciation of the drachma.

In Rumania, where our subsidiary, the Bank of Rumania, Limited, is established, business continues to be affected by the existence of exchange restrictions.

POLICY OF PRUDENCE AND LIQUIDITY

It is evident that the general conditions, of which I have just endeavoured to outline the main characteristics, have not been of such a nature as to induce your committee to depart from its principles of prudence and liquidity.

In London, where the bulk of our funds are kept, the rates for money have been continuously unremunerative.

In Paris, where the monetary market was affected by two crises, the first in June-July and the second in November-December, the Bank of France had to take measures to meet the situation, with consequent adverse effect on the even course of banking business.

The accounts made up to December 31, 1935, after providing for bad and doubtful debts out of revenue and provisions previously made, show an amount available of £104,783 19s. 5d., including £29,541 17s. 9d. brought forward from the previous year.

The proposal of your committee is to maintain the dividend at 3s. for 1935. If you are in accord, this dividend will be paid on June 22nd in Istanbul, London, and Paris, in the latter place free of tax. The amount carried forward will be £29,783.

TRIBUTE TO THE STAFF

Before concluding, it is my pleasant duty, as it is at all our meetings, to thank all our staff for the way in which they have co-operated in our efforts during the year.

I now beg to move, ladies and gentlemen: "That the report and accounts now read be received and adopted: that the dividend for the year ended December 31, 1935, be fixed at the rate of 3s. per share, and that this dividend be payable in Istanbul, London, and Paris on the 22nd June, 1936."

Before I put this resolution I shall be happy to answer any questions.

Monsieur A. Roudy: I have pleasure in seconding the resolution.

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

The Chairman: I have also to move: "That Baron Hottinguer, General the Honourable Sir Herbert A. Lawrence, and Comte Frédéric Pillet-Will be and they are hereby re-elected members of the general committee."

Sir John P. Hewett, G.C.S.I., K.B.E., C.I.E.: I have very much pleasure in seconding the resolution.

On the motion of Mr Gordon L. Jacobs, seconded by Mr A. Bradbery, a cordial vote of thanks was passed to the chairman, directors and staff.

The Chairman: Ladies and gentlemen,—On behalf of my colleagues and of the staff I beg to thank you for the resolution which you have passed. I think that it is important that all members of this company should realise the extraordinary difficulties which have to be contended with in a world which is torn with political dissensions, as it is to-day, but I think you can rely on this, that the action of the board will be a cautious and careful one in conserving the resources of the bank.

The proceedings then terminated.

OFFER TO NEW READERS

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

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WILLOUGHBY'S CONSOLIDATED

IMPROVED RESULTS

The ordinary general meeting of Willoughby's Consolidated Company, Limited, was held, on the 15th instant, at Winchester House, Old Broad Street, London. Col. H. T. Fenwick, C.M.G., M.V.O., D.S.O. (chairman of the company), presiding, said,

The liquid assets of your company—that is to say, the value of securities, plus cash and debts—show an increase over the previous year's figures of £15,741 after deduction of liabilities. With regard to the general valuation of our assets in comparison with our share capital, I can only repeat what I said last year, that our assets can be shown to represent more than the amount of our issued capital.

We have no liabilities beyond those for current expenses, and I venture to say that the company is in a very very sound financial position.

PROFIT AND DIVIDEND

I propose now to deal with profit and loss account for the year under review. As you will see, the expenses in London and Bulawayo amount to £9,434, about £200 more than last year. We have written off some £2,000 more than last year in respect of mining claims abandoned, and income tax is about the same sum as last year. On the revenue side we are up over £4,000 in the item dividends and interest, and down on the amount of profit made on the realisation of shares, which as you know is a fluctuating item and depends on the markets.

Our ranching business, I am glad to say, shows a much better result than in the last two years. For the year ending December 31, 1933, a loss of £27,057 was sustained; at December 31, 1934, we had to show a loss of £9,651, whereas in the year ending December 31, 1935, the debit was reduced to £2,177, which has been merged in the item profit on land, etc.

This includes the sum of over £3,000 for writing down the value of the cattle, so that altogether we have made an actual working profit this year of a small amount on cattle, which is, of course, a great improvement on the previous two years.

Altogether our profit and loss account shows a balance of profit for the year carried to balance sheet of £46,428 9s. 6d.—against £40,834 6s. 2d. in 1934—£10,000 has been placed to reserve account—against £6,500 in the previous year—and we are able to recommend a dividend of 5 per cent., leaving to carry forward £4,719 6s. 3d., against £3,306 10s. 9d. brought over from 1934.

As regards mining, we have not been successful in obtaining any substantial reward for all our endeavours. A large number of claims and prospects were inspected during the year both on behalf of the company and the Rhodesia Premier Syndicate. For the most part these were not of sufficient promise to be worth acquiring and for those few claims which showed promise the purchase prices demanded by the owners were prohibitively high. At the present time there are many prospectors and companies like ourselves in search of mining properties, and as a result of this competition owners are asking larger sums for their claims than they can possibly be worth.

PROGRESS OF SOUTHERN RHODESIA

In conclusion, I would like to say a few words on the general state of Southern Rhodesia. All the signs which one generally accepts show a steady improvement. Thanks chiefly to the improved gold and base-metal mining there is an all-round improvement in trade.

The output of gold and base metals was £6,255,000, compared to £4,939,000 in 1933.

Another good index is the gross earnings of the railways, which improved from £2,407,000 for the year ending September, 1933, to £3,791,000 for the year ending September, 1935.

Imports for the year 1935 were £944,000 up over 1934, while exports showed an increase of £558,000.

In regard to a trade which concerns this company—namely, the export overseas—notwithstanding several setbacks owing to restrictions, the actual exports overseas of cattle was 80,000, compared with 70,000 the previous year; under the circumstances, a most satisfactory increase.

Albeit a very late rainy season, in the end it proved one of the best rainy seasons we have experienced of late years. The tobacco farmers produced 19,000,000 lbs. weight of tobacco and the outlook for the agricultural interests seem better than they have done for some time.

The thanks of the board and of the shareholders are most certainly due to our staff in Southern Rhodesia.

The report and accounts were unanimously adopted.

SENA SUGAR ESTATES, LIMITED

MR A. N. LUBBOCK ON THE OUTLOOK

The sixteenth ordinary general meeting of Sena Sugar Estates, Limited, was held on the 12th instant, at Southern House, Cannon Street, London, E.C.

Mr A. N. Lubbock, who presided, in the course of his remarks said:—Gross profit is up by £70,000, due first to the closing of the Caia Estate, which had operated at a loss in previous years, and secondly to the successful crops at Moepa and Marromeu, where large outputs very naturally reduced overhead costs and thus diminished the loss per ton on sugar sold in open markets.

The net result is a profit of £49,032, compared to a loss in the previous year of £24,234. The quota of sugar which we were allowed to send to Portugal, and which is fixed annually by Government decree, amounted to 20,921 tons, being rather more than 1,000 tons above the figure of the previous year.

LARGER TONNAGE OF SUGAR PRODUCED

The tonnage of sugar produced per acre was better than in the previous year, though some way below the record figures of 1933. However, the main feature was that both Moepa and Marromeu had ample cane to keep them in full operation throughout the season.

The cost of a factory staff is a constant figure, and consequently a large output automatically brings down costs in comparison with years of smaller output.

A sugar refinery is in course of erection at Bulawayo, Southern Rhodesia, by a company formed in Rhodesia for that purpose. The intention was that this refinery should enter into a contract to purchase the whole of its requirements of raw sugar from us at a price which would leave us in the same position as we had enjoyed in the past. On going closer into the matter we found that difficulties at once arose over the form of the proposed contract, and we consequently accepted the offer made whereby we subscribe for the whole of the ordinary capital of this company, and our company will thus own the whole of the equity.

The capital necessary for this installation has all been subscribed in the form of debentures, and the only amount that we shall be called upon to provide in order to take up the ordinary capital is £15,000. We have been experiencing for some time past increased competition in Rhodesia from imported refined sugar, the quality of which is naturally superior to our semi-refined product. The advent of this refinery will now place us in a very favoured position and assure the whole of this market to us.

Turning now to the future. It was clear that the unsatisfactory results of the past could no longer be allowed to continue. The company was working on the basis of an output of 70,000 tons per annum with overhead charges in proportion and, as a cheap producer, on the assumption that all this quantity could be sold at a profit. The increase of tariffs throughout the world with the consequent dumping of surplus production reduced the values in open markets to an unprecedented level.

At previous meetings comparisons have been drawn by shareholders of the results obtained by this company and those companies situated in other parts of the world. I wish to point out that no true comparison can be made without taking into consideration the tariff barriers behind which each company is operating. Companies situated in the British Empire are able to sell the whole of their production at a profitable price, as, in addition to their local highly-protected markets, they have an outlet for the whole of their surplus production in this country at a preferential rate of duty. This company, as a producer in a Portuguese Colony, has access to very limited protected markets, leaving a large surplus to be dumped in the open markets at a loss which was steadily increasing.

With no sign of recovery in world values, we had no alternative except to reduce our output so as to eliminate this surplus.

The average quantity of sugar which we had been able to place in markets showing a profit, or at any rate no loss, had been rather less than 40,000 tons for some years past. This quantity could comfortably be manufactured by our modern Larabo factory with the addition of one of the older factories. Having taken this decision it then became necessary to write down the book values of the closed factories to a scrap value, except for those items of machinery to be used in the operating factories, which were taken at a fair second-hand valuation. All expenditure which had been incurred on future crops on the abandoned plantation, together with their capital value, was entirely written off.

Having thus reduced the value of our assets we had to reduce the nominal value of our ordinary share capital, otherwise our

profits for many years to come would have been absorbed in the increased depreciation necessary.

EFFECT OF SCHEME OF ARRANGEMENT

At the extraordinary general meeting held on 13th February last, the scheme of arrangement for reducing and reorganising the company's capital was fully explained, and those who did not attend received circulars setting out exactly what it was intended to do. I am pleased to say that an overwhelming majority of shareholders approved of the scheme, which in due course was sanctioned by the court on March 9 and became effective on March 26.

The question of arrears of preference dividends had to be dealt with as part and parcel of the scheme, and as you know preference shareholders agreed to accept £100,000 in ordinary shares at their nominal value in exchange for their net arrears of dividends, amounting to £104,000. I feel confident that the market value of the ordinary shares in the future will show that they made a very good bargain. At the same time, ordinary shareholders should congratulate themselves on getting rid of this large accumulated debt which stood in front of their prospects of dividends on such easy terms.

Thus, we have a balance sheet before us showing the value of our assets on the basis of an output of 40,000 tons in a normal season.

ECONOMIES EFFECTED

Economies were made in various directions, the management fee was reduced nearly 40 per cent., the commission payable to our selling agents was limited to a much reduced sum. Salaries in certain instances were reduced, and the annual fees to the board of directors were reduced from £3,500 to £1,300 per annum. In order to achieve this two of your directors voluntarily resigned, while the others agreed to accept a reduced fee with the exception of the chairman, who has asked that he should not receive any fees, as he is unable to take an active part in the management of the business owing to advancing years.

The greatly improved financial position of the company is shown by the fact that to-day we owe nothing to our bankers either in the form of advances against sugar stocks or by way of overdraft. Not so many years ago we owed them £370,000.

We estimate that owing to the closing of a further factory the net benefit to the company will amount to £40,000.

CONVERSION OF DEBENTURE STOCK

Finally, we had to deal with the conversion of the first and second debenture issues to a lower rate of interest. The first debenture issue could not be called for redemption prior to June 1, 1936, and we considered it inadvisable to negotiate for this conversion before the scheme of reconstruction was out of the way and the accounts for 1935, showing a more satisfactory position, had been published. It was for this reason that we could not say anything more definite in our report now before you. However, you now know that no time was lost after the publication of the report, and the issue has been made under the auspices of Messrs Schröder, the new stock bearing interest at 5½ per cent. We consider this rate satisfactory, and I am glad to tell you that the issue was successfully made last Wednesday, when over 75 per cent. of our debenture-holders agreed to convert into the new stock.

The annual cost to the company of this new stock will be £48,750, while the cost of the two old issues which it is replacing was £71,222 in the accounts now before you. The saving is thus £22,472. The issue was fully subscribed, but not heavily over-subscribed, which is sufficient proof that the rate decided upon was the correct one and that the issue could not have been done at a lower rate of interest.

The current crop is proceeding normally, both factories having started operations last month. We have carefully studied the question as to what use, if any, can be made of the land which is ceasing to grow sugar cane. We are now carrying out experiments in various directions, and hope that we may find an alternative crop, the cultivation of which would be profitable.

We hope that in the early autumn we shall be sufficiently sure of our ground to be able to declare an interim dividend on the preference shares, and from details which I have given ordinary shareholders will realise that the day is fast approaching when they can look forward to a welcome return on the capital which they have invested.

I wish to take this opportunity of thanking Messrs Schroder for the very great financial assistance which they have given us in the past, especially during the dark days of the company's history, and for their help at all times.

The report and accounts were adopted and the retiring directors and auditors re-elected.

GENERAL CEYLON RUBBER AND TEA ESTATES, LIMITED

A DIFFICULT YEAR

The thirty-ninth annual ordinary general meeting of this company was held, on June 18, at 4 Lloyd's Avenue, London, E.C., Mr D. Erroll Sinclair (the chairman) presiding.

The Chairman, in the course of his speech, said that the balance at the credit of profit and loss account was £9,396. After adding the amount brought in and appropriating £3,000 to reserve, bringing that account up to £70,000, there remained £7,545. The directors recommended a dividend of 2 per cent. on the ordinary shares, leaving £1,424 to be carried forward. The period covered by the accounts had been as difficult—if not more so—as its predecessor, 1934, and many unusual problems had arisen which were not easy to solve. Under the circumstances, the somewhat disappointing results were not unexpected.

The tea crop exported under Regulation was 1,777,405 lbs., which had sold at a gross average of 1s. 1.16d., against a crop of 1,832,095 lbs. for 1934 realising 1s. 0.33d. The total crop—that was, both exported and sold locally—amounted to 1,820,253 lbs., produced at a cost of 9.87d. f.o.b., against 1,921,602 lbs. in the previous year costing 9.87d.

From an acreage point of view, rubber was an equal partner with tea, but from a revenue point of view it was definitely the smaller contributor. In the past, however, very large sums had been derived from that source, and he confidently believed that in the not too far distant future they would again see prosperous times for that commodity. The total crop harvested amounted to 1,014,430 lbs., of which 945,239 lbs. were exported, produced at a cost of 5.13d. f.o.b., and netted 5.21d. as against 4.10d. and 5.65d., respectively, for 1934. That result was poor, but illustrated the meagre profits on which the industry generally was subsisting. However, the scheme for regulation of export was achieving its objective, namely, the reduction of stocks to a figure more in keeping with world requirements.

During his recent visit to Ceylon he had seen each one of the company's tea and rubber estates and factories. Generally speaking, he had been pleased with all he had seen.

The report was unanimously adopted.

RIO DE JANEIRO CITY IMPROVEMENTS COMPANY, LIMITED

NEGOTIATIONS WITH THE GOVERNMENT

The seventy-fourth ordinary general meeting of this company was held, on the 7th instant, at Winchester House, London.

Mr Francis M. G. Glyn (the chairman of the company), in the course of his speech, said: I have recently returned from a visit to Rio. While I was there I was actively engaged in negotiating with the Government for the revision of the annual payment to the company, and it was a great disappointment to me to have to leave without obtaining a final settlement. The President of the Republic and the Ministers of Finance and of Education and Public Health have all assured me personally that the Government's decision will not be long delayed and that the company may confidently expect a prompt and just solution. Strengthened by these assurances, I have every reason to believe that during the present year a permanent basis of payment will be agreed with the Government which should enable the company to earn the just return on its capital, which is contemplated in Article 137 of the new Brazilian Constitution.

In Rio building is progressing extremely fast in the areas which we serve, and the new connections to our system during 1935 amounted to 3,004, which number is a record. This building activity shows no sign of falling off, and mainly takes the form of large blocks of flats; its continuance will provide a welcome increase in the company's revenue.

There are three features which lead the board to take a slightly more favourable view of the future; firstly, the most definite promises which we have been given of a fair settlement; secondly, the slowly improving position of Brazilian trade; and, thirdly, the growing realisation in Brazil that foreign capital is required for the expansion of her industries and that fresh capital will not be forthcoming unless and until fair treatment has been accorded to capital already invested there.

In these circumstances the board have felt justified in recommending a dividend of 2½ per cent., although you will see from the profit and loss account that our net profit for the year falls short of the amount required by over twenty thousand pounds, for which we have had to draw on the "carry-forward."

The report and accounts were unanimously adopted.

UNITED SUMATRA RUBBER ESTATES, LIMITED

IMPROVED PROSPECTS

The twenty-seventh annual ordinary general meeting of this company was held, on the 12th instant, at 30 Mincing Lane, London.

The Chairman (Mr Herbert A. Barrett) in moving the adoption of the report and accounts, said:—The year has been an eventful one in the history of the company. For, following the sale early in 1935 of Bangoen Poerba Estate, what is equivalent to a reconstruction of the company has been carried out, without any cess or monetary call upon shareholders, and as a result the company emerges from a difficult period with a balance sheet which I feel sure you will all agree is a sound one.

Having put our house in order and made a fresh start, the board's one regret is that it has not been found possible to return a profit for the season. We, in common with all rubber producers, suffered in two ways—lower prices and lowered output, and, instead of a substantial profit on our rubber, the margin over estate cost was reduced to £2,140 rs. 6d. Then again as regards copra, prices were rising, but unfortunately crops proved most disappointing. After bringing in interest, etc., and profits on investments realised and allowing for London expenses, there is a loss for the year of £642 3s. 11d.

For the present season prospects are definitely more favourable. The position of rubber is much sounder than it has been for many years. For our rubber we have realised improved prices to date and have sold forward 36 tons for shipment over the period July-December at a price equivalent to 7½d. per lb. landed in London. Our copra sales have yielded prices which do at any rate exceed estate cost prices. Then there are our holdings in shares of the Padang Langkat Rubber Estates, Limited, and the Batu Rata (Sumatra) Rubber Plantations, Limited, on both of which we hope to receive dividends; on the former of these we have already received an interim of 1½ per cent., and in all the circumstances your directors have decided, as already announced in the report and the Press, to declare an interim dividend of 1½ per cent. for the current season. It is not very much, it is true, but your directors are concerned to make some return to shareholders at the earliest moment possible.

The report and accounts were unanimously adopted.

BRITISH ELECTRIC TRACTION COMPANY, LIMITED

FURTHER INCREASE IN PROFITS

The fortieth ordinary general meeting of the British Electric Traction Company, Limited, was held, on the 12th instant, at Winchester House, Old Broad Street, London.

Mr J. S. Austen (the chairman) said that it was not his custom to worry the shareholders by going over the statements in the report and the figures in the balance sheet, but he wished to draw their attention to the first line of the report, which told them the gross earnings of the company, and he did so because this was the first occasion on which those gross earnings had exceeded £500,000.

He also wished to point out that their profits for the year showed an increase of £32,000, following on an increase in the previous year of £37,000, so that in the two years it would be seen that they had an increase of about £70,000. He did not think that the shareholders could fairly ask them to maintain that rate of increase in the profit, but he had no hesitation in saying that in the current year they would have a substantial increase—something with which the shareholders ought to be satisfied—and he said that because their good friends the Tilling and British Automobile Traction, Limited, had again to come to their help with a substantial share bonus. That bonus did not yet appear in the company's list of investments, but he could tell them that if they liked to take the market price of those shares as an indication of their value, that bonus was equivalent to a present of about £1,500,000.

He would take the opportunity of stating that, if they cared to value their whole holding in that company upon the same basis, there was enough to repay at par the whole of the British Electric Traction Company's debenture stocks and share capital, including the deferred stock, and leave a margin over of about £2,000,000. The directors were not presenting a valuation this year, but he did know that the value of the company had increased materially during the year. Shareholders could get at the figure by seeing that the profits had increased by £32,000; then they could add to that the tax, because that profit had already paid tax, and thus they would get an amount which, multiplied by twenty, would give them some idea. He had not done it himself, but he would think that it would come out at about £800,000, or something of that sort.

The report and accounts were unanimously adopted.

WM. CORY AND SON, LIMITED

SATISFACTORY TRADING

The fortieth annual ordinary general meeting of Wm. Cory and Son, Ltd., was held, on the 18th instant, at Southern House, Cannon Street, London, E.C., Sir A. Cory-Wright, Bart. (chairman of the company), presiding.

The Chairman, in moving the adoption of the report and accounts, welcomed Mr H. L. Collard on his appointment as a director of the company, and, continuing, said that the accounts showed a net profit for the year ended March 31st of £646,330 9s. 9d. There had been a loss of interest on securities disposed of to redeem the 4 per cent. debenture stock, but debenture interest was now eliminated. The actual decrease in net profits was about £2,000. After paying dividends a balance of £952,921 8s. 5d. remained to be carried forward to next year's account.

The year had presented exceptional difficulties to all connected with the coal trade, but, generally speaking, the trade of the company and its subsidiaries had been satisfactory both in coal and oil. The company's export trade was fully maintained.

A voluntary increase of rs. per ton on the contract price of many of the principal consumers alone averted a stoppage at the mines in January, and Central Control of Selling as from August 1st next was envisaged. Distributors were ready to co-operate fully in this effort to improve the condition of the industry, and were satisfied that the coal owners, in operating the new scheme, would support and strengthen the position of regular and established distributors.

The conversations with Stephenson Clarke and Associated Companies, to whom reference had been made a year ago, have been interrupted by the changes in the coal trade during the year. Should the conversations ultimately lead to an agreement shareholders would be informed. It was proposed in future to pay the interim dividends on the ordinary and employees' shares on January 1st, instead of December 1st as hitherto.

Resolutions were passed by an extraordinary general meeting following the annual ordinary general meeting, reducing the directors' qualifications to £500, and authorising the directors to convert the ordinary shares into stock. The stock will be transferable in units of £1.

TELEPHONE RENTALS, LIMITED

INCREASED PROFITS AND DIVIDEND

VALUE OF "TELEMATIC" AND "CHRONOMATIC" SERVICE

The seventh annual general meeting of Telephone Rentals, Limited, was held, on the 18th instant, at Southern House, Cannon Street, London.

Mr Fred. T. Jackson (chairman and managing director), in the course of his speech, said: Since our last meeting we have changed the titles of our British subsidiary companies to "Telephone Rentals," with geographical designations indicating the respective areas of operation. Your directors' reasons for making this change were that they felt it was not generally realised that our organisation was a national one, covering the whole of this country and offering a most comprehensive service, and they wished to support this service by making it more widely known through a national advertising campaign. No doubt you will have seen in the national Press the advertising which we have carried out over the past twelve months under the collective name of "Telematic Service." Also with the directors' report we enclosed a circular which was a reproduction of some of our advertisements. I am pleased to be able to inform you that this circular has resulted in a large number of inquiries.

WIDE RANGE OF SERVICE OFFERED

The service we offer through our rental operating companies is a very comprehensive one. It includes all forms of private telephone service consisting of a complete range of intercommunicating telephones, automatic switchboards with tie-lines which enable scattered factories under the same control to be linked up in communication with their separate and several departments. Where desired we provide loud-speaking telephones, which leave the hands free for making notes, and what we term "Round Call" signalling devices which enable the head of a large factory to get in touch with any important executive at once, wherever he may be, although the factory may cover many acres.

This telephone service has given such universal satisfaction that your directors decided to extend the range of apparatus offered on rental to electrical instruments which would simplify factory control and production, also electric publicity clocks, all of which apparatus is marked under the name of "Chronomatic Service." This departure is meeting with a good reception from those in control of up-to-date factories, and I do not think I shall be assuming the rôle of prophet lightheartedly if I predict that eventually this business will be as important to your company as the telephone business is and has been; in any case, it has the additional advantage of broadening the basis of your company's profitable operations.

Last year I told you that many of our rental subscribers had become our shareholders, and that all shareholders connected with business should become our subscribers; now I would go further and say that even shareholders who are not directly connected with business can assist in the development of their company by advertising to their friends the merit of the service we offer and suggesting to them that they might put before us any of their administration problems where either quick communication or time factors are of importance. Every manufacturer knows the importance of reducing factory costs. The service we offer definitely achieves this object by saving time and so reducing hidden losses. Our Chronomatic Service goes further and controls time processes. By suggesting to their friends that they should get in touch with the company in this connection, shareholders will be rendering a service to their friends as well as to the company in which they are interested.

OPERATING COMPANIES' SUCCESSFUL YEAR

You will have judged by the dividends your company has received from the subsidiary companies that these operating companies have had a very successful year. It gives your directors great satisfaction to report that during the first five months of this year progress has been maintained, and there can be no doubt that your business continues to hold its predominating position in our industry.

The profit and loss account makes very satisfactory reading, as the profit for the year amounts to £93,594, as compared with £72,799 last year. After deducting the interim dividend already paid, which absorbed £18,987, and transferring £10,000 to general reserve, we have a disposable balance of £66,288. Your directors

recommend the payment of a final dividend of 5 per cent., making 8½ per cent for the year, which will absorb £27,187, leaving a balance to be carried forward of £39,100, which compares with last year's carry-forward of £24,124.

It is possible that some shareholders may be of the opinion that a greater increase in dividend than ½ per cent. might have been distributed. Your directors have considered this, but in view of the fact that your company has the reputation of being a safe investment, with the necessary stability for maintaining its profits through periods of depression, it was deemed wise to conserve the resources and at the same time maintain dividends on an equitable basis.

The report and accounts were unanimously adopted.

CHARTERLAND AND GENERAL EXPLORATION AND FINANCE COMPANY, LIMITED

The ordinary general meeting of this company was held, on the 17th instant, in London.

Sir Edmund Davis, chairman and one of the managing directors, who presided, said: Under the heading profit and loss account we have brought in £39,098 from last year, and deducted therefrom the dividends paid this time last year and the directors' percentage thereon, together £29,650, leaving a balance of £9,448, which, added to the balance of profit for the year under review of £48,692, makes a total of £58,141. We recommend a final dividend of 3 per cent. on the preference stock, and a dividend of 10 per cent. and bonus of 2½ per cent. on the ordinary shares, all less income tax, and leave to be carried forward, subject to directors' percentage of profits, the sum of £9,641.

As regards the position of the company at May 31, 1936, if we take the quoted investments at the market price at that date and the unquoted at cost or at directors' valuation, we have £574,826, and, after adding cash and debtors, less creditors, and allowing for the preference capital and preference dividend to May 31st, we then had a total of £479,897, or 9s. 2.75d. per 5s. ordinary share.

At our last general meeting I referred to the interest we held in Albatross Publishing. This we have slightly reduced in our desire to spread our investments, though the business is progressing. Sales for the twelve months ended April 30, 1936, were 262,905 volumes, as compared with 293,358 volumes for the corresponding period last year, owing to the satisfactory arrangement which obtains with Tauchnitz. Under this, during the six months ended April 30th last, 105,786 volumes were sold, which, if added to the above-mentioned 262,905, makes a total of 368,691 volumes sold, taking six months only for a portion of the business.

On the ordinary shares, during the last twenty-four years, we have paid in dividends 319 per cent.—an average of 13.29 per cent. per annum—and with the dividend and bonus now recommended (12½ per cent.), 331½ per cent., an average of 13.26 per cent. per annum, plus a bonus of one free ordinary share for every two shares held (in 1925), and a bonus of one free preference share for every three ordinary shares held (in 1927).

The report and accounts were unanimously approved.

HOLYROOD RUBBER, LIMITED

DIVIDEND OF 5 PER CENT.

The twenty-third annual general meeting of Holyrood Rubber, Limited, was held on the 17th instant at the offices, 7 Martin's Lane, E.C.

Mr W. Arthur Addinsell, the Chairman, in moving the adoption of the report and the declaration of a dividend of 5 per cent. said:—The profit resulting from last year's operations was a little more than one-half the net earnings for the previous year. This is wholly attributable to the fact that the crop harvested declined by 202,797 lbs. During the first five months of 1934 exports were not under control. Furthermore, although the International Restriction Regulations formally commenced to operate as from June 1, 1934, there was practically no effective restriction until the last quarter of that year. Lower crops mean higher costs, but, taking everything into account, I think we may be well content with the past year's figures, and that a dividend of 5 per cent. can be regarded as satisfactory.

You will see that the Standard Productions assessment for 1936 has been raised to over the million mark. The International Committee has decided to allow an increase of 5 per cent. in the export rate for the second half of this year, and with the prospects of a higher average net price, we can look forward to an upward trend in net profit.

Little need be said with regard to the Estate. We are assured from the reports that efficient cultivation has been maintained; and costs per unit compare quite favourably with other companies. The financial position is eminently sound, and we have little cause for anxiety so long as nothing occurs in world affairs to undermine the industry. Application has been made to the authorities for permission to plant up an additional 63 acres of reserve land under an experimental planting scheme which the Restriction Enactment provides for. We are advised that the area has been inspected by a representative of the Rubber Research Institute, and the prospects of the application being granted are regarded as favourable. The company's cash resources will permit of the expenditure being made without interfering with dividends.

Our interest in Edensor Rubber Estate, Limited, has been previously explained. The planted area is 1,007 acres, and arrangements are being made to commence tapping on 878 acres at the end of this year. Holyrood's interest, in proportion to the holdings of other subscribers, amounts to the equivalent of approximately 84½ acres.

In my opinion the gentlemen who constitute the International Control Committee deserve sincere commendation for the manner in which they have carried out their exacting task. They have shown that they have the welfare of the industry at heart—at the same time giving full consideration to the claims of those bodies which form the link between the producer and the vast public who are the actual consumers.

Perhaps the most favourable feature of the immediate outlook is the determination of the Dutch officials to strengthen control; and if (as they seem confident) they are able to exercise complete control of native output on a crop restriction basis in preference to an export tax by the end of this year, we may look forward to steady profits and a reasonable return.

The resolution was unanimously adopted.

GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended June 13, 1936, amounted to £7,159,000, against ordinary expenditure of £7,159,000. After allowing for a decrease in Exchequer Balances of £304,182, the operations for the week, as shown below, increased the gross National Debt by £5,435,000 to approximately £7,976 millions.*

(000's omitted)			
Treasury Bills.....	+ 5,445	National Savings Certificates	— 50
Public Department Advances ...	+ 690	P.O. and Tel. Capital Exp.	— 650
	+ 6,135		— 700

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appeared in the *Economist* for April 4, 1936.

REVENUE	Total Receipts into the Exchequer			
	April 1, 1935, to June 15, 1935	April 1, 1936, to June 13, 1936	Week ended June 15, 1935	Week ended June 13, 1936
ORDINARY REVENUE				
Inland Revenue—				
Income Tax	11,922,000	10,173,000	140,000	3,000
Sur-tax	3,690,000	3,890,000	220,000	150,000
Estate, etc., Duties	20,440,000	16,050,000	3,520,000	1,510,000
Stamps	2,790,000	2,500,000	500,000	220,000
Excess Profits Duty and Corporation Profits Tax	90,000	80,000	...	10,000
Land Tax and Mineral Rights Duty	...	...	...	...
Total Inland Revenue	38,872,000	32,693,000	4,380,000	1,893,000
Customs and Excise—				
Customs	39,532,000	40,998,000	3,452,000	4,171,000
Excise	19,600,000	18,300,000	1,300,000	1,000,000
Total Customs and Excise	59,132,000	59,298,000	4,752,000	5,171,000
Motor Vehicle Duties (Exchequer Share)	835,000	975,000	Dr. 92,000	Dr. 61,000
Post Office (Net Receipt)	6,200,000	5,900,000	350,000	150,000
Crown Lands	230,000	250,000	...	...
Receipts from Sundry Loans	262,772	369,380	...	...
Miscellaneous Receipts	4,382,055	5,581,134	152,990	6,311
Total Ordinary Revenue	109,913,827	101,066,514	9,542,990	7,159,311
SELF-BALANCING REVENUE				
Post Office	9,700,000	10,400,000	650,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	3,484,000	3,645,000	275,000	308,000
Total Self-balancing Revenue	13,184,000	14,045,000	925,000	1,308,000
Total	123,097,827	115,111,514	10,467,990	8,467,311



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BANKING DEPARTMENT

Proprietors' Capital	£ 14,553,000	Government Securities	£ 98,278,310
Rest	3,342,957	Other Securities	3,342,957
Public Deposits*	13,950,230	Discounts and Advances	£ 4,810,324
Other Deposits	£ 90,996,501	Securities	£ 16,332,276
Bankers'	£ 37,359,538	Notes	21,142,600
Other Accounts	128,356,039	Gold and Silver Coin	39,838,125
			943,191
	160,202,226		160,202,226

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

Both Departments	Amount, June 17, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	£ 432,020,458	— 983,121	+ 36,290,653
Public deposits	13,950,230	+ 469,489	+ 355,410
Bankers' deposits	90,996,501	+ 4,496,361	+ 13,029,122
Other deposits	37,359,538	+ 295,938	+ 354,395
Total outside liabilities	574,326,727	+ 4,278,667	+ 23,971,336
Capital and rest	17,895,957	+ 38,151	+ 22,853
Government debt and securities	357,457,298	+ 692,942	+ 4,626,835
Discounts and advances	4,810,324	+ 1,355,596	+ 984,595
Other securities	16,332,276	+ 1,379,272	+ 1,843,240
Silver coin in issue department	783,973	+ 1,038	+ 1,027,827
Coin and bullion (bank's reserves)	212,801,774	+ 3,401,236	+ 19,390,830
Reserves of notes and coin in banking department	40,781,316	+ 4,384,357	+ 16,899,823
Proportion of reserve to outside liabilities—			
(a) Banking Department only ("proportion")	28.6%	+ 2.1%	+ 8.7%
(b) Gold stocks to deposits and notes ("reserve ratio")	37.1%	+ 0.4%	+ 2.0%

(000's omitted)

Date	Issue Department	Circulation	Public Deposits	Bankers' Deposits	Other Deposits	Gold in or out of Bank	Bank Rate
1936							
May 27	£ 466,997	£ 428,062	£ 19,767	£ 78,275	£ 36,733	1.034 in	2 1/2
June 3	£ 467,282	£ 433,452	£ 8,217	£ 80,718	£ 37,086	1.035 in	2 1/2
„ 10	£ 468,497	£ 433,004	£ 13,481	£ 86,500	£ 37,064	1.035 in	2 1/2
„ 17	£ 471,859	£ 432,020	£ 13,950	£ 90,996	£ 37,360	1.036 in	2 1/2

(000's omitted)

Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts and Advances	Other Securities	Reserve and the "Proportion"
1936							
May 27	£ 258,918	£ 261	£ 207,284	£ 91,758	£ 6,695	£ 12,923	£ 41,202 30 1/2
June 3	£ 258,978	£ 225	£ 208,170	£ 98,543	£ 6,243	£ 13,351	£ 38,518 25 1/2
„ 10	£ 258,996	£ 239	£ 209,401	£ 97,768	£ 6,166	£ 14,571	£ 36,397 25 1/2
„ 17	£ 259,179	£ 57	£ 212,802	£ 98,278	£ 4,810	£ 16,332	£ 40,781 28 1/2

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to June 3	£ 14,021,445	£ 861,826	£ 1,476,000	£ 16,359,271
Week ended June 10	£ 616,996	£ 40,232	£ 78,792	£ 736,020
Week ended June 17	£ 668,972	£ 36,973	£ 65,821	£ 771,766
Total to date, 1936	£ 15,307,413	£ 939,031	£ 1,620,613	£ 17,867,057
Total to date, 1935	£ 15,348,901	£ 881,060	£ 1,488,092	£ 17,718,053
Increase or decrease in 1936	+ 57,912	+ 132,521	+ 149,004	+ 378,434
	= 0.3%	= 6.6%	= 8.9%	= 1.8%
Total for year 1935	£ 32,443,575	£ 1,887,112	£ 3,229,064	£ 37,559,751
Total for year 1934	£ 30,740,117	£ 1,759,528	£ 2,984,512	£ 35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5.5%	= 7.2%	= 8.1%	= 5.8%

PROVINCIAL

(000's omitted)

	Week ended June 13		Month of May			Aggregate Totals January 1 to June 13	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936
No. of working days :	£	£	26	28	%	£	£
BIRMINGHAM	1,744	2,377	9,888	11,023	+ 11.4	55,550	60,385
BRADFORD	573	903	3,552	3,991	+ 12.3	21,011	23,698
BRISTOL	707	1,153	5,584	5,653	+ 1.2	27,411	29,731
DUBLIN	4,105	6,451	...	...	...	127,995	137,791
HULL	681	794	3,066	3,616	+ 17.9	17,344	19,402
LEEDS	529	699	3,536	3,910	+ 10.5	21,284	21,988
LEICESTER	314	689	2,710	3,204	+ 18.2	15,837	17,405
LIVERPOOL	4,378	5,353	22,900	24,994	+ 9.1	137,787	141,912
MANCHESTER	6,978	7,876	40,782	43,384	+ 6.3	234,177	236,308
NEWCASTLE	898	1,113	5,560	5,816	+ 4.6	32,093	30,314
NOTTINGHAM	296	426	2,005	2,129	+ 6.1	11,058	12,088
SHEFFIELD	497	755	3,372	4,044	+ 19.9	20,063	23,026
	21,900	28,589	102,955	111,764	+ 8.5	721,630	754,048

* Restricted area from April 1, 1935.

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the *Economist* for November 9. Danzig, in May 23. Egypt, in May 30. Roumania, in June 6. Argentina, Denmark, International Settlements, Lithuania, New Zealand, Poland, Sweden, Turkey, Finland, Hungary, Yugoslavia, and Austria, in June 13.

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

U.S.F.R. BANKS	June 20, 1935	May 27, 1936	June 3, 1936	June 10, 1936	June 18, 1936
RESOURCES					
Gold Certificates on hand and due from the Treasury	6,119,490	7,824,030	7,840,040	7,939,040	7,938,540
Total reserves	6,375,360	8,147,550	8,143,990	8,247,870	8,227,330
Total cash reserves	324,020	310,450	290,690	295,570	276,270
Total bills discounted	6,880	4,830	5,850	5,400	6,540
Bills bought in open market	4,720	4,300	3,080	3,080	3,080
Total bills on hand	11,600	9,130	8,930	8,480	8,060
Industrial advances	27,390	30,460	30,170	30,060	30,060
Total U.S. Govt. securities	2,430,240	2,430,250	2,430,240	2,430,250	2,430,250
Total bills and securities	2,469,230	2,470,020	2,469,520	2,468,970	2,470,110
Total resources	9,517,820	11,244,000	11,338,320	11,362,830	11,504,060
LIABILITIES					
Federal Reserve notes in actual circulation	3,188,280	3,758,970	3,793,960	3,785,980	3,872,980
Aggregate of excess member bank reserves over requirements	...	2,900,000	2,840,000	2,950,000	2,040,000
Deposits—Member bank—					
Reserve account	4,995,670	5,747,230	5,713,310	5,833,390	4,893,670
Government deposits	126,030	544,180	504,730	516,400	1,421,460
Total deposits	5,121,700	6,291,410	6,218,040	6,349,790	6,315,130
Capital paid in and surplus	311,970	302,810	302,810	302,880	302,830
Total liabilities	9,517,820	11,244,000	11,338,320	11,362,830	11,504,060
Ratio of total reserves to deposit and F.R. note liabilities combined	74.0%	78.5%	78.6%	79.0%	78.6%
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock	9,089,000	10,388,000	10,409,000	10,480,000	10,543,000
Treasury and National Bank Currency	2,510,000	2,494,000	2,493,000	2,489,000	2,490,000
LIABILITIES					
Money in Circulation	5,498,000	5,902,000	5,953,000	5,937,000	6,048,000
Treasury Cash and Deposit with Federal Reserve Banks	3,023,000	3,116,000	3,084,000	3,064,000	4,028,000

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

	June 20, 1935	May 27, 1936	June 3, 1936	June 10, 1936	June 18, 1936
Total gold reserves	2,453,770	3,229,510	3,135,990	3,201,440	3,086,190
Total bills discounted	4,140	2,950	3,550	3,690	4,300
Bills bought in open market	1,830	1,580	1,090	1,090	1,090
Total U.S. Govt. securities	744,320	729,380	729,380	729,380	729,380
Total bills and securities	756,880	741,310	741,390	741,550	742,140
Deposits—Member bank—					
Reserve account	2,160,490	2,675,480	2,580,350	2,678,430	2,087,820
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	78.4%	82.9%	82.5%	83.1%	82.0%

FEDERAL RESERVE REPORTING MEMBER BANKS†

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

	June 5, 1935	May 8, 1936	May 13, 1936	May 20, 1936	May 27, 1936	June 3, 1936
Loans	11,766	13,485	13,462	13,448	13,515	13,514
Investments	9,333	4,458	4,537	4,623	4,690	4,594
Reserve with Federal Reserve Bank	1,971	2,242	2,250	2,319	2,319	2,363
Due from banks	12,530	14,260	14,272	14,390	14,562	14,580
Demand deposits	5,001	5,076	5,056	5,043	5,028	5,035
Time deposits	785	754	752	754	747	746
Government deposits	4,912	5,870	5,874	5,856	5,827	5,992
Due to banks						

† Revised figures for banks in 101 instead of 91 leading cities. Demand deposits now exclude cash in hand or in process of collection.

AUSTRALIAN COMMONWEALTH BANK.—In £'s (000's omitted)

	June 17, 1935	May 18, 1936	May 25, 1936	June 1, 1936	June 8, 1936	June 15, 1936
ASSETS						
Gold and English sterling	15,994	19,036	16,003	16,001	16,011	15,999
Other coin, bullion and cash	6,443	6,354	6,327	6,394	6,353	6,805
Money at short call—London	20,475	20,941	20,644	20,248	19,715	22,260
Short-term loans	7,659	3,383	3,330	3,343	2,538	2,662
Securities	70,509	74,999	74,999	74,999	75,077	75,076
Discounts and advances	6,298	7,882	8,033	8,232	8,175	8,085
LIABILITIES						
Notes issued	47,050	47,044	47,044	47,044	47,044	47,044
Reserve premium on gold	3,896	7,753	7,753	7,753	7,753	7,753
Deposits	74,684	66,084	65,900	65,616	64,688	68,602

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

	June 12, 1935	May 27, 1936	June 3, 1936	June 10, 1936
ASSETS				
Reserve of which	118,569	196,071	196,083	199,347
Gold coin and bullion	106,936	179,788	179,939	179,961
Dominion Government securities	143,847	110,851	109,217	111,144
LIABILITIES				
Note circulation	75,893	93,169	93,806	95,106
Deposits—				
Dominion Government	17,720	27,804	24,919	30,708
Chartered banks	165,348	183,639	184,978	181,040
Ratio of reserves to notes and deposit liabilities	45.8%	64.2%	64.2%	64.7%

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

	June 14, 1935	May 15, 1936	May 22, 1936	May 29, 1936	June 5, 1936	June 12, 1936
ASSETS						
Gold coin and bullion	28,417	22,928	22,926	22,923	22,920	22,919
Bills discounted: Foreign	5,068	9,736	10,224	10,389	10,511	11,330
Investments	1,726	1,737	1,737	1,737	1,737	1,737
Other assets	14,650	12,403	12,181	12,513	12,403	12,351
LIABILITIES						
Notes in circulation	12,243	13,395	13,230	15,013	14,538	13,797
Government deposits	1,843	3,355	3,499	2,918	1,907	2,294
Bankers' deposits	28,441	23,377	22,892	22,648	23,487	25,124
Ratio of cash reserves to liabilities to public	59.9%	52.0%	51.5%	50.4%	51.0%	50.3%

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

	June 14, 1935	May 29, 1936	June 5, 1936	June 12, 1936
ASSETS				
Gold coin and bullion	44,42,17	44,42,17	44,42,17	44,42,17
Rupee coin	50,60,29	60,58,55	60,34,42	61,07,34
Balances abroad	17,48,71	15,30,32	14,61,39	15,59,02
Sterling securities	53,19,27	68,31,71	68,31,71	68,31,71
Indian Government rupee securities	38,48,91	23,47,26	23,47,26	23,47,30
Investments	6,04,34	6,15,44	6,12,07	6,12

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

Assets	May 29, 1935	Apr. 29, 1936	May 6, 1936	May 13, 1936	May 20, 1936	May 27, 1936
Gold	906,928	910,157	910,157	910,262	910,263	910,263
Balances abroad	439,601	491,914	496,327	515,130	506,380	512,368
Discounts	309,113	365,994	361,372	359,982	355,974	357,453
Securities	70,173	104,193	104,501	104,769	104,930	105,758
Government loans	1,048,137	1,045,511	1,045,511	1,045,511	1,045,511	1,045,511
LIABILITIES						
Notes in circulation	2,019,763	2,025,590	2,026,208	2,000,666	1,989,530	2,024,674
Government deposits	471,114	621,873	635,088	645,531	631,992	601,564
Bankers' deposits	364,006	346,098	330,369	339,442	349,305	362,756
Other deposits	51,589	58,287	86,462	85,616	79,750	76,045
Foreign commitments	221	32,001	34,657	34,674	34,671	34,654

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted)

Assets	June 7, 1935	May 15, 1936	May 23, 1936	May 31, 1936	June 7, 1936
Gold	2,686,947	2,695,172	2,695,024	2,695,031	2,696,598
Balances abroad and foreign currency	312,009	46,057	42,334	35,848	35,725
Discounts and advances	1,070,744	1,315,095	1,145,658	1,260,637	1,551,503
State notes debt balance	2,076,087	2,037,974	2,037,934	2,037,857	2,036,902
LIABILITIES					
Bank notes in circulation	5,918,076	5,467,659	5,235,253	5,482,080	5,506,722
Check account balances	529,330	547,506	619,432	464,170	720,501

Assets	May 15, 1935	May 7, 1936	May 15, 1936	May 23, 1936	May 31, 1936
Gold and silver holdings	1,582,875	1,590,555	1,597,555	1,606,955	1,606,955
Balances abroad and foreign currencies	437,054	503,019	511,828	484,012	488,899
Discounts and advances	884,179	1,352,848	1,359,225	1,374,177	1,385,098
Advances to the Treasury	2,697,819	2,671,279	2,671,279	2,671,279	2,671,279
LIABILITIES					
Reserves	1,259,506	1,248,898	1,248,524	1,246,894	1,246,859
Bank notes in circulation	2,123,008	2,266,864	2,216,644	2,180,815	2,246,503
Sight liabilities	2,568,801	2,149,302	2,222,452	2,272,472	2,180,711
Deposits	129,148	123,844	123,844	142,760	123,777

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

Assets	June 7, 1935	May 15, 1936	May 23, 1936	May 31, 1936	June 7, 1936
Gold and gold exchange	3,593,770	3,298,655	3,288,091	3,260,706	3,193,344
State Gold Bonds	575,035	566,697	566,697	566,697	566,697
Bills discounted	272,980	280,578	278,430	281,776	284,177
Advances	2,221,966	4,726,895	4,766,598	4,848,061	4,966,004
State Debt	2,714,111	3,605,111	3,605,111	3,605,111	3,605,111
LIABILITIES					
Notes in circulation	5,287,861	5,680,331	5,580,098	5,640,777	5,681,087
Deposits and current accounts	3,749,574	5,996,848	6,088,126	6,085,992	6,179,925
Foreign exchange liabilities	90,896	262,107	261,796	271,200	239,091

BANK OF ESTONIA.—In Kronas (000's omitted)

Assets	May 31, 1935	May 7, 1936	May 15, 1936	May 23, 1936	May 31, 1936
Gold coin and gold bullion	31,552	34,126	34,126	34,126	34,126
Net foreign exchange	2,722	2,722	3,119	3,119	3,220
Subsidiary Estonian coin	3,435	1,651	1,579	1,489	1,520
Home bills discounted	7,116	10,662	10,717	10,282	10,360
Loans and advances	4,245	8,418	7,423	7,255	9,100
LIABILITIES					
Notes in circulation	37,184	40,562	41,646	41,854	40,997
Sight deposits and current accounts	20,667	25,604	23,106	22,726	25,738
Ratio of reserve to current liabilities	59.24%	55.83%	57.53%	57.74%	55.98%

BANK OF JAPAN.—In yen (000's omitted)

Assets	May 25, 1935	May 2, 1936	May 9, 1936	May 16, 1936	May 23, 1936
Gold coin and bullion	476,870	515,612	517,224	517,985	518,387
Other coin and bullion	44,035	47,701	50,023	54,918	57,756
Discounts	568,187	633,836	548,207	544,314	544,605
Advances	109,506	167,515	170,024	171,714	171,705
Advances on foreign bills	26,281	135,822	65,703	29,481	36,455
Government bonds	521,452	739,799	550,570	550,449	544,087
LIABILITIES					
Notes	1,169,895	1,370,122	1,232,240	1,189,938	1,234,246
Government deposits	348,423	629,324	438,101	445,967	437,468
Other deposits	71,589	60,075	54,259	54,255	51,710

BANK OF LATVIA.—In lats (000's omitted)

Assets	June 10, 1935	May 11, 1936	May 18, 1936	May 25, 1936	June 8, 1936
Gold coin and bullion	46,356	46,399	46,405	46,406	46,407
Silver coin	15,868	15,422	15,471	15,565	15,483
Balance abroad	2,752	7,279	7,390	7,400	7,629
Trans. notes and small change	12,890	11,725	11,506	11,988	12,687
Short-term bills	57,043	51,821	51,896	51,552	52,500
Loans against securities	68,381	62,090	62,349	61,904	61,758
LIABILITIES					
Notes in circulation	36,109	37,258	37,750	37,410	36,625
Deposits	20,025	20,907	20,840	20,748	20,741
Current accounts	86,987	82,912	84,643	85,362	86,766
Government accounts	47,853	48,176	46,688	45,780	46,292

MONEY AND EXCHANGE RATES
LONDON MONEY RATES

	June 11, 1936	June 12, 1936	June 13, 1936	June 15, 1936	June 16, 1936	June 17, 1936	June 18, 1936
Bank rate (changed from 2½% June 30, 1935)	2½	2½	2½	2½	2½	2½	2½
Market rates of discount							
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	2½
3 months' do.	2½	2½	2½	2½	2½	2½	2½
4 months' do.	2½	2½	2½	2½	2½	2½	2½
6 months' do.	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills—							
2 months'	2½	2½	2½	2½	2½	2½	2½
3 months'	2½	2½	2½	2½	2½	2½	2½
Loans—Day-to-day	2½	2½	2½	2½	2½	2½	2½
Short	2½	2½	2½	2½	2½	2½	2½
Deposit allowance—Bank	2½	2½	2½	2½	2½	2½	2½
Discount houses at call	2½	2½	2½	2½	2½	2½	2½
At notice	2½	2½	2½	2½	2½	2½	2½
Comparison with previous weeks—							
Short Loans							
Bank Bills							
Trade Bills							
3 Months							
4 Months							
6 Months							
3 Months							
4 Months							
6 Months							
1936							
May 14							
" 21							
" 28							
June 4							
" 11							
" 18							

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

London on	Par of Exch. per £	June 12, 1936	June 13, 1936	June 15, 1936	June 16, 1936	June 17, 1936	June 18, 1936
New York, \$	4.86½	5.02½-03½	5.02½-03½	5.01½-03½	5.03½-04½	5.02½-04½	5.02½-03½
Montreal, \$	4.86½	5.02½-04½	5.03-03½	5.02½-04½	5.03½-05	5.03½-05	5.03½-04½
Paris, Fr.	124.21	76½-1½	76½-1½	76½-1½	76½-1½	76½-1½	76½-1½
Brussels, Bel.	35.00(a)	29.70-77	29.70-76	29.64-78	29.75-83	29.74-83	29.70-76
Madrid, L.	92.46	63½-64	63½-64	63½-64	63½-64	63½-64	63½-64
Zurich, Fr.	25.22½	63-77½	63-77½	63-82½	63-92½	64-04½	63-97½
Athens, Dr.	375	15-52-53	15-54-58	15-54-58	15-57-61	15-55-61	15-52-57
Helsinki, Mk.	193-23	226½-227½	226½-227½	226½-227½	226½-227½	226½-227½	226½-227½
London, Pt.	25.22½	36½-1½	36½-1½	36½-1½	36½-1½	36½-1½	36½-1½
Lisbon, Esc.	110	109½-110½	109½-110½	109½-110½	109½-110½	109½-110½	109½-110½
Amst'dm, Fl.	12-107	7-42½-45	7-42½-44½	7-41-45	7-44-46½	7-43½-47	7-43-44½
Berlin, Mk.	20-43	12-46-50	12-46-50	12-46-50	12-48-53	12-48-54	12-46-51
Registered							
Vienna, Sch.	34-58½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½	25½-27½
Bu'pest, Pen.	27-82	121½-1	121½-1	121½-1	121½-1	121½-1	121½-1
Prague, Kr.	18-159	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Danzig, Gul.	25-00	26½-1	26½-1	26½-1	26½-1	26½-1	26½-1
Warsaw, Zl.	43-38	26½-27	26½-27	26½-27	26½-27	26½-27	26½-27
Riga, Lat.	25-22½	15-16	15-16	15-16	15½-16½	15½-16½	15-16
Bucharest, Lei	813-8	677*	678*	678*	680*	679*	678*
Const'ple, Pst.	110	627*	627*	626*	626*	627*	627*
Belgrade, Din.	276-32	217-227	217-227	217-227	217-227	217-227	217-227
Kovno, Lit.	48-66	29½-30½	29½-30½	29½-30½	29½-30½	29½-30½	29½-30½
Soňa, Lev.	678-66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18-159	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½	17½-18½
Oslo, Kr.	18-159	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
Stockholm, Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'hgen, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'dria, Pst.	97½	97½-1	97½-1	97½-1	97½-1	97½-1	97½-1
Br. India Rup.	18d.	18½-1½	18½-1½	18½-1½	18½-1½	18½-1½	18½-1½
Hong Kong, \$	15½	15½-1½	15½-1½	15½-1½	15½-1½	15½-1½	15½-1½
Kobe, Yen.	24.58d.	14½-1½	14½-1½	14½-1½	14½-1½	14½-1½	14½-1½
Shanghai, \$	14½	14½-1½	14½-1½	14½-1½	14½-1½	14½-1½	14½-1½
Singapore, \$	23d.	23½-1	23½-1	23½-1	23½-1	23½-1	23½-1
Batavia, Fm.	12-11	7-38½-41½	7-38½-41½	7-38½-41½	7-38½-41½	7-38½-41½	7-38½-41½
Rio, Mil.	15.89d.	18-00-05½	18-00-05½	18-00-05½	18-00-05½	18-00-05½	18-00-05½
B. Aires, \$	11.45	17-02½	17-02½	17-02½	17-02½	17-02½	17-02½
Valparaiso, \$	130e	130e	130e	130e	130e	130e	130e
M'video, \$	51d.	23½-24	23½-24	23½-24	23½-24	23½-24	23½-24
Lima, Sol.	17-38	19-85	19-85	19-85	19-85	19-85	19-85
Mexico, Pes.	9.76	17-40	17-40	17-40	17-40	17-40	17-40
Manila, Pes.	124-66d.	23½-24	23½-24	23½-24	23½-24	23½-24	23½-24
Moscow, Rub.	25½	25½-1	25½-1	25½-1	25½-1	25½-1	25½-1
B'angkok, Raht	121-82d.	22-22½	22-22½	22-22½	22-22½	22-22½	22-22½

Usance: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 † Pence per unit of local currency. ‡ Par 8-23½ since dollar devaluation on February 1, 1934. § Par 197-10½ since koruna devaluation on February 17, 1934.
 (a) Prior to revaluation on April 2, 1936. (b) Official Rate. (c) Par cent. discount.
 (d) Latest "export

SILVER MARKET

Quiet conditions have continued, and there has been little movement in prices during the past week. Demand from the Indian Bazaars has slackened, but offerings on China account have been only moderate, sellers showing no inclination to press the market.

There have been no new features, and although the tendency at the moment appears rather dull, the present level does not seem likely to attract selling in any volume.

Quotations during the week:—

IN LONDON.		IN NEW YORK.	
Cash	Two Months'	Cash	Two Months'
Bar silver per oz. std.	delivery	Bar silver per oz. std.	delivery
June 11th.....	19½d.	June 10th.....	45
" 12th.....	19½d.	" 11th.....	45
" 13th.....	19½d.	" 12th.....	45
" 14th.....	19½d.	" 13th.....	45
" 15th.....	19½d.	" 14th.....	45
" 16th.....	19½d.	" 15th.....	45
" 17th.....	19½d.	" 16th.....	45
Average.....	19-833d.	" 17th.....	45
June 18th.....	19½d.		

The highest rate of exchange on New York recorded during the period from the 11th inst. to the 17th inst. was \$5-04½ and the lowest \$5-01½.

COMPANY NEWS

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash		Dividend for Whole Years	
	Interim or Final	Date of Payment	Latest Year	Previous Year
BANKS				
Netherlands Indian Commercial...	...	...	3½	Nil
TEA AND RUBBER	...	...	...	...
Badulipar Tea	7½%†	...	Nil	10
Bertam Consolidated Rubber	...	...	7½	11
Bogawantalawa District Tea	5%†	...	9%†	8
Chota Rubber	...	...	2½	2½
Coramora Tea	7½%†	June 29	...	10
Doors Tea	12½%†	July 20	...	15
Eastern Assam Tea	10%†	...	...	15
Gordon (Malaya) Rubber	...	...	2	4
Jetinga Valley Tea	...	July 14	...	5
Jokai (Assam) Tea	7½%†	July 25	...	10
Jugra Estate	2½	June 24	...	5
Killinghall (Rubber) Development	12½	July 8	7½*	6
Rajah Ali Tea	10%†	...	12½	5
Rajmai Tea	5%†	...	20	12½
Tai Tak Plantations	...	...	2	2½
Tanah Datar Rubber	...	...	2	9
Travancore Rubber	5%†	July 9	6%†	9
Vallambrosa Rubber	...	July 24	15	22½
MINING				
Brakpan (S-)	1/4½ p.s.	July 31	1/1½ p.s.	...
Cam and Motor Gold (12/6)	4½ p.s.†	...	8/- p.s.	7/- p.s.
City Deep	1/- p.s.	July 31	Same	...
Consolidated Main Reef	3/6 p.s.	July 31	2/3 p.s.	...
Crown Mines (10/-)	9/6 p.s.	July 31	8/- p.s.	...
Daggafontein	4/6 p.s.	July 31	3/9 p.s.	...
Durban Rodepoort Deep	1/- p.s.	July 31	Same	...
East Geduld	4/9 p.s.	July 31	4/3 p.s.	...
East Rand Proprietary (10/-)	1/9 p.s.	July 31	1/3 p.s.	...
Geduld Proprietary	7/6 p.s.	July 31	6/9 p.s.	...
Goldenhuis Deep	2/- p.s.	July 31	Same	...
Gopeng Consolidated	3½*	July 7	2½*	...
Luipaards Vlei Estate	25*	...	...	...
Maroc	12½*	July 3	Same	...
Modder "B" (S-)	1/3 p.s.	July 31	1/6 p.s.	...
Modder Deep (S-)	9d. p.s.	July 31	2/6 p.s.	...
Modder East	3/6 p.s.	July 31	2/6 p.s.	...
Natal Navigation Collieries	2½*	...	5	...
New Era Consolidated	7½*	July 31	Same	...
New Kleinfontein	7½*	July 31	Same	...
New Modderfontein (10/-)	4/3 p.s.	July 31	5/- p.s.	...
Nigel Gold Mining	15*	...	...	...
Nourse Mines	2/6 p.s.	July 31	1/9 p.s.	...
Pataling Royalties	7½*	July 6	...	...
Rand Mines (S-)	4/- p.s.	July 31	3/9 p.s.	...
Rantau Tin Dredging	...	...	6	Nil
Rose Deep	6d. p.s.	July 31	Same	...
Springs (S-)	1/2½ p.s.	July 31	Same	...
Van Ryn Gold	2/- p.s.	July 31	Same	4/- p.s.
West Springs	1/- p.s.	July 31	Same	4/- p.s.†
Witwatersrand Deep	10*	...	8½*	...
OTHER COMPANIES				
Associated Bakeries	...	...	4	4
Associated Newspapers (Def.) (S-)	4d. p.s.*	July 16	Same	...
Boots Pure Drug	6*	...	Same	...
British Aeroplanes	15%†	...	22½	...
British Maritime Trust	3*	July 1	Same	...
British New Guinea Development	...	July 7	3	Nil
Cameron (J. W.) and Co.	3½*	June 15	3*	...
Canadian Eagle Oil	9d. p.s.*	July 1	...	...
Cardinal Investment Trust	2½*	July 15	2*	...
Caribonum Trust	10*	...	Same	...
Ceylon Estates Investment	...	July 1	10	7½
Cockburn and Co. (Glasgow)	...	July 1	25	25
Cohen and Wilks	...	...	7	5
Cork Manufacturing	10%†	...	7½%†	10
Daily Mirror Newspapers	3½*	July 15	Same	...
Debuture Corporation	4*	June 30	Same	...
De La Rue (Thomas)	...	...	5	...
Deuchar (James)	...	...	6½	...
Electrical Finance and Securities	7½%†	...	12½	11
Electric and General Investment	7½%†	...	12½	12½
Ely Beet Sugar	...	July 9	15½(f)	15½(f)
English Beet Sugar	45%†	July 9	120	120(e)

OTHER COMPANIES—cont.		June 15		Nil*	
English Clays, Lovering, Pochin and Co.	1%*	June 15	...	...	...
Eucryl	5%*	...	Same	15	10
General Electric Co.	12%†	...	Same	18	18
Greene, King and Sons	11%†	July 1	Same	6	5
Harris and Sheldon	...	...	...	...	...
Hollis Brothers and Co.	5%*	...	Same	...	...
Hood (R.), Haggie and Son	7½%*	July 15	First	...	...
International Combustion	...	...	...	...	...
Ipswich Beet Sugar	...	July 9	...	18	17(g)
King's Lynn Beet Sugar	...	July 9	...	16	18
Liebig's Extract of Meat	4%*	July 7	Same	...	...
Lister (R. A.)	5%*	...	...	7½	7½
Lobitos Oilfields	...	...	...	...	...
London County Freehold and Leasehold Properties	2%*	Aug. 1	Same	...	...
London Electric Wire and Smiths	2%*	June 30	14%*	...	...
Lysaght (John)	...	...	...	20½	16½
Mexican Eagle Oil	10d. p.s.	July 1	1st since 1930	10-3176d	10-3176d
Molassine Co. Ord.	...	July 1	...	2/1.9056d	2/1.9056d
Do. Def.	...	...	...	3½	3
Monks Investment Trust	2%†	...	...	7	6
Montague Burton	3½%†	...	...	...	...
Montreal Light, Heat, etc. (Com.)	38 cts p.s.	July 31	Same	...	...
Otis Elevator (U.S.A.)	15c. p.s.	July 15	Same	...	...
Pentland Investment Trust	...	July 25	...	1½	1
Ranomes Sims and Jefferies	12½%†	...	...	17½	...
Revo Electric	1%*	...	Same	...	...
Romney Trust	16½%†	...	...	25	22½
Sangers	5%*	July 1	First	...	...
Sanbra	...	...	...	10	10
Scottish American Investment—	1/- p.s.*	Aug. 1	Same	...	...
"B" Ord.	3d p.s.*	Aug. 1	Same	...	...
"A" Ord.	...	...	...	15-583	18-42
Scribbens Ord.	...	...	...	21	24
Do. Def.	...	...	...	112½	117½
Select Gramophones	...	...	...	12½	6
Shell Transport and Trading	3½%*	July 15	Same	13	12½
Sunday Pictorial Newspapers	9½%†	...	...	8	7
Thomas (Richard) and Co.	20%†	...	...	12½	10
Tredegair Iron and Coal "A" & "B"	5½%†	...	5%†	12½	10
Truman, Hanbury, Buxton & Co.	...	...	...	10	10
Trust Union	...	...	...	12½	10
Twyford, Ltd.	...	...	...	12½	10
United British Oilfields of Trinidad	(d) 8%†	July 15	11%†(e)	12(d)	15(e)
Victoria Falls & Transvaal Power	3½*	Aug. 1	First since 1929	...	...
West, George (Weatherproofs)	...	...	...	10	10
White, Tomkins and Courage	...	...	...	5	12½
Yorkshire Brick	...	...	...	...	...

† Free of income tax. (c) Paid on a capital of £2,500,000. (d) Paid on a capital of £4,500,000. (e) Also cash bonus 60 per cent. (f) Also cash bonus 66½ per cent. (g) Also cash bonus 33 per cent.

BULOLO GOLD DREDGING, LTD. (Incorporated in British Columbia).—With reference to the announcement dated May 29, 1936, of the declaration of a dividend of £1.40 (Canadian) the rate of exchange on June 12, 1936, was \$5.03 to the £. The gross amount of the dividend is \$5.68d. per share, less Canadian income tax of 5 per cent. (1s. in £) and United Kingdom income tax at 3s. 9d. in the £, is 3.865d. per share; and the net dividend payable to United Kingdom shareholders is 4s. 2.935d. per share. The dividend warrants will be posted on July 2, 1936.

BRADFORD DYERS ASSOCIATION.—The directors have decided to pay the interest on the 4 per cent. debenture stock, as usual, on July 1st, but to postpone the dividend on the 5 per cent. cumulative preference stock for the six months ending June 30, 1936. The preference dividend is paid to December 31, 1932.

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

Gross Receipts, week ended	Miles Open	Aggregate Gross Receipts 1936 compared with 1935 (24 weeks)			
		Passenger	Merchandise	Coal and Coke	Total
June 14, 1936 (£'000)					
June 14, 1935 (£'000)					
June 13, 1936 (£'000)					
June 13, 1935 (£'000)					
Great Western	1936 3,746	207	203	95	505
Western	1935 3,748	219	151	61	431
(c) L. & N.	1936 6,332	323	322	229	874
Eastern	1935 6,336	374	267	167	808
L. M. & S.	1936 6,917	496	503	230	1,229
Scottish	1935 6,925½	553	387	149	1,089
Southern	1936 2,154	314	66	25	405
1935 2,171	335	57	21	78	413
Total	1936 19,149	1,340	1,094	579	3,013
1935 19,181½	1,481	892	398	1,260	3,571
(b) Belfast & Co. Down	1936 80	2-9	...	0-6	3-5
1935 80	2-6	...	0-4	3-0	4-8
(b) Great Northern	1936 543	10-0	...	8-7	18-7
1935 543	11-2	...	8-3	19-5	19-4
(b) Great Southern	1936 2,076	35-7	...	33-2	73-9
1935 2,124	40-0	...	31-9	71-9	69-3

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

	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year 1934:				
Gross increase or decrease.....	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year 1935:				
24 weeks to June 14, 1936....	+ 262	+ 892	+ 533	+ 84
Weekly average first half 1936	+ 10½	+ 37½	+ 22¼	+ 3½
Latest week 1936 compared with 1935.....	+ 74	+ 110	+ 66	- 8

LONDON TRANSPORT

	Great Western	L.M.S.	L.N.E.R.	Southern
First half-year 1935, compared with first half-year 1934:				
Gross increase or decrease.....	+ 78	+ 299	- 26	+ 8
Second half-year 1935, compared with second half-year 1934:				
Gross increase or decrease.....	+ 196	+ 592	+ 224	+ 180
First half-year 1936, compared with first half-year 1935:				
24 weeks to June 14, 1936....	+ 262	+ 892	+ 533	+ 84
Weekly average first half 1936	+ 10½	+ 37½	+ 22¼	+ 3½
Latest week 1936 compared with 1935.....	+ 74	+ 110	+ 66	- 8

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

(Continued on page 708)

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company	Year Ending	Balance from Last Account	Net Profit After Payment of Debenture Interest	Amount Available for Distribution	Appropriation			Corresponding Period Last Year	
					Dividend		Carried to Reserve, Depreciation, etc.	Balance Forward	Net Profit
					Prefere.	Ordinary			
					Amount	Amount	Rate		Dividend
Banks									
Bank of British West Africa	Mar. 31	£ 54,674	£ 85,299	£ 139,973	£	£ 60,000	5	£ 25,000	£ 54,973
Imperial Bank of Iran	Mar. 31	49,818	75,786	125,604	...	65,000	13/- p.s.†	10,000	50,604
Ottoman Bank	Dec. 31	29,542	75,242	104,784	...	75,000	1½	...	29,784
Breweries									
Greene, King and Sons	May 31	31,699	113,662	145,361	10,000	65,700	18	20,756	48,905
Financial Land, etc.									
Bechuanaland Exploration	Mar. 31	7,706	22,239	29,315	...	13,761	6	8,694	6,860
Bieckert's Brewery Investmt	May 31	8,527	25,503	34,030	...	23,470	5	...	10,560
Trust & Loan Co. of Canada	Mar. 31	1,730	Dr. 25,901	Dr. 24,171	...	...	...	Dr. 25,000	829
Iron, Coal and Steel									
Allen (Edgar) and Co.	Mar. 31	26,658	32,182	58,840	11,625	10,953	5	12,500	23,762
Allied Ironfounders	Mar. 31	124,767	257,484	382,251	53,521	124,819	10	57,500	146,411
Barrow Hematite Steel	Dec. 31	Dr. 14,946	Dr. 12,812	Dr. 27,758	...	...	...	Dr. 27,758	Dr. 2,807
Brown (John) and Co.	Mar. 31	97,672	400,564	498,236	49,010	195,809	16½†	157,955	95,462
Butterley Company	Mar. 31	66,904	137,939	204,843	...	117,000	6½†	25,000	62,84

OVERSEAS RAILWAY RECEIPTS

Name	Weeks	Ending	Present Mileage	Gross Receipts for Week		Gross Aggregate Receipts		
				1936	+ or -	1936	+ or -	
INDIAN								
				Rs.		Rs.		Rs.
Assam Bengal	7	May 20	1,330	\$4,54,900	+ 16,557	22,26,100	+	40,945
Barsi Lt. Ry.	7	May 20	232	147,000	- 2,600	2,47,300	+	18,100
Bengal & N.Western	7	May 21	31	11,24,566	- 62,526	66,76,054	+	1,54,300
Bengal-Nagpur	7	May 20	3,268	23,69,000	- 3,14,868	1,19,79,000	-	6,98,717
Bombay Bar. & C.I.	10	June 10	3,072	33,05,000	+ 1,89,000	2,51,77,000	+	20,20,000
Madras & S. Mahr.	7	May 20	3,230	22,91,000	- 8,681	1,13,08,000	+	3,67,280
Rohilk'd & Kumaon	9	May 31	572	12,39,034	+ 26,110	14,35,292	+	1,12,450
South Indian	7	May 20	2,532	14,83,442	- 69,035	75,37,887	-	2,14,863

† 10 days. † 11 days.

Canadian National.	23	June 14	23618	\$ 3,377,186	+ 184,039	\$ 77,443,000	+ 4,918,155
Canadian Pacific....	23	June 14	17237	2,477,000	+ 137,000	55,950,000	+ 4,983,000

SOUTH AMERICAN

Antofagasta (Chili and Bolivia).....	24	June 14	834	\$ 12,760	+ 950	\$ 321,590	+ 24,800
Argentine N.E.	50	May 13	753	1140,900	- 16,000	6,813,300	+ 386,200
B.A. and Pacific ...	50	May 13	2,806	8,278	- 951	400,258	+ 23,808
B.A. Central.....	49	May 6	...	1,227,000	- 216,000	72,274,000	+ 4,122,000
B.A. Gt. Southern	50	May 13	5,084	72,092	- 12,790	4,245,927	+ 249,434
B.A. Western	50	May 13	1,930	125,000	+ 6,600	5,246,660	- 162,740
Central Argentine..	49	May 13	3,700	1,702,000	- 267,000	109,848,000	- 11,780,000
Central Uruguayan	49	May 6	273	100,000	- 15,824	6,453,211	- 678,811
C. Arg. (East Ext.)	49	May 6	311	174,000	- 138,000	38,573,000	- 389,000
C. Arg. (N. Ext.)...	49	May 6	185	41,951	- 8,049	2,266,066	- 17,498
C. Arg. (W. Ext.)...	49	May 6	211	174,000	- 138,000	38,573,000	- 389,000
Cordoba Central....	50	May 13	1,218	1,740,400	- 446,550	99,729,500	- 4,396,500
Entre Rios	50	May 13	810	102,256	- 26,388	5,858,830	- 240,915
G. Westn. of Brazil	24	June 13	1,082	12,032	+ 1,364	546,449	- 114,455
Leopoldina	24	June 13	1,918	72,542	+ 797	102,517	+ 7,450
Leopoldina Termnl.	24	June 13	1,918	71,526	+ 41	72,545	+ 16,671
Nitrate	51†	May 15	401	791	+ 166	42,836	+ 5,973
Paraguay Central...	50	May 13	100	516,000	+ 12,000	23,732,000	- 243,000
Salvador	50	May 13	100	30,320	+ 670	1,394,210	- 8,700
San Paulo	23	June 7	153†	176,400	- 21,800	9,146,700	- 1,177,300
United of Havana .	50	May 13	1,353	10,384	- 1,295	537,337	- 67,538

* Converted at average official rate during week ended June 13—17.02 pesos to the £
 † Free market rate. † Months. † Receipts in Argentine pesos.
 ‡ Converted at official rate.
 § Converted at the "free" rate as a result of a decision of the High Court.

OTHER OVERSEAS

Egyptian Delta Light Railways...	8	May 31	825	£ 5,957	+ £ 602	£ 33,972	+ £ 2,581
Egyptian Markets...	23	June 11	...	1,308	- 79	41,592	- 752
Gr.Southn.of Spain	21	May 30	104	Ps. 32,361	- 9,842	610,950	- 432,698
Mexican Railway...	23	June 14	483	\$266,700	+ 24,900	6,239,500	+ 511,400

† 10 days.

SUEZ CANAL RECEIPTS

Suez Canal	22	1936	...	Frs. 124,210,000	- 1,000,000	Frs. 367,230,000	+ 1,680,000
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† 11 days.

TRAMWAYS WEEKLY GROSS RECEIPTS

Anglo-Argentine ...	23	June 10	328	\$699,664	+ 31,952	14,531,748	- 32,301
B. Aires Lacroze...	49	May 7	...	\$65,056	- 4,973	3,470,152	+ 40,195
Burnley, Colne and Nelson Jt. Trspt.	1	May 13	76	£4,884	- 267	...	...
Calcutta Tramways	24	May 13	...	Rs. 1,10,844	- 4,027	...	...
Isle of Thanet Elec.	22	May 10	3	£3,694	+ 1,149	64,756	+ 1,463
Liverpool Corp. ...	20	May 10	...	£29,348	+ 147	294,329	- 3,632
Madras Electric ...	5†	May 31	...	Rs. 47,395	- 4,704	5,43,132	- 41,191

† Months.

MONTHLY TRAFFICS

Company	Month	Ending	De-scription	Receipts for Month		Receipts to Date	
				1936	+ or -	1936	+ or -
Algoma Central.....	4	Apr. 30	Gross	\$90,891	- 1,525	376,664	- 26,136
Brit. Columbia Power	11	May 31	Gross	\$1,137,952	+ 58,744	12,767,868	+ 804,345
Costa Rica	10	Apr. 30	Net	\$324,986	+ 32,405	4,059,188	+ 172,815
Dorada	5	May 31	Gross	£15,044	+ 1,999	142,473	- 19,898
Dorada Ropeway ...	5	May 31	Gross	£13,600	+ 2,700	65,700	+ 10,700
Manchester Ship Canal	5	May 31	Gross	£4,400	- 400	17,300	- 4,400
Mashonaland	1	Apr. 30	Gross	£110,000	+ 8,029	514,540	+ 26,474
Mexican Light and Power	1	Apr. 30	Gross	£100,263	- 31,988	...	...
Midland Uruguay ...	11	May 31	Gross	Can. \$655,121	+ 77,415	2,690,379	+ 187,285
N. Western of Uruguay	11	May 31	Gross	Can. \$186,824	+ 59,352	862,575	+ 144,765
Uruguay Northern...	11	May 31	Gross	\$62,500	- 6,849	800,328	+ 18,456
Rhodesia Rlys. ...	1	Apr. 30	Gross	£8,317	+ 195	78,664	- 27,412

unscreened gas, 14s. 8d.; second-class gas, 13s. 6d.; coking unscreened and/or smalls, 13s. 3d.; prime unscreened bunkers, 15s.; second-class unscreened bunkers, 14s.; Prime foundry coke, 26s.; Newcastle and district gas coke, 28s.

GLASGOW.—Business is satisfactory. Export markets have maintained their recent improvement, and in the home trade business with industrial consumers remains brisk. Navigation bunker coal has been in strong demand. Most sizes of nuts are still in short supply, though the position has eased somewhat in one or two districts.

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

CARDIFF.—Conditions in the South Wales coalfield continue severely depressed. Foreign and coastwise shipments last week totalled only 273,900 tons compared with 408,600 tons in the corresponding week last year, and on Saturday last the Customs clearance returns recorded the very low figure of just over 7,000 tons. In the inland trade there is the usual seasonal lull in deliveries for domestic consumption, while practically all branches of the export trade are showing less activity than a year ago. There have been no shipments to Italy, and for the first five months of the year the loss in that market amounts to nearly one million tons. In these circumstances, the collieries have been working irregularly, stocks of large coals have increased, and the scarcity of small and sized descriptions has been accentuated. The Madrid-Zaragossa Alicante Railways are inquiring for 40,000 tons for delivery over the second half of the year. There has been a little better demand for patent fuel, and coke is very strong.

Current approximate quotations :—Best Admiralties, 19s. 6d.; seconds, 18s. 9d. to 19s. 3d.; best drys, 18s. 6d.; Black Veins, 18s. 3d.; Western Valleys, 17s. 6d. to 17s. 9d.; Eastern Valleys, 17s. 3d. to 17s. 7½d.; best small steams (washed), 13s. 6d. to 14s. 6d.; coking smalls, 14s. 3d.; to 14s. 6d.; second steams, 13s. to 14s.; anthracite best large, 36s. to 40s.; Red Vein large, 22s. to 27s.; machine-made cobbles, 35s. to 51s.; French nuts, 35s. to 51s.; stove nuts, 34s. to 50s. 9d.; rubbly culm, 11s. 6d. to 12s.; special foundry coke, 42s. 6d. to 47s. 6d.; patent fuel (Crown), 21s.; pitwood, ex ship, French, 24s. 3d.; Portuguese, 21s. to 21s. 6d.

IRON AND STEEL

LONDON.—The weekly report of the London Iron and Steel Exchange indicates that great activity prevails in the iron and steel industry; the recent high rate of production has been maintained, and in some cases exceeded. The volume of new business reaching the works has shown a tendency to increase after the spell of quietness which followed the holidays and the advance in prices. There is a considerable volume of inquiry, and consumers appear anxious to cover themselves over a long period; but manufacturers are adopting a cautious attitude, and are disinclined to commit themselves.

Demand for pig iron shows no signs of falling off, and in all sections producers are finding it difficult to satisfy consumers' requirements. New business put through recently has been almost entirely for delivery in the second half of the year.

In the semi-finished steel department the situation is more satisfactory, and consumers are finding that supplies reach them with greater regularity. There is still difficulty in obtaining prompt delivery of material, but the forward position is distinctly easier. Manufacturers, however, hesitate to accept contracts extending over a long time ahead.

In the finished steel section of the market business has again become active, and the orders taken recently have amounted to a heavy tonnage. Specifications against old contracts are coming forward at a satisfactory rate, and recently there has been a noticeable tendency for export business to expand.

MIDDLESBROUGH.—The pig iron market continues very firm, and if larger quantities were available they could easily be sold. In addition to enquiries from home consumers, there are now indications that merchants are receiving tentative enquiries from abroad. Makers are obliged, however, to see that home requirements are covered first, and under these circumstances there is not much opportunity of doing business for export, although small parcels continue to be shipped.

It is expected that there will shortly be an increase in the production of basic pig iron, which will be required by local steelworks. No. 3 Cleveland foundry iron is quoted at 70s. per ton for delivery up to the end of June, although buyers would be prepared to pay a premium on this price if they could obtain quick delivery. The fixed minimum price will increase by 5s. per ton for deliveries after July 1st. East Coast hematite No. 1 quality is quoted at 80s. 6d. per ton, and it is now reported that to home consumers this figure will be advanced by 5s. per ton next month, but this amount will be returned as a rebate to loyal customers, that is, to those purchasers who only take supplies from the Hematite Makers' Association.

Demand for semi-finished and finished steel continues strong, and makers are heavily sold for some time ahead. Re-rollers have

received fair quantities of imported billets, which have relieved the position.

It is announced that Messrs Wm. Gray and Company, of West Hartlepool, have received orders for two high-speed cargo liners for the Ellerman Lines; this will mean additional work for the ship-building departments of the local steelworks.

Good Durham blast-furnace coke continues to realise 25s. per ton delivered at the furnaces, whilst foreign ore is difficult to secure owing to the continuance of the strike of the Spanish seamen. Heavy melting steel scrap is 57s. 6d. per ton delivered works, the demand being rather easier following the importation of fairly big quantities from abroad.

GLASGOW.—The situation at the Clyde shipyards continues to improve, announcement of another important contract having been made this week, viz., two cargo liners to be built by Messrs Barclay, Curle and Company, of Whiteinch, for the Ellerman Lines, Ltd. It is also stated that Clyde shipbuilders have a number of tenders out at present and are confident that further contracts will be obtained at an early date. In the steel trades activity is maintained at a high level and, notwithstanding the approach of the holidays in the West of Scotland and the annual stocktaking period at many plants, new business is considerable and makers may reasonably look for a long spell of full-time operations. Makers of semis are equally busy and likewise have well-filled order books. Sheet makers have been exceedingly busy with home trade orders for prompt delivery, largely on account of the expectation of an increase in prices. It has been decided, however, to make no change just yet. In contrast to most branches of the iron and steel industry in the West of Scotland the tube trade continues quiet.

SHEFFIELD.—Although normally markets begin to display an easier tendency at this period of the year, there is so far no indication of "summer conditions," current demand being as active as at any time this year. In the iron market consumers are pressing for delivery under contract before July 1st, when the increase in prices of 5s. per ton will come into operation. Production is at capacity, and makers have very little foundry pig or basic iron to offer in the open market. Forge iron has lately come into much better demand, and forward buying is on a good scale. Hematite iron deliveries under contract are in arrears, and more business is on offer than makers are prepared to accept. Common grades of bar iron are scarce, and demand for crown bars is improving. Despite the fact that production of basic steel billets surpasses all records, it is insufficient to meet demand. Acid qualities are in strong request, and steel strip and wire rods are being taken up in huge quantities. The recent increase of prices has caused no hesitation on the part of buyers, this move having been expected for some time past. Trade continues on the up-grade in this area, and the heavy forges and rolling mills working for hire are fully employed. The Government's defence programme is bringing important orders, and although the bulk of other work is from home sources, there is an increasing flow from overseas.

CARDIFF.—The heavier branches of the iron and steel industry continue busy, and current output is nearly 10 per cent. greater than a year ago, while the quotations for sheet and tinplate bars are firm at £6 delivered locally as against £5 5s. in June, 1935. There has been a fairly active sale of tinplates both for inland and export, but prices are unchanged at 18s. 4½d. per standard box for home consumers and 18s. 9d. f.o.b. for export. Galvanised sheets show little improvement and are quoted unchanged at £11 15s. for export and £13 10s. for inland deliveries. Steel makers are somewhat concerned over the price of pig iron at 75s. for basic and 78s. 6d. for hematite and are making representations with a view to the suspension of the additional 2½ per cent. duty under conditions of supply scarcity. Shipments of tinplates at Swansea last week totalled 49,262 boxes compared with 75,534 boxes in the corresponding period last year, and stocks stand at 81,025 boxes compared with 67,951 boxes.

OTHER METALS

COPPER.—Prices hardened slightly during the past week. In view of the continued uncertainties of international politics, this is an encouraging feature and emphasises the basic soundness of the market position. World stocks, according to the unofficial statistics, showed a drop of 4,930 short tons during May, bringing the total down to 466,130 short tons. World output rose by 1,500 short tons to 131,560 short tons; consumption, although falling by 4,650 short tons, was still 6,000 short tons in excess of output. During the first two months of this year Chile produced 39,267 metric tons, against 51,356 tons during the corresponding period of 1935. This sharp decline evidently shows that Chile is taking her obligations under the restriction scheme seriously—a fact which had been doubted in some circles on account of the high Chilean production last year.

Sales on the London Metal Exchange: 625 tons on Monday, against 775 tons last week; 950 tons on Tuesday, against 1,050 tons last week; 750 tons on Wednesday, against 850 last week. Domestic spot was quoted at 8.87½ cents per lb. in New York on Wednesday, against 8.82½ cents a week ago and 8.87½ cents a month ago. Wednesday's official closing price for standard cash in London was £36 5s. to £36 6s. 3d., compared with £36 1s. 3d. to £36 2s. 6d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 58,368 tons, show an increase of 151 tons, while stocks of rough copper, at 5,717 tons, show a decrease of 100 tons on the week.

LEAD AND SPELTER.—Both metals were rather easier. The decline in lead was traceable partly to the uncertain political outlook and partly to the fall in spelter. Consumers' demand

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE general downward trend of the prices of primary products subject to international arbitrage, which began last March, appears to have been arrested. But there are as yet no signs that prices will resume a strong upward trend in the near future. Meanwhile most markets are marking time.

Wheat markets were a little more cheerful, and quotations rose under the influence of unfavourable crop reports from the United States. Quotations for raw sugar, on the other hand, were marked down. At Monday's tea auctions prices continued to sag, but on Tuesday and Wednesday the market was firmer. Business in meat at Smithfield market was slow at practically unchanged prices, but quotations for bacon were marked up owing to the coincidence of an improvement in demand, with limited supplies. Following the steep rise in the price of butter in recent weeks, the past few days witnessed a slight reaction.

Among the principal non-ferrous metals, copper was a little firmer, but prices of lead, spelter and tin registered a fall. Unsuccessful attempts to resuscitate the Zinc Cartel, coupled with increasing supplies of spelter, are mainly responsible for the sagging tendency of the price of this metal in recent weeks. It is noteworthy that, despite the fall in the price of "spot" tin to £180 per ton, the quotation for "three months" tin is still about £2 per ton below the "spot" price. There was no important change in the market in rubber, prices being practically unchanged on the week. Linseed, however, was a little firmer, partly owing to pessimistic views concerning the crop in the United States.

The sagging tendency of raw wool prices is reflected in a decline in the activity of the wool textile industry. In contrast, demand for Lancashire goods improved with the rise in raw cotton prices. The coal trade remains patchy, but the volume of new business in iron and steel materials has tended to expand again.

In the United States the trend of quotations for primary products was a little firmer. Thus Moody's index of the

dollar prices of staple commodities stood at 165.0 on Wednesday, against 163.5 a week earlier, 163.8 a month ago and 157.5 on the corresponding day last year.

COAL

SHEFFIELD.—Home industrial demand continues to be the chief feature of the market, best South Yorkshire and Derbyshire hards being well taken up. There is a steady improvement in the demand for Yorkshire coal in the Irish Free State and Northern Ireland. On the inland market contracts for renewals are being arranged at the increased prices. Business in household coal remains quiet. Rather easy conditions prevail on the export market, but some slight improvement is showing itself in the demand for best hards. With the exception of singles and smalls, supplies are fairly plentiful. Very little coke is on offer for shipment.

Prices at pit (per ton) for inland include: South Yorks best, 23s. to 25s.; seconds, 20s. to 21s.; Derbyshire best house, 22s. to 23s.; best brights, 19s. 6d. to 21s.; kitchen coal, 16s. 6d. to 19s. 6d.; best screened nuts, 19s. to 20s.; small, 18s. to 18s. 6d.; Yorkshire hards, 19s. 6d. to 20s.; nutty slacks, 10s. to 11s. Export prices: South Yorkshire hards, 19s. to 19s. 6d.; washed trebles, 17s. 6d. to 18s.; washed steam doubles, 17s. 6d. to 18s.; washed gas doubles, 17s. 6d. to 18s.; screened gas coal, 19s. 6d. to 20s. 6d.; washed coking smalls, 14s. 9d. to 15s. 3d.; Derbyshire and Notts top hards, 18s. 3d. to 18s. 9d.; cobbles, 18s. 3d. to 18s. 9d.; washed trebles, 17s. to 17s. 6d.; doubles, 16s. 9d. to 17s.; slacks, 9s. 6d. to 13s.

NEWCASTLE-ON-TYNE.—The Swedish State Railways who enquired for 68,500 tons of screened steam coal for shipment August/September have placed 58,000 tons in this district at current prices. The steam market is steady, enquiry being good from the Scandinavian countries and there is little doubt that collieries producing these qualities will work full time this summer, despite the seasonal decline in home trade. Export trade in Durham gas and coking coals is quiet, but it is expected that in the event of trade being reshaped with Italy at anything like the figures before sanctions were imposed, there will be a vast change in this market. Home industrial trade in coking coal continues at a high level.

Current f.o.b. prices, per ton, for export :—**NORTHUMBERLAND** :—D.C.B. screened, 15s.; smalls, 12s. 6d.; Howards Bentinck, Newbiggin screened, 14s. 9d.; smalls, 12s.; Tyne prime large, 14s. 6d.; smalls, 12s. 6d.; Hartley Main large, 14s. 9d.; smalls, 12s. 6d. **DURHAM** :—Lambton/South Hetton screened steam, 15s. 9d.; smalls, 13s.; Wear Special gas, 15s.; Holmside, Ryhope, Boldon

cannot be regarded as unfavourable, so that a recovery seems probable in the near future, despite a recent increase in production. Some rise in output was overdue and has not had any serious effect upon the statistical position. Meanwhile, spelter has dropped to the lowest level of the year, owing to uncertainty concerning the revival of the Cartel, and to the current high level of output. The daily rate of production was again higher in April and, for the first time for several years, passed the 4,000 tons mark.

Sales of lead on the London Metal Exchange: 750 tons on Monday, against 1,350 tons last week; 750 tons on Tuesday, against 1,100 tons last week; 550 tons on Wednesday, against 750 tons last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 ls. 3d. per ton, compared with £15 6s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 650 tons on Monday, against 350 tons last week; 1,200 tons on Tuesday, against 850 tons last week; 1,000 tons on Wednesday, against 750 tons last week. Wednesday's quotation in East St. Louis was 4.90 cents per lb., against 4.90 cents the week before and 4.90 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 8s. 9d. per ton, against £14 2s. 6d. last week.

TIN.—Tin prices also touched the year's lowest this week. The three months' price is now well below the £180 mark and the cash price may dip below this level in the immediate future. Lack of confidence in the stability of the market is more noticeable than ever, and the outlook is uncertain in view of the fact that the International Tin Committee is to meet next Thursday to fix the quota for the third quarter of the year. Meanwhile, latest statistics show that Bolivian output advanced from 1,460 metric tons in March to 2,426 in April, and that shipments during May amounted to 2,263 tons. In other words, Bolivia was still over 1,000 tons in arrears with her shipments last month. Next Thursday's meeting will therefore be awaited with keen interest, since the decision then taken is likely to have an important bearing on the future trend of the market.

Sales of tin on the London Metal Exchange: 325 tons on Monday, against 180 tons last week; 340 tons on Tuesday, against 340 tons last week; 200 tons on Wednesday, against 325 last week. The New York quotation on Wednesday was 41.37½ cents per lb., against 42.12½ cents a week ago and 45.87½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £180 to £180 15s. per ton, compared with £183 10s. to £183 15s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 737 tons, an increase of 112 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was again quoted at £12 7s. 6d. per flask of 76 lbs. Chinese antimony was quoted at £55 to £56 per ton ex warehouse, duty paid, as against £55 to £57 last week. Chinese wolfram for June–July shipment was quoted at 30s. 3d. to 30s. 9d. per unit, c.i.f., as against 31s. to 31s. 6d. per unit last week. Platinum (refined) was maintained at £7 per ounce.

TEXTILES

COTTON.—Manchester.—The tone of the market has tended to improve. In certain quarters the higher rates for raw cotton have stimulated demand for manufactures. Bullish sentiment with regard to the raw cotton situation has increased on crop complaints from the Eastern belt of the United States. Demand from trade sources continued active. There is a tendency at the moment for world consumption to expand.

The larger inquiry in cloth for foreign outlets has been maintained, with business patchy. Most shippers to India have received more offers, but it has been exceedingly difficult to arrange transactions. A scattered business has been done, chiefly in light bleachers and fancies. A few more bids have been about in special cloths for China, Java and the Straits Settlements. Some exporters to Egypt have displayed more interest in prices and further buying has taken place, principally in bleaching styles. Rather more favourable reports have come to hand concerning the turnover for South America. Heavy materials have moved off fairly well for the Dominions, especially Australia and South Africa. There have been indications of freer buying for the home trade, chiefly in autumn goods.

COTTON PRICES

	1936					Corresponding Date	
	May 27	June 3	June 10	June 17	1934	1935	
Raw Cotton—Mid. American per lb.	6.59	6.72	6.71	6.88	6.74	6.79	
Sakellandis Fully Good Fair Egyptian per lb.	8.74	8.75	8.78	8.97	8.47	8.05	
Yarns—32's twist per lb.	10½	10½	10½	10½	10½	10½	
" 40's twist per lb.	10½	10½	10½	10½	10½	10½	
" 60's twist (Egyptian) per lb.	15½	15½	15½	15½	15½	15	
32-in. Printers 116 yds., 16 by 16, 32's and 50's per lb.	17	17	17	17	17	17	
36-in. Shirtings, 75 yds., 16 by 16, 32's and 40's per lb.	24	24	24	24	23	24	
38-in. ditto, 98 yds., 16 by 16, 10 lb.	10	10	10	10	10	10	
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	9	9	9	9	9	9	

A firmer tone has prevailed in the yarn market. It has been difficult, however, for spinners to obtain higher prices. There has not been any general improvement in sales, but some spinners have had a rather better week, principally in coarse and medium American counts and medium Egyptian numbers.

JUTE.—Dundee.—The heavy imports of jute goods from India is still having a depressing influence on the jute market in Dundee. According to the Board of Trade Returns, 13,262,000 sq. yds. of hessians were imported into this country from Calcutta last month, compared with only 4,598,000 sq. yds. during the corresponding month last year. Imports during the first five months of 1935 and 1936 were 26,731,000 sq. yds and 59,984,000 sq. yds, respectively. Imported sacks and bags from British India totalled 378,059 cwts. during January–May, 1936, against 310,689 cwts. during the corresponding period last year. The value of these imports from India this year was £1,020,588, compared with £670,544 in 1935. On the other hand, exports of jute goods from this country recently have shown a tendency to fall off, and during the first five months 49,577,000 sq. yds. were exported, against 50,239,000 sq. yds. a year ago. Spinners and manufacturers are compelled to restrict production owing to the lack of orders, and short time and stopping of machinery is prevalent throughout all the works. The number of persons receiving unemployment benefit in the jute industry in Dundee increased by 281 during May.

The prospects of a big crop of jute in the coming season have caused sellers to lower their prices for both old and new crop fibres. It is reported from Calcutta that imports of the old crop, which have been restricted, have increased recently. Old crop Daisee: 2/3 has fallen to £18 5s. for good marks, June shipment, while new crop has been sold down to £16 for the full group, October/November. Tossa: 2/3 is quoted at £18 10s. for old crop and at £17 15s. for new. Old crop First Marks rule at £21 and Lightnings at £19 5s., June/July, and new crop First Marks are nominal, not being offered, while Lightnings are named at £18 10s., and good Hearts have been sold at £17 10s. and £17 7s. 6d., August/September.

Jute yarns are dull and prices are not being tested. Common 8 lb. cops are quoted unchanged at 1s. 11d. and 8 lb. spools at 2s., with 3 ply 8 lb. twist at 3½d. and sacking yarns at 2½d. for 24 lb. weft, and 3½d. for 8 lb. chains. Rove is quiet at £19 10s. for 48 lb., and £15 10s. for 200 lb., and the finer yarns are more or less neglected at prices slightly under last quotations. Carpet yarns are very steady at 3½d. for 14 lb. warp.

Only trifling lots of jute cloth are being bought and manufacturers are showing anxiety for fresh orders. The quoted rates might be shaded under 2½d. for 10 oz. 40 in. and 1½d. for 8 oz. Inquiries are fair, including meat wrappers and hessians for sugar bags. Linoleum hessians and heavy goods are dull.

Calcutta goods have been fairly well maintained, but prices are already so low that a further decline cannot be looked for. At 16s. 10½d. for 10 oz. 40 in. and 13s. 10d. for 8 oz. per 100 yds. for July/September shipment, prices are very low.

GRAIN MARKETS

WHEAT.—Markets remain under the influence of crop reports. After last week's easiness, quotations advanced in Chicago and Winnipeg in response to the news that the United States spring wheat crop continues to suffer from lack of moisture. Liverpool and London followed this upward lead. With the exception of 1934, the condition of the American crop is now the lowest for ten years. In Canada, on the other hand, crop prospects have shown a moderate improvement as a result of showers and relatively low temperatures.

On Wednesday last, "July" futures were quoted in Chicago at 88½ cents per bushel, against 84½ cents the week before and 86½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 31s. 9d. per 496 lbs., against 30s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 31s., against 30s. 3d. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 1,226,000 quarters, against 1,315,000 in the previous week and 1,070,000 quarters in the corresponding week a year ago.

FLOUR.—A slight improvement in demand has been apparent this week, but quotations remain generally unchanged. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 27s. per 280 lbs., against 27s. a week ago; delivered inner London, 26s. 6d., as compared with 26s. 6d. a week ago. Manitoba patents, ex store, 25s. 3d. to 27s., against 25s. to 26s. 9d. a week ago. Australian, ex store, 22s. to 22s. 6d., against 21s. 9d. to 22s. 3d. a week ago.

BARLEY.—Business in imported feeding barley has been more active, with prices showing a hardening tendency. Practically no trade is passing in English malting descriptions. "July" futures were quoted at 37½ cents per bushel in Winnipeg on Wednesday, against 36½ cents a week ago and 37½ cents a month ago. Quotations per 44 lbs. in London on Wednesday were: "English feed" at farm, 22s. 6d., as against 22s. 6d. a week ago; "English malting" at farm, 25s. to 40s., against 25s. to 40s. a week ago.

OATS.—In response to an improvement in demand and a rather limited supply, prices have been firmer this week. On Wednesday, "July" futures were quoted at 26½ cents a bushel in Chicago, against 24½ cents a week ago and 25½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 19s. per 336 lbs., against 18s. to 19s. a week ago; "English White," at farm, 19s., against 18s. to 19s. a week earlier.

OVERSEAS TRADE RETURNS

IMPORTS (Value C.I.F.)

	Month ended May 31		Five Months ended May 31	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	5,081,331	4,976,360	21,143,116	24,723,137
B. Feeding-stuffs for Animals	629,950	575,556	3,254,570	3,291,108
C. Animals, Living, for Food	414,913	497,641	2,091,183	2,549,953
D. Meat	7,695,553	7,095,971	33,813,817	32,138,159
E. Dairy Produce	4,664,343	5,466,698	23,251,708	25,505,329
F. Fresh Fruit and Vegetables	4,754,003	5,384,141	16,029,021	17,308,532
G. Beverages and Cocoa Preparations	2,795,067	3,053,085	16,655,539	18,240,981
H. Other Food	3,572,955	4,047,621	17,796,493	18,830,246
I. Tobacco	500,701	487,793	5,126,294	5,755,380
Total, Class I	30,108,819	31,584,866	139,161,741	148,342,825
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,680	1,257	8,044	17,529
B. Other Non-Metalliferous Mining and Quarry Products and the like	338,248	359,700	1,422,646	1,668,890
C. Iron Ore and Scrap	448,382	763,472	2,005,639	3,821,602
D. Non-Ferrous Metalliferous Ores and Scrap	1,180,039	955,943	4,482,497	5,105,191
E. Wood and Timber	2,489,428	2,552,754	9,192,452	10,194,659
F. Raw Cotton and Cotton Waste	2,581,939	3,136,506	14,116,193	17,260,237
G. Wool, Raw and Waste, and Woollen Rags	4,803,331	5,214,065	20,163,938	24,781,515
H. Silk, Raw, Knobs and Noils ..	124,024	126,028	583,477	911,495
I. Other Textile Materials	711,579	857,661	5,136,768	5,241,011
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	2,246,448	2,590,228	10,981,422	12,777,723
K. Hides and Skins, Undressed ..	985,927	1,483,680	6,324,760	8,325,130
L. Paper-making Materials	943,671	927,476	4,222,830	4,519,971
M. Rubber	1,012,217	368,648	5,245,331	2,362,925
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	574,131	598,934	3,751,470	3,761,691
Total, Class II	18,441,042	19,936,352	87,637,467	100,749,569
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel ..	5,328	7,185	24,568	44,859
B. Pottery, Glass, Abrasives, etc. ..	601,680	604,445	2,730,198	2,813,972
C. Iron and Steel and Manufactures thereof	687,132	907,778	3,574,551	4,820,830
D. Non-Ferrous Metals and Manufactures thereof	2,062,904	2,356,416	10,239,747	12,684,230
E. Cutlery, Hardware, Implements and Instruments	569,868	613,212	2,416,080	2,667,545
F. Electrical Goods and Apparatus ..	232,702	279,036	1,105,164	1,339,606
G. Machinery	1,267,378	1,692,978	5,450,322	7,235,841
H. Manufactures of Wood and Timber	551,143	784,580	2,476,354	3,118,942
I. Cotton Yarns and Manufactures ..	192,390	224,275	915,680	1,100,748
J. Woollen and Worsted Yarns and Manufactures	187,863	245,941	993,379	1,167,456
K. Silk Yarns and Manufactures ..	245,344	178,838	1,371,928	1,107,496
L. Manufactures of other Textile Materials	577,372	633,332	2,924,041	3,026,121
M. Apparel	784,548	818,353	4,006,110	4,197,987
N. Chemicals, Drugs, Dyes and Colours	891,580	956,981	4,516,415	5,097,558
O. Oils, Fats and Resins, Manufactured	3,045,725	2,900,701	13,694,406	14,752,480
P. Leather and Manufactures thereof	659,856	887,161	3,146,323	3,776,087
Q. Paper, Cardboard, etc.	1,072,211	1,194,546	5,025,809	5,846,384
R. Vehicles (including Locomotives, Ships and Aircraft) ..	549,036	415,092	2,259,033	2,397,706
S. Rubber Manufactures	47,603	45,893	257,043	253,176
T. Miscellaneous Articles wholly or mainly Manufactured ..	1,515,002	1,501,840	6,740,225	7,107,256
Total, Class III	15,746,665	17,228,583	73,897,378	84,556,280
IV.—Animals, not for Food	117,344	160,748	562,427	714,951
V.—Parcel Post	114,827	267,787	813,549	1,304,287
Total	64,528,697	69,178,336	302,072,560	335,667,912

MAIZE.—Demand has been fairly active, and the market has remained firm. "July" futures were quoted on Wednesday at 62½ cents per bushel in Chicago, against 61½ cents a week ago, and 60½ cents last month. Quotations in London, Wednesday: "Plate," landed, 20s. 6d. per 480 lbs., compared with 19s. 6d. a week ago; "Plate," ex ship, 19s. 6d., as against 18s. 10½d. a week ago; "Plate," "June," 19s., as against 18s. 7½d. a week ago; yellow maize meal, ex wharf, was quoted at £5 5s. to £5 7s. 6d. per ton, as against £5 2s. 6d. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—				
1 week to June 13	90,436	94,928	176,498	98,800
41 weeks to June 13	8,368,980	10,355,523	12,777,093	12,808,753
Average price of English wheat per cwt.	s. d. 6 4	s. d. 5 5	s. d. 5 6	s. d. 6 9

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

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED

KINGDOM (Value F.O.B.)

	Month ended May 31		Five Months ended May 31	
	1935	1936	1935	1936
I.—Food, Drink and Tobacco—				
A. Grain and Flour	190,920	147,221	811,199	775,917
B. Feeding-stuffs for Animals ..	45,112	44,649	300,226	284,637
C. Animals, Living, for Food	879	282	3,948	1,760
D. Meat	62,928	78,894	338,620	417,710
E. Dairy Produce	102,069	112,989	359,064	456,729
F. Fresh Fruit and Vegetables ..	5,215	6,372	100,739	52,697
G. Beverages and Cocoa Preparations	843,522	1,085,459	3,452,114	4,786,147
H. Other Food	920,487	858,194	4,472,279	4,719,058
I. Tobacco	360,435	404,418	1,799,715	1,859,323
Total, Class I	2,531,567	2,738,478	11,637,904	13,353,978
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,991,141	2,692,620	12,805,604	11,475,320
B. Other Non-Metalliferous Mining and Quarry Products and the like	99,097	115,047	435,661	449,729
C. Iron Ore and Scrap	42,289	23,654	197,892	147,312
D. Non-Ferrous Metalliferous Ores and Scrap	167,945	209,585	676,553	872,695
E. Wood and Timber	9,444	9,444	41,045	35,014
F. Raw Cotton and Cotton Waste ..	98,799	58,305	541,307	371,936
G. Wool, Raw and Waste, and Woollen Rags	631,132	545,252	3,774,038	2,943,077
H. Silk, Raw, Knobs and Noils ..	910	1,468	5,280	6,520
I. Other Textile Materials	29,662	38,516	170,402	221,909
J. Seeds and Nuts for Oil, Oils, Fats, Resins and Gums	311,398	272,118	1,275,138	1,326,811
K. Hides and Skins, Undressed ..	83,948	178,943	436,867	913,531
L. Paper-making Materials	80,968	109,260	472,626	482,338
M. Rubber	9,488	14,431	70,039	74,504
N. Miscellaneous Raw Materials and Articles mainly Unmanufactured	192,777	215,017	1,380,661	1,382,534
Total, Class II	4,748,352	4,483,660	22,283,113	20,713,530
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and Manufactured Fuel ..	185,851	192,690	1,157,101	1,111,983
B. Pottery, Glass, Abrasives, etc. ..	728,261	755,639	3,247,350	3,367,326
C. Iron and Steel and Manufactures thereof	3,157,362	3,200,249	14,501,806	14,286,050
D. Non-Ferrous Metals and Manufactures thereof	1,277,629	1,065,210	5,674,546	5,150,336
E. Cutlery, Hardware, Implements and Instruments	714,547	698,210	3,225,612	3,225,498
F. Electrical Goods and Apparatus ..	764,908	792,413	3,693,156	3,896,204
G. Machinery	3,356,298	3,489,931	16,089,044	16,905,394
H. Manufactures of Wood and Timber	91,378	95,006	405,325	491,106
I. Cotton Yarns and Manufactures ..	4,969,299	4,814,488	23,649,703	25,109,139
J. Woollen and Worsted Yarns and Manufactures	1,954,401	2,310,779	12,555,333	13,152,64

OTHER FOODS

BACON.—In response to some decline in supplies, the market ruled exceptionally firm this week. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 92s. to 94s.; Canadian, 85s.; Danish, 93s., as against 86s. to 90s., 80s. and 89s. last week. Arrivals in London last week included Danish, 14,393 bales; Canadian, 3,876; Dutch, 2,453; Lithuanian, 1,749; and Polish, 2,244, as against 14,263, 4,495, 2,523, 1,955, and 2,437, respectively, in the previous week.

BUTTER.—Following last week's advance in quotations, demand was much quieter this week and prices showed a slight reaction. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 108s.; Australian, choicest salted, 107s.; Danish, 118s., compared with 112s., 111s. to 112s. and 118s., respectively, a week ago.

CHEESE.—Cheese was a quiet market, except for English factory which rose in price. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, factory, 56s. to 60s.; Canadian, finest coloured, 64s. to 68s.; and New Zealand, finest coloured, 60s.; against 53s. to 56s., 66s. to 68s. and 61s. 6d. to 62s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 6½ cents per lb., as against 6 cents per lb. last week. In London, on Wednesday last, good fermented new crop, "October-December" was quoted 28s. 6d. per 250 kilos, c.i.f. Continent, against 26s. 10½d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 7,000 bags; delivered, for home consumption, 6,654 bags; exported, 202 bags; stocks, 169,909 bags, against 189,111 bags a year ago.

COFFEE.—Demand in London has been rather quiet, while the New York spot market has ruled steady. On Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb. in New York, as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, 295 cwt.; delivered, for home consumption, 137 cwt.; exported, nil; stocks, 10,439 cwt., against 16,662 bags a year ago. Central and South American, landed, 2,185 cwt.; delivered, for home consumption, 10,439 cwt.; exported, 941 cwt.; stocks, 122,759 cwt., against 114,974 packages last year. Other kinds, landed, 2,326 cwt.; delivered, for home consumption, 3,829 cwt.; exported, 722 cwt.; stocks, 173,692 cwt., against 123,402 packages last year.

EGGS.—The market has ruled firm, with prices higher for all selections. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15–15½ lb.) realised 10s. 9d. to 11s. 6d. per 120, as against 10s. to 10s. 6d. last week, while Danish (15½ lb.) made 9s. to 9s. 6d. per 120, against 8s. 9d. to 9s. last week.

FRUIT.—Business at Covent Garden was disappointing last week-end, in consequence of bad weather, but some improvement has occurred this week. According to *The Fruitgrower*, strawberries made a fair showing; there was a steady demand and all arrivals cleared readily. A few English cherries have put in an appearance, and there has been a fair showing of French red and black currants. Green gooseberries, in larger supply, declined in price on a poor demand. Spanish cherry plums were also easier. Larger supplies of melons met a rather slow sale, but peaches and nectarines were about steady in price. Hothouse grapes were easier. Owing to the competition of the soft fruits, the apple trade was slow and prices weak; the limited supplies of pears, on the other hand, sold well. Grapefruit cleared more readily this week, while oranges were steady in price. Lemons dropped sharply and are expected to decline further in response to heavier arrivals.

MILK.—Information relative to the operation of the Milk Marketing Scheme during May, as issued by the Milk Marketing Board, is given in the following table, together with comparable statistics for earlier months:—

	May, 1935	Feb., 1936	March, 1936	April, 1936	May 1936
Regional pool prices* (per gallon)	d.	d.	d.	d.	d.
Northern	9½	14½	12½	11½	8½
North-Western	9½	14½	12½	11½	8½
Eastern	9½	14½	12½	11½	9
East Midland	9½	14½	12½	11½	8½
West Midland	9½	14½	12½	11½	8½
North Wales	9½	14½	12½	11½	8½
South Wales	9½	14½	12½	11½	8½
Southern	9½	14½	12½	11½	9½
Mid-Western	9	14½	12½	11½	8½
Far Western	9	14	12½	11½	8½
South Eastern	10	15	13½	12½	9½
Liquid milk price (per gallon, all regions)	12	17	17	16	12
Manufacturers' price (per gallon, average)	5.01	5.942	5.793	4.885	4.755
Total sales under contract	89.24	65.22	74.05	77.03	90.56
For liquid consumption	48.67	44.71	47.54	45.44	48.03
For manufacturing	40.57	20.51	26.51	31.59	42.53

* On account to the nearest farthing.

Accredited producers receive 1d. per gallon in addition to the above prices. Premiums for level deliveries and for Grade "A" or special services are paid to the producers concerned in addition to the pool price. Transport charges are payable by individual producers and are deducted from accounts.

MEAT.—Demand at Smithfield Market has been rather slow this week, with prices showing little alteration. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. 10d. to 4s. 2d. per 8 lbs., as compared with 3s. 10d. to 4s. 4d. a week ago. New Zealand frozen mutton was 3s. to 3s. 6d. per 8 lbs., against 3s. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,445 tons, an increase of 509 tons on the corresponding week last year. Beef and veal accounted for 4,672 tons, mutton and lamb, 2,651 tons, and pork and bacon, 692 tons, as compared with 4,546, 2,368, and 618 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, nil; delivered 5 tons; stocks, 1,758 tons, against 2,168 tons a year ago. White, landed, 5 tons; delivered, 40 tons; stocks, 12,095 tons, against 18,883 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 9d. per cwt. ex warehouse on Wednesday, as compared with 8s. 9d. per cwt. a week ago. "June-July" in singles to Continent and U.K., was quoted at 7s. 9d. per cwt., against 7s. 9d. last week. Movements in London during the past week were as follows: Landed, 146 tons; delivered, 197 tons; stocks, 1,722 tons, against 9,404 tons a year ago.

SUGAR.—The New York spot market developed a firm tone last week-end and prices were marked up. The spot market in London has been quiet. The spot price in New York on Wednesday was 3.80 cents per lb., as compared with 3.72 cents per lb. last week and 3.72 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 7½d., against 4s. 8d. to 4s. 8½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 7,273 tons, against 20,611 tons last week and 8,405 tons in the same week of last year; deliveries, 20,048 tons, against 26,997 tons last week and 13,809 tons last year; stocks, 150,849 tons, against 163,597 tons last week and 107,561 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
June 6, 1935	11.37	11.98	13.27	9.68	8.36	10.04	11.77
Apr. 30, 1936	12.79	13.66	16.05	10.94	10.49	11.99	13.48
May 7, "	12.79	14.09	15.67	11.02	10.54	11.69	13.55
May 14, "	12.59	13.66	15.08	10.89	10.36	11.86	13.19
May 21, "	12.41	13.00	14.21	10.81	10.21	11.25	12.81
June 11, "	12.24	12.73	13.30	10.22	10.15	11.48	12.40

This week's offerings at the public auctions in Mincing Lane comprised 46,538 packages of Indian and 25,538 packages of Ceylon tea. At Monday's Indian auctions prices of common and medium sorts were easier, despite a fairly good demand. On Wednesday, the market showed a firmer tendency and quotations were well maintained. Tuesday's Ceylon auction showed a brisk tone and prices were practically unchanged compared with last week. Fannings were the best feature.

VEGETABLES.—Demand for asparagus at Covent Garden has fallen off, states *The Fruitgrower*, and prices eased this week. Good quality green peas from Kent sold readily. Tomatoes were fairly steady, but cucumbers rather slow. Lettuce was cheaper, but spring cabbage hardened in price on short supplies. Meanwhile, supplies of English new potatoes have begun to appear at London markets, realising from 19s. to 22s. per cwt. At the Borough Market on Tuesday a steady business was reported, Jersey making 21s. to 23s. per cwt., and Spanish Mataros 18s. per cwt., against 23s. and 18s. to 19s., respectively, a week earlier. Old crop potatoes were also in demand, best siltland King Edward being quoted at 8s. to 9s. a cwt., the same as last week.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OLSEEDS.—The market in oilseeds has a better tone and prices are inclined to harden. Uncertainty concerning the progress of the sowing of linseed in the United States caused some firmness in Plate demand, mainly on Continental account. Crushers here are relying on Indian descriptions for their modest current requirements, prices of Plate being out of line. The official report of the American crop is due on July 10; until then reports must be purely conjectural. Shipments from the River Plate are smaller, but the quantity afloat for Europe is only slightly affected. Linseed oil is dearer in sympathy with the firmness of seed, and again registered an advance, and is about 20s. to 22s. 6d. higher than the lowest touched three weeks ago. The current price of raw oil ex Hull is now around £25 per ton for June and July-August delivery, with the later four months at a small premium. A very little old crop Egyptian cottonseed is now on the market, and prices are firm around £7 2s. 6d. June-July. Dealings in new crop have begun and up to £6 13s. 9d. has been paid for September loading, and £6 6s. 3d. quoted for October-December. Crude cotton oil is easier and is offered at £24 per ton ex Hull, while refined is steady at £27. Oil cakes are in normal demand for the time of year and remain steady.

RUBBER.—Prices have fluctuated within narrow limits and closed on Wednesday unchanged on the week. Buying has been

largely on a hand-to-mouth basis, and many manufacturers have allowed their stocks to fall to small proportions. Meanwhile, stocks in the United Kingdom recorded a further fall of 1,594 tons last week and the statistical position remains sound.

The spot price in New York on Wednesday was 15½ cents per lb., compared with 15½ cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½ to 7½d. for July-September shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 127,366 tons, against 128,960 tons a week earlier. A year ago stocks amounted to 170,087 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, June 17th				The prices in the following are revised with the assistance of an eminent firm in each department.			
CEREALS AND MEAT				POTATOES—			
GRAIN, Etc.—				King Edward per cwt.	s. d. s. d.		
Wheat—				Jersey new "	21 0 23 0		
No. 2, N. Man. 496 lb.	31 0						
Eng. Gaz. av., per cwt.	6 9						
Barley, Eng. Gaz. av. "	6 11						
Oats, "	6 2						
Maize, La Plata, landed,							
480 lb.	20 6						
Flour, Lon. stan. ex mill,							
280 lb.	25 3						
Rice, No. 2 Burma, per cwt.	7 9						
MEAT—							
Beef, per 8 lbs.—							
English long sides	4 0	5 0					
Argentine chilled hinds	3 10	4 2					
Mutton, per 8 lbs.—							
English wethers	5 0	6 0					
N.Z. frozen "	3 0	3 6					
Lamb, per 8 lbs.—							
N.Z. frozen "	4 8	5 4					
Pork, English, per 8 lbs.	4 8	5 0					
OTHER FOODS				SUGAR—			
BACON—				(Duty, 11/8 per cwt.)			
English	92 0	94 0		Centrifugals, 96%, prpt.			
Irish	89 0	95 0		ships, c.i.f. U.K./Cont.	4 7½		
Danish	92 0			B.W.I., crystallised	17 0	18 6	
Dutch	89 0			Java, white, c. & f. India			
HAMS—				Oct.-Dec.	Nominal.		
Canadian	98 0	100 0		REFINED—London—			
American	98 0	100 0		Yellow Crystals	17 10½		
BUTTER—				Cubes	22 1½	22 7½	
Australian	107 0			Crushed	19 10½	20 4½	
New Zealand	108 0			Granulated	18 3	18 7½	
Danish	113 0			Home Grown	18 0	18 4½	
CHEESE—				TEA—			
Canadian	64 0	68 0		Indian—per lb.—			
New Zealand	60 0			Pekoe	0 11½	1 0½	
English Cheddars	56 0			Broken Pekoe	0 11½	1 1½	
English factory	60 0	60 0		Orange Pekoe	0 11½	1 8½	
Dutch	42 0	48 0		Broken Orange Pekoe	0 11½	1 6½	
COCOA—				Ceylon—per lb.—			
(Duty, British grown,				Pekoe	0 11½	1 11	
11/8; foreign, 14/- cwt.)				Broken Pekoe	0 11½	1 3½	
Accra, f.f.	23 3	23 9		Orange Pekoe	1 0	1 9	
Trinidad	45 0	50 0		Broken Orange	0 11½	1 7	
Grenada	44 0	45 0		TOBACCO—			
COFFEE—				(Duty, 9/6-10/6 per lb.)			
(Duty, British grown				Empire growth, 7/5½-			
4/8; foreign, 14/- cwt.)				8/3½ per lb.)			
Santos sup. c. & f. cwt.	39 0			Virginia leaf—			
Colombian, good	46 0	53 0		Common to fine	0 8	2 6	
Costa Rica, med. to good	52 0	72 0		Rhodesian leaf	0 8	1 10	
East Indian " "	42 0	62 0		Nyasaland leaf	0 7	1 4	
Kenya, medium	44 0	56 0		" strips	0 9	1 6	
EGGS—				East Indian leaf	0 5	1 4	
English	10 9	11 6		" strips	0 6	1 6	
Danish	9 0	9 6		TEXTILES			
FRUIT—Oranges—				COTTON—			
Valencia	7 0	12 0		d.			
Brazilian	9 6	16 0		Mid-American	6-8		
Lemons, Malaga	...	...		Sakellaris, f.g.f.	8-97		
Sicilian	21 0	26 0		Yarns, 32's twist	10½		
Apples: Amer. (var.) brls.	...	...		60's twist	15½		
(var.) boxes	...	...		FLAX—			
Australian	6 0	10 0		£ s. £ s.			
Onions—				Livonian ZK	52 0		
Valencia, case	8 0	9 0		Pernau HD	nominal		
Egyptian, bags	...	...		Slaney Mid	67 0		
Grapes, Almeria, barrels	13 0	18 0		HEMP—			
Grapefruit, S. African	14 0	18 0		Italian P.C.	nominal		
LARD—				Manilla, June-Aug. "J 2"	26 0		
Irish bladders	56 0	64 0		Sisal, African	26 0	27 10	
U.S.	53 0	64 0		JUTE—			

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

UNITED STATES

(New York quotations unless otherwise stated)

	June 19, 1935	May 20, 1936	June 10, 1936	June 17, 1936		June 19, 1935	May 20, 1936	June 10, 1936	June 17, 1936
Wheat, No. 2, Winter, nearest future, Chicago, per bushel...	80	95½(b)	84½(c)	88½(c)	Sugar, Cuban Centrifugals, 96 deg., spot, per lb.	3.28	3.72	3.72	3.80
Maize, nearest future, Chicago, per bushel	81½	63½(b)	61½(c)	62½(c)	Cotton, middling, spot, per lb.	11.85	11.72	11.79	11.98
Oats, nearest future, Chicago, per bushel	34½	24½(b)	24½(c)	26½(c)	Rubber, smoked sheet, spot, per lb.	12½	15½	15½	15½
Rye, nearest future, Chicago, per bushel	45½	54½(b)	54½(c)	57½(c)	Petroleum, Mid-Continent crude 33 deg., to 33-90, at well, per barrel	94	104	104	104
Barley, nearest future, Chicago, per bushel	45	37(b)	(a)	(a)	Copper, "Electrolytic," Domestic, spot, per lb.	7.22½	8.87½	8.82½	8.87½
Coffee, Rio No. 7, cash, per lb.	6½	6½	6½	6½	Copper, "Electrolytic," Export prompt, per lb.	7.45	9.10	9.05	9.10
" Santos No. 4, cash, per lb.	8½	8½	8½	8½	Spelter, East St. Louis, spot, per lb.	4.30	4.90	4.90	4.90
Cocoa, Accra, nearest future, per lb.	4.30	5.20	5.65	5.94	Lead, spot, per lb.	4.00	4.60	4.60	4.60
		(a) Nominal.	(b) May futures.	(c) July futures.	Tin, "Straits," spot, per lb.	51.40	45.87½	42.12½	41.37½

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(With this issue appears our Monthly Trade Supplement)

"WHAT IS OUR POLICY?"

On Thursday of last week and on Tuesday of this the House of Commons held two debates on British foreign policy. They were momentous rather for their effects than for their quality. For while the Opposition speakers had a devastating case against a Government which has been in supreme control of the country's destinies for five years, they were inclined to overplay the Party game. The Government spokesmen, on the other hand, had placed themselves in a position extremely difficult to defend; and, feeling their discomfiture acutely, Mr Eden, Sir John Simon and Mr Baldwin were human enough to fall back on debating points. Whereas in the first debate Mr Lloyd George was able to concentrate the widespread feelings of dismay and national humiliation in a Philippic against the Government, all speakers in the second debate—on the Labour Party's vote of censure—were only too disposed to give up to Party what was meant for mankind.

The most striking feature of both debates, and certainly the most pregnant with grave contingencies, was the inability of the Government's spokesmen to adduce any cogent arguments in defence of their declared policy to propose the abandonment of sanctions at Geneva next Tuesday. Mr Eden's line of argument entirely ignored the justification of sanctions as the collective defence, not of Abyssinia, but of the League Covenant—the repository of those principles of collective security to which Mr Eden and Mr Baldwin both expressed the Government's continued fidelity. All three Government spokesmen could only justify the *volte-face* in British policy by invoking Italy's readiness to levy war against the League, and on this country's battleships. Sir John Simon, generally a shrewd man, probably said more than he intended:—

With the present situation in Europe and the great dangers surrounding us here at home, I am not prepared to see a single ship sunk even in a successful naval battle in the cause of Abyssinian independence.

This was a gift to Opposition speakers, who at once demanded if that had been the Government's policy all

along. If so, why had they ever dared to move the fleet into the Mediterranean at all; why had they asked for, and obtained, undertakings of naval assistance from other League Powers in the Mediterranean; why had they been spending hundreds of millions on the Navy in the last five years; was the Navy unprepared for action; and why had the Government ever assumed the leadership of 50 nations in the imposition of measures for the collective restraint of a condemned aggressor? The House was vouchsafed no convincing answers to such questions.

More disturbing, however, was the degree of disingenuousness to which Sir John Simon and Mr Baldwin were reduced in their efforts to exculpate the Government from a charge of inconsistency. Responsibility for the inadequacy of sanctions was thrown on nations that agreed to follow the British lead. Sir John Simon, an ex-Foreign Minister and a lawyer, and one who must know the facts, attempted to argue that Britain had done most on behalf of the League, by comparing British imports from, and exports to, Italy during the sanctions period with those—not of Yugoslavia or Roumania, whose trade and national economies have suffered far more than ours—but of Switzerland! True, British trade with Italy has declined more than Switzerland's trade with her. But it is unnecessary to remind Sir John of the Gotthard traffic convention, by which Switzerland is bound to permit free trading with Italy; for his convenient reminders in the House on the status of the Suez Canal must have suggested to him the similar situation of Switzerland. It is equally unnecessary to remind him of Switzerland's guaranteed neutrality, her special position as a League member, with limited responsibilities. Clearly, counsel for the defence was hard pressed for an argument.

Again, Mr Baldwin in his speech at Wishaw last week-end was driven to argue that no sanctions could succeed without the oil sanction, and that, as the United States were unwilling to impose this, the League's efforts were stultified. This was a shocking travesty of the truth; and

Mr Baldwin half-heartedly modified it on Tuesday. Even so, neither he, nor Sir John Simon, nor Mr Eden, cared to be reminded—as they were often enough—that it was the notorious Hoare-Laval Plan which completely baffled President Roosevelt's initiative, surprisingly successful till then, in limiting American shipments of oil and other materials to Italy.

But when due allowance is made for the Labour Party's tactical error in moving a vote of censure on Tuesday, as well as for the striking and pointed speeches of Mr Lloyd George, Mr Attlee, Sir Archibald Sinclair and Mr Hugh Dalton, the after-effects of the two debates remain more impressive, more disturbing, than anything they actually contained. Mr Baldwin, who wound up the second debate, could only give the House this equivocal utterance as the basis of his policy after the Government had suffered so shattering a diplomatic *débâcle*:—

"The question is, what is our policy? . . . Our policy is still based, as is the policy of many of the countries of Europe, on the League of Nations. . . . There is no foundation for a single word of what the hon. Member (Mr Dalton) said about our plans for leaving the whole of Europe to look after itself, provided we could safeguard ourselves in the West. The safeguarding of ourselves in the West is of vital importance. It may come to that if the League of Nations breaks down ultimately, but we are not there yet. I have every hope, but negotiations may be futile if, when negotiations come between our three countries (Britain, France and Germany), we cannot make provision for the same security in the countries to the centre and the East of Europe as we hope to make for ourselves. . . . But let the House be under no misapprehension about the difficulties of the task."

Neither the House nor the country is likely to be under any misapprehension about the difficulties of that task; for no observer can really make out what the task is to be. "We cannot be expected to state here and now in detail what changes, if any, we would wish to see made in the practice of the League," says Mr Baldwin. But British policy is still to be based on the League. And, while we do not want to have to confine "collective security" to a West European application only, we may have to. But we are not going to leave the whole of Europe to look after itself, all the same. It is scarcely surprising that Lord Beaverbrook should have resurrected his anti-Baldwin campaign; for in the world of to-day, even less than in the Roman world of St. Paul, one cannot be all things to all men.

The outcome of two bitter debates provides no inkling what British foreign policy is to be now. Mr Duff-Cooper's speech in Paris on Wednesday—perhaps he was thinking aloud as prophetically as Mr Chamberlain a fortnight ago—suggests that it is to be an alliance with France. All we know is that the Government's policy is based on heavy re-armament and that it has imparted a most powerful urge to all members of the League, as well as all members of the British Commonwealth of Nations, to seek safety in heavily armed isolation. It is the policy of South Africa as much as of Turkey. That policy of *chacun pour soi* will infallibly produce the worst conceivable strategical terrain upon which this country will one day have to defend, with all its heavy armaments, purely British interests against immeasurably aggrandised predatory Powers. The Government have produced no policy. They have merely enveloped in a fog of confusion and uncertainty their election rallying-cry which would have concentrated all parties in the country behind British armaments: "steady and collective resistance to all acts of unprovoked aggression." It is hard to see, now, how they can retrieve this error; and how they can prevent an embittered party division arising between those who would have prepared and employed armaments in restraint of aggression—and therefore in support of security and peace—and those who will only use armaments in defence of British acquisitions in the past.

The Government have surprised the country and the world by taking two diametrically opposed initiatives in the short space of nine months—at the end of which Britain finds herself with her prestige profoundly shaken. For the sake of the ideals for which the British Empire stands in the world to-day, it is imperative that respect for our diplomacy and belief in the value of our friendship should be promptly and energetically restored.

PALESTINE

It is now clear that the Arab outbreak in Palestine is not just an ebullition of temper which may be trusted to die down again under judicious handling. As the mandatory Power we are confronted to-day with a task which bids fair to be both long and difficult, whether repression or conciliation or some combination of the two methods be the line of policy we decide to follow. The moment has, therefore, come for trying to look before and after—the more so, perhaps, as we can hardly help pining for what is not.

Our commitments to the Jews are, of course, definite and substantial. The Mandate, in which the Balfour Declaration of nearly nineteen years ago is embodied, pledges us to secure the establishment in Palestine of a Jewish national home. This plainly means facilitating and safeguarding the settlement of Palestine with as large a number of Jewish immigrants as the country can support economically at any given moment—the process of immigration and settlement to be pushed forward as fast as the progressive material development of Palestine permits. This obligation of ours is not limited by any maximum figure or *numerus clausus*. Subject to the economic capacity of the moment, we are bound to allow the Jewish element in the population of Palestine to go on increasing *ad infinitum*, so long as nothing is done which may prejudice the rights which are guaranteed to the Palestinian Arabs in the Mandate and Balfour Declaration, and in the paragraph of the Covenant which deals with mandates of the "A" class, to which the Palestine mandate belongs.

But what really are our commitments? Article 2 of the Mandate commits us to "safeguarding the civil and religious rights of all the inhabitants of Palestine." Does this mean that we are only bound to safeguard the private interests of the Arabs as individuals? Article 6 of the Mandate commits us to "ensuring that the rights and position of other sections [than the Jewish section] of the population are not prejudiced"; and the Balfour Declaration itself binds us to do nothing "which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine." Indeed, the Churchill Memorandum of June 3, 1922, declared that "His Majesty's Government did not contemplate either the creation of a wholly Jewish Palestine or the disappearance or subordination of the Arabic population, language or culture in Palestine."

Here we are getting to the heart of the conflict; for, although both communities have increased in almost equal numbers, the Jewish community is 400,000 souls as against an Arab community of 760,000. In view of the growing proportion of Jews, the Arabs fear that they may become subordinate to a Palestinian Jewry which is immensely superior to the Palestinian Arab community in wealth, ability, education and organisation. If the Jewish population were to increase to numerical parity or beyond, the Arabs would assuredly be swamped as a community; though at the same time it is probable that, as individuals, only an infinitesimally small number of them will have suffered serious economic detriment, while a considerable number will have obtained positive economic benefit from an increase in the material prosperity of the districts that have been the scene of Jewish colonisation. In such a situation, would our obligations to the Arabs have been fulfilled or broken?

So far, we have been discussing obligations towards the Arabs which flow from contracts to which the Arabs themselves are not parties. The Balfour Declaration is a contract between the British Government and the Zionist Organisation. The Covenant is a contract between the British Government and the Governments of the other States Members of the League. The Mandate is a contract between the British Government, the League and the principal Allied Powers. The Arabs maintain that they have a contract with us which is prior to all these; for they claim that Palestine is included in the area within which the British Government undertook, in the MacMahon-Husayn correspondence of 1915-16, to recognise and uphold the independence of the Arabs. The Colonial Office view is that Palestine does not lie within this area; and this juridical controversy, which

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turns on fine shades of interpretation of an inconclusive and unpublished correspondence, will probably end in stalemate. This does not, of course, dispose of the practical problem. That problem cannot be shelved; for it is being created by events—first and foremost, by the wonderful success of the Zionists, since the war, in making the Jewish national home in Palestine a success.

It is just this success that has inspired the Palestinian Arabs with a fear which, in its turn, is now driving them to a determined and desperate insurrection. Within the last three years in particular the establishment of the Jewish national home has been progressing by leaps and bounds; and, in spite of the participation of many individual Arabs in the resultant increase in the general prosperity of certain parts of the country, the Arab population as a whole is quite reasonably concerned lest, notwithstanding the Churchill Memorandum, they may now become "subordinated," in their own country, to the alien community that is being built up in their midst by the Jewish immigrants. "Subordination" means falling into a position in which, as a community, they would be permanently at the Jewish community's mercy. And the Arabs fear that, when this stage is reached, the mandatory Power may retire and leave the dominant community in unfettered control of the country. Mandates of the "A" class are, by definition, temporary; and now that the French in Syria are following the British example in Iraq, Palestine will be the sole surviving "A" mandate in which the mandatory Power has not yet wound up its business and duly abdicated. If Great Britain in Palestine did eventually abdicate in favour of a Jewish majority which had been created deliberately under the mandatory regime, the Palestinian Arabs might well feel that, for them, the formula of the Covenant—provisional recognition as an independent nation until such time as they were able to stand alone—had been applied in a very odd way.

Is it our British intention to go on implementing our indisputable commitments to the Jews until they automatically produce this result for the Arabs in process of time? That would mean crushing the Arabs and continuing to hold them down by force until the Jewish community had achieved a superiority of strength which was decisive. Could we find a juridical justification for such a policy on the ground that (on our own official interpretation of the MacMahon-Husayn correspondence) we are not contractually bound to the Arabs at all; that the assurances quoted above are mere sops, *ex gratia*, to the sensibilities of an Arab population over whose country we are entitled to dispose by right of conquest? Such a line of argument would quickly lead us into a moral morass. To a "right of conquest," a "right of insurrection" would be an equitable retort. A perpetual conflict between an insurgent Arab population and a repressive mandatory Power would destroy the very political, social and psychological conditions that are indispensable if the work of building up a Jewish national home in Palestine is to go forward. Even if the Jewish home were to be completely established by British force of

arms within the frontiers of Palestine itself through the repression, subordination or eviction of the Palestinian Arabs, Palestine itself, whose economic future depends on its development as a meeting place of steamship lines, air routes, oil pipe-lines and railways, would then be strangled by a bitter anti-Jewish Pan-Arab movement in the surrounding Arab countries. For if the inhabitants of Palestine have always looked out towards the sea, Egypt, Saudi Arabia, Transjordan, Syria and Iraq constitute between them her hinterland.

Thus, a sheer repression of the Palestinian Arab community, without any conciliation in prospect, will lead us nowhere except to frustration. Can we find any basis for a possible settlement with the Arabs which might induce them to lay down their arms instead of fighting on with the courage of despair? Perhaps the key is given by the thesis of the Churchill Memorandum "that the terms of the Balfour Declaration did not contemplate that Palestine as a whole should be converted into a Jewish national home, but that such a home should be founded in Palestine." Could the Arabs be reconciled to a communal solution, combined with an increase in individual well-being, in those parts of the country where the work of building up the Jewish national home has so far been concentrated? This "mixed area" might then be separated administratively from a "reserved area" in other regions, where the Palestinian Arabs might be assured in perpetuity of a Spartan pure and frugal national home in Palestine of their own. We shall not have solved the Palestinian problem until we have made Arabs as well as Jews feel securely at home in what is, in different senses, the mother-country of both peoples.

UNEMPLOYMENT ASSISTANCE

THERE is no more important, and no more difficult, task before Parliament than the revision of the unemployment assistance regulations. The whole issue needs the most careful and objective consideration—more, at any rate, than it received in the House in Monday's debate—if an arrangement equitable to both employed and unemployed is to be reached when the Government introduces the forthcoming new regulations.

The Unemployment Assistance Board was formed at the end of 1934 to liquidate the gross anomaly of the co-existence of two separate relief systems: transitional payments nominally connected with the insurance scheme, and public assistance for able-bodied unemployed who had exhausted their insurance rights under the Unemployment Insurance scheme but normally worked for wages. The Board was to take over 800,000 applicants of the transitional payments class on January 1, 1935, and a further 200,000 public assistance applicants on a second appointed day. Such, however, was the outcry against the new scales, particularly in the distressed areas, that Parliament

intervened; and it was presumably accepted by the Government as well as the Opposition that there was something substantially wrong with the new scales. Since then a dual system has been worked, according to which applicants receive either the old transitional payment or the new assistance scale, whichever is the higher.

What are the real rights and wrongs of the controversy over the new scales? It is impossible to infer a final answer to this question from the first annual report published by the Board last week. For the report is, perhaps of necessity, an apologia for the principles of the new scales; and by implication it declines to admit that anything was substantially wrong with them. Lord Rushcliffe, in his introduction, explains that the Board found in existence enormous variations between scales in different districts. Since its main task was to abolish indefensible anomalies, it decided that "it would not be justified . . . in proceeding on any other principle than that of equality of treatment for householders in similar circumstances wherever they lived." It also felt compelled to adopt scales below standard wage levels; and it was enjoined by Statute to apply a household "needs test." It accordingly decided to adopt standard scales, assessed according to needs, and to provide for exceptions and qualifications based on certain definite principles.

Within these limits the Board's case is—and it is admittedly making a case—that it took every possible account of ascertainable differences in needs, and that it made every effort to use justifiable discretion. The Act forbade the Board to employ a "destitution test," and it conceived it as its duty to supply applicants with "conventional necessities" as well as with sheer subsistence needs. In particular it decided to assume a standard rent and allow extra allowances where the actual rent was higher and reductions where it was lower. Extra payments were also permitted for "exceptional needs" and "special circumstances"; and the officers of the Board were encouraged to apply the utmost discretion in treating individual cases. In fact, 20 per cent. of the Board's applicants are receiving payments above the standard rate.

In administering the household needs test the Board was fairly closely controlled by statute in calculating what resources should or should not be counted. It decided, however, to take into account the "personal requirements" of anyone contributing to the household in order that he might retain a reasonable proportion of his earnings in order to "lead his own life." The Board also divided family relationships into three categories, so that the claims of distant relatives and other members of a household should not be considered as great as those of a wife, husband, father or mother. The Board categorically maintains that the household needs test has not had the effect of "breaking up homes"; and its district officers, in their separate reports, almost unanimously state that such cases have been few, though in the distressed areas they appear to have been more common.

There are points of detail where, even on the showing of the Report itself, reforms seemed to be called for. In general, however, the Report taken at its face value would indicate the conclusion that the new regulations were in every way fair and proper; that every care had been taken to make them flexible and humane; and that the standstill order of February, 1935, was a mere political capitulation by the Government to an unscrupulous public agitation. Can this view really be accepted? It is at least noticeable that practically nobody in any part of the House was willing to accept it on Monday. The Labour Party view, frankly expressed, was that the Board was a body of soulless bureaucrats and the Report the work of a "supreme master of the art of making the bitterest pill taste sweet." This view, however, would seem as unlikely to contain the whole truth as the apologia of the Board itself.

Part of the answer to the puzzle would seem to lie in the fact that in the first few weeks of its existence the Board's officers were compelled by lack of experience and time to apply the new standard scales ruthlessly without adequate individual qualification. This particular difficulty should by now have been overcome. Nevertheless, it is now apparent beyond all doubt that the Board's scales, if universally applied, would mean a very large number of reductions in relief. It has been stated in Parliament that

over 50 per cent. of the applicants are receiving, through the protection of the Standstill Act, more than they would have received under the Regulations. The full application of the Board's scales would therefore reduce the relief of more than half of the applicants. This is, of course, a formidable criticism of the scales that Parliament originally approved. But the exact significance of the result would be clearer if it was known what were the differences in amounts, what were the classes of cases in which the differences arose, and what were the chief factors in the regulations which produced the reductions that the Standstill Act had to restore. On the face of it the main reason for the surprising preponderance of cases in which transitional payments exceeded the new scales would seem to have been partly the non-disclosure of resources before the Board took over, and partly the comparatively generous nature of the public assistance scales previously prevailing in the distressed areas.

It is almost certain, however, as a Government supporter said in the House on Monday, that Parliament would not have adopted the scales if it had been known how they would work out. It did not intend there to be a reduction in the relief paid to more than half of those unemployed who were not receiving unemployment benefit. How can this mistake now be corrected? It appears from examination of the report that the Board, which sincerely thought its scales would operate more generously, miscalculated on two points: the rent allowance and the household needs test. The deductions for low rents, though on paper perfectly fair, meant heavy cuts in relief in the distressed areas. Secondly, the tightening up of the needs test inquiries at once made the test more burdensome and the relief more exiguous.

There would consequently seem to be two clear lines of amendment. First, the rent reduction arrangement should be revised. And secondly, the household needs test should be liberalised, if not abolished entirely. There is a strong case for total abolition; for neither experience nor *a priori* considerations suggest that the absence of the test would on balance diminish the number of persons seeking work. The motive for the test is really simply the desire to save money. If, however, the test as defined in the Act is to be retained, there are two clear methods of liberalising it. First, the Board might go even further in discounting certain classes of resources in the determination of needs. And secondly, all persons other than husbands, wives and children below earning age might be regarded as not belonging to the household at all. These two concessions, both of which can be abundantly justified, would surely go far to correct the oppressive effect of the application of the new scales in the depressed areas.

It will be a great misfortune for the unemployed if the Unemployment Assistance Board is made the subject of political rancour either by its critics or its defenders. For there is at least sufficient evidence in the Board's Report of a humane and equitable outlook for Parliament to be able to devise, by the liberalising of certain of the regulations, a really new and constructive social service.

THE NEW POPULATION PROBLEM

In the *Economist* of February 15th, page 347, we published an article on "The Future of Population," in which we drew attention to the "startling" calculations of Dr. Enid Charles on the future trend of population in England and Wales. Dr. Charles made three assumptions: (A) that fertility and mortality rates remained at their 1933 levels; (B) that they continued to decline at the rates recently recorded; and (C) that fertility increased to the 1931 level while mortality declined. On the "moderately optimistic" assumption (A) the population of England and Wales seventy years from now would be 27,090,000; on assumption (B) it would be only 15,058,000; and on the "considerably optimistic" assumption (C) it would fall to 38,177,000. We have asked Dr. Enid Charles to contribute the following article, in which she examines population trends in other countries.

The rate at which women of child-bearing age in this country are having children is now so low that our popu-

lation must soon rapidly decline, unless new factors intervene to raise the fertility of such women. Is England unique in this respect? How does our position compare with that of other countries?

Crude birth and death rates give no indication of the capacity of a population to expand. If every woman, on the average, gave birth during her lifetime to less than one girl child, the population as a whole would necessarily decline. The index of growth-capacity in a population, devised to exhibit the replacement of potential mothers by daughters, is known as the *gross reproduction rate*; and it is obtained by adding together specific fertility rates for each year of child-bearing age. It thus indicates the number of girl children born to each woman between 15 and 50 during the course of her life. If the index is less than unity, the reproductive group in the community must dwindle in every generation; and it would do so even if every girl baby were to live to maturity. Countries in this position, therefore, cannot even attain a stationary population by any improvement in mortality alone. The following table shows the countries which have a gross reproduction rate of unity, or less:—

TABLE I.
COUNTRIES WHOSE GROSS REPRODUCTION RATE IN 1933
WAS FOUND TO BE UNITY OR LESS

Country	Gross Reproduction Rate
France	1.000
Estonia	0.924
England and Wales	0.845
Sweden	0.830
Germany	0.800
Austria	0.800

The low fertility of Germany and Austria will doubtless surprise many readers; but the decline of their fertility has been rapid since the war. In Austria, the gross reproduction rate was very nearly 2.0 in 1913; and though the fall in the rate has occurred partly because Austria lost some of her more fertile territory, there has undoubtedly been a very rapid growth of sterility in both countries. In Germany the position has been overshadowed by the recent and spectacular rise of the birth-rate, from 15.1 in 1932 to 18.0 in 1934. While most European countries at this time showed a slight recovery in births after the accelerated fall of the depression years, no rise as large as the German has ever been recorded, save after a war. But there is nothing to show that there has been any permanent recovery in German fertility. There was considerable postponement of marriages during the depression everywhere. With the beginnings of recovery came an inevitable rush of marriages formerly postponed, accelerated in Germany in 1933 and 1934 by the Nazi Government's measures of encouragement.

When fertility is as low as in Germany, first births form a very large proportion of all births. Consequently fluctuations in marriages, and the ensuing fluctuations in first births, produce larger fluctuations in any single year's fertility index than would occur under conditions of high fertility. Clearly, the increase in the German marriage rate must soon reach a limit. The question which is vital to future population growth is whether the rate of production of third, fourth and fifth children has been, or will be, increased. According to a recent analysis there was some increase in these later births. According to Burgdorfer, 1.4 million births per year are required to maintain the German population at its 1933 level. In 1934, there were still only 1.18 million births. Since September, 1935, the birth rate in 55 large cities of Germany has begun to fall.

To secure a fuller picture of the population problem today we must allow for girl babies who are born but do not live to maturity. This can be done by weighting the specific fertility-rates (for births of girls) by the proportion of girls born who live to each year of child-bearing age, according to the Life Table. The index so obtained is called the *net reproduction rate*. It indicates the number of future mothers resulting from the present generation of mothers. If fertility and mortality rates were to remain stable for about 60 years, the age composition of the population would become stable. The net reproduction rate

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would then represent the actual rate of turnover of the population in a generation; for example, a population with a net reproduction rate of 0.75 would be diminishing by one-quarter every thirty years.

In Table II are set out some representative *net* reproduction rates for recent years.

TABLE II.
RECENT NET REPRODUCTION RATES

Country	Year	N.R. Rate
1. Western and Northern Europe:—		
Saxony	1933	0.50
Germany	1933	0.70
England and Wales	1933	0.73
Sweden	1933	0.73
France	1933	0.82
Scotland	1934	0.91
Denmark	1933	0.91
2. Eastern and Southern Europe:—		
Austria	1933	0.67
Estonia	1933	0.70
Hungary	1933	0.91
Italy	1933	1.18
Portugal	1933	1.29
Bulgaria	1933	1.30
Ukraine	1929	1.39
European Russia	1927	1.70
3. Non-European Countries:—		
U.S.A.	1930	0.98
Australia	1933	0.98
N. Zealand	1933	0.98
Canada	1931	1.32

The figures in Tables I and II (except those for Great Britain, Australia and the U.S.A.) are taken from "The Measurement of Population Growth" by Dr. Kuczynski. The figure for the U.S.A. is a rough estimate for registration States only. Western and Northern Europe, the United States, Australia and New Zealand present a uniform picture. In none of these countries are the possible parents of to-day reproducing their own numbers.

We should not jump to the conclusion that those countries which now have a net reproduction rate *above* unity are going to continue to have an increasing population. It is first necessary to see how the present situation has been reached. Any fertility index for a single year may represent a minor fluctuation. Hence it is of major importance to know whether our annual indices are on a rising or falling trend, and for how long the rise or fall has been going on. Unfortunately, historical material of this nature is scanty. So far as it exists, it is completely consistent; for we do not know of any country in which the net reproduction rate has not been falling steadily throughout the period of which we have knowledge.

Our data go back farthest in Sweden. The course of the gross reproduction rate in that country for the last sixty years is shown in the diagram below. It probably represents fairly well the decline of fertility in many other countries.

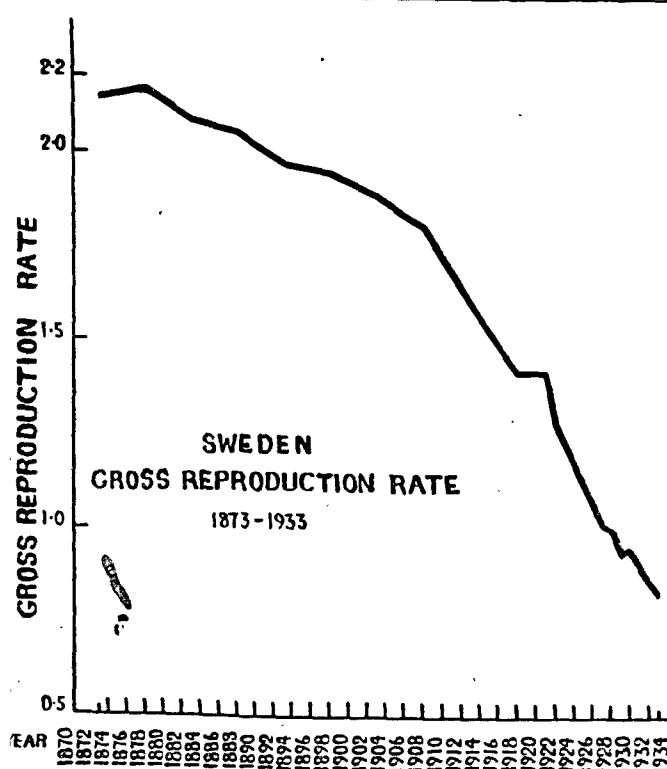
The accelerated fall and partial recovery due to the war were much greater in the belligerent countries; and the recent temporary recovery in Germany and England

occurred in Sweden as early as in 1930. In France, the decline in fertility has been going on longer and has proceeded more gradually. Some of the countries which now have a net reproduction rate *above* unity have been experiencing a rapid decline. For example, in Bulgaria fertility has fallen from 3.18 in 1901-1905 to 1.30 in 1933; in Italy from 2.0 in 1921 to 1.18 in 1933. The position of Soviet Russia is somewhat different. The writer has not been able to obtain data for a period later than 1929. Though fertility had decreased somewhat from the pre-war period up to that year, it was still very high; while mortality had decreased much more rapidly. The increase in population was thus very great. Whether this is likely to continue or not, it is too soon to say.

No mention has been made of population trends over a large area of the habitable globe. There are no available data for estimating population trends in most of Asia, Africa and South America. In China and India most experts believe that the increase in population is taking place very slowly. The population situation in Japan is of great interest; and it is unfortunate that we cannot yet say definitely whether the decline in fertility, characteristic of all other industrialised nations, has begun there.

The population trends to which attention has been drawn may seem at first sight inconsistent with the enormous increase in the number of persons of European stock during the last 160 years. According to Kuczynski, they have grown from about 155 millions in 1770 to about 720 millions to-day. This, however, has been mainly due to a decrease in mortality. The average expectation of life at birth increased in Europe during this period from about thirty years to about sixty years, so that the simultaneous decrease in fertility has not become apparent up to the present. But now mortality is ceasing to be the significant factor in determining population growth. Out of 1,000 newly-born girls in New Zealand, 863 live to the age of fifty; and, as we have noted, improvement in mortality after this age has no lasting effect on population growth.

Thus, it would appear that—except Russia—all the countries of Europe, North America and the British Dominions have reached, or are rapidly approaching, a stage at which they are, or will be, totally incapable of maintaining even a stationary population. It is possible to go further. We can say that, as yet, we know of no reason why the decline should stop at the precise point it has now reached. A phenomenon so widespread, and with such a lengthy history, suggests the operation of social forces of



THE DECLINE IN FERTILITY IN SWEDEN DURING THE LAST 60 YEARS

great magnitude. It is all the more important that attention should be paid to the problem before a considerable adverse balance of births and deaths makes it clearly visible. By that time, the decline in fertility will probably have proceeded so far that it will be extremely difficult to arrest or reverse it.

BRITAIN AND CHINA

Nine months ago Sir Frederick Leith-Ross, Chief Economic Adviser to H.M. Government, was sent out officially to examine "the financial and economic difficulties of China and the possibilities of our assisting her, in conjunction with the other Powers interested, to overcome these difficulties." The following is a summary of his statement of views, issued from Shanghai on Monday.

Sir F. Leith-Ross states that the rise in the value of silver in 1934 caused an acute deflationary crisis. In October, 1934, the Government imposed a variable export tax on silver, thus divorcing the Shanghai dollar from the free silver standard. Sometime afterwards the Government decided to adopt "an inconvertible managed currency on the basis of their own resources." "This action," Sir F. Leith-Ross says, "has been fully justified by the success it has achieved." The notes of the Government have been steadily replacing the silver dollars in circulation; and their exchange value has been firmly maintained. The rate of exchange fixed has encouraged exports and has raised agricultural prices. Consequently the import surplus has been greatly reduced, and the balance of payments is now in equilibrium. "Thus the fundamental economic conditions for a stable currency are fulfilled."

Much yet has to be done, however, before the currency can be taken as a basis for long-term trading and investment plans. The unification of the note issue and the re-organisation of the Central Bank as an independent Reserve Bank have not yet been carried through effectively. There is also a large Budget deficit, and the price of Government bonds is low. Political difficulties have also interfered with currency reform. But "all things considered there would appear to be every reason, so far as economic factors are concerned, for confidence in the present currency system provided that the Chinese Government complete and carry through efficiently the programme of internal reforms, including especially the re-organisation of the Central Bank and the reform of the Budget."

Sir Frederick states that maintenance of peace and order in the interior of China and "a settlement of the special situation in North China (especially in East Hopei) are conditions precedent to fair prospects for the currency and for the country's whole financial situation. Chinese finance depends on the vital factor of customs revenue, and without a settlement in the North this will be seriously threatened."

On the other hand, the Chinese authorities could further stimulate exports and purchasing power if, without curtailing revenue, they could lower local taxes, inter-port dues, and certain import duties. This would be possible where such duties are prohibitive. The restoration of Chinese rural economy should have first consideration in reductions of tariffs. A monopoly organisation of China's natural exports would be dangerous. British exporters must make careful study of China's requirements; Sino-British Trade Councils may serve the cause of co-operation between British and Chinese interests.

China requires imports of capital goods; and British credits—especially medium-term credits for public utilities—would benefit both China and British exporters. Long-term credit would be necessary for the railways, many former loans to which are in default; but the national Government appear genuinely anxious to settle outstanding obligations, "within the limits of their financial possibilities," and to reorganise the railways. This settlement effected, extensions to the railway system could be financed and new regions opened up. Municipal enterprise is impressive, and offers opportunities for joint enterprise to China and the United Kingdom.

Sir Frederick fully agrees with the American Economic Mission: "A vast change is coming over China: a modernisation that, as compared with ten or even five years ago, masks many centuries." He believes it will make China "not a less, but a more fruitful field for British enterprise—commercial, industrial and financial. Our principal interest here is to promote the peace, the prosperity and the trade of China, and in working for this, it seems to me we are working in the interests of all countries trading with China." He concludes with a tribute to the achievements of the Chinese national Government in the administrative and economic spheres.

NOTES OF THE WEEK

Foreign Policy and the Empire.—The very different reactions to Mr Baldwin's foreign policy of the several self-governing Dominions are now becoming apparent. The divergence illustrates a political truth which is of momentous importance for the future of the British Commonwealth. So long as the League was being organised as an effective instrument for international co-operation in the cause of law and order, the several States-members of the Commonwealth found themselves spontaneously pursuing identical policies as loyal States-members. Now that the League is being weakened, and threatens to fall asunder, the Commonwealth countries tend, *pari passu*, to be prised apart by the pull of their respective attempts to solve the security problem—each for herself, on regional lines of her own. Canada is going North American, South Africa is going African, and Australia is going isolationist. In the present crisis, the Australian Government anticipated Mr Baldwin's decision by announcing in advance that the Government would vote this week, at Geneva, for dropping sanctions against Italy. On the other hand, the South African public, and General Hertzog in his speech on Thursday, have shown disapproval and dismay at this decision to capitulate to the first *coup de force* in what threatens to be a new partition of Africa. (It was the editor of a South African newspaper—and not Mr Lloyd George—who reminded us that last Thursday was Waterloo Day!) In this East African business, the policies of South Africa and Australia have been at opposite poles. Hitherto the Australians have been very sensitive to the security of their communications with Great Britain along the short route through the Red Sea and the Mediterranean. They testified to this feeling in the part which they played in the Dardanelles campaign, and also in their attitude over the Chanak incident and at the time of the successive post-war attempts at a settlement between Great Britain and Egypt. To-day, when the Italians are establishing themselves right astride the Imperial route at two vital points—one in the Red Sea and the other in the Mediterranean—the Australians seem to be indifferent. Are they so sure that the South Africans are going to provide them with an equally satisfactory alternative route *via* Simonstown? And what about the Canadian attitude? Unenthusiastically, Canada is to-day following the United Kingdom's lead away from the League Front. Such a situation threatens to carry England into another European war, and Canada into a North American zone of insulation. Mr Baldwin's decision to retreat before the aggressor looks ominous for the British Empire.

France and Europe.—"The reform of the League" is a phrase which is being bandied about to-day between people who use the words to describe one or other of two diametrically opposite policies. On the one hand, the term is being given its natural meaning of some change in the constitution or procedure of the League designed to make it a more effective instrument for fulfilling the major purposes of the Covenant. On the other hand, "reform" is being used in this context in a euphemistic sense which is less native to our English usage than to the French. In French military parlance, *reformés* mean soldiers who have been released, as broken men, from active service. This is not the sense in which a reform of the League is desired by the present French Government. On Tuesday, M. Blum and M. Delbos, the Foreign Minister, read in the Chamber an unexceptionable statement on foreign policy, which obtained for the Government an even greater majority than when they first appeared before the Chamber. The statement declared that the Government would not seek a selfish peace based on withdrawal within France's own boundaries; agreed with the abandonment of sanctions against Italy; but said that no reform of the Covenant was necessary for peace to be consolidated by the reinforcement of security. The inadequacy of collective security, say the new French Government, was not the fault of the Covenant. It was because the Covenant was applied late and incompletely—a view

which the British Government can scarcely relish, even if it amounts to an admission by M. Blum that M. Laval was chiefly to blame. The French Government go on to abjure alliances on the old lines, but to advocate regional pacts for collective military resistance against aggression, supplemented by general obligations under the Covenant on States-members outside the region to impose financial and economic sanctions. It reminds Germany that Jaurès and Briand worked and suffered in the cause of Franco-German understanding, and records the Government's belief in Herr Hitler's sincere desire for peace; but it also reminds Germany that unilateral action, aggression, and a policy of "dividing up peace" cannot lead to agreement. The French statement ends with two aspirations: first, for the reconstitution of the Disarmament Conference; and secondly, for the re-establishment of M. Briand's Commission for European Union. The statement indicates that the new French Government of the Popular Front may make its mark in foreign affairs. The German Government should not underrate its hold on the French people; and the British Government, in default of any policy of their own, may well embrace a French policy which, at least, looks forward.

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Dardanelles and Bosphorus.—Delegations from all but one of the Powers signatory to the Lausanne Straits Convention of 1923 met on Monday at Montreux, on the invitation of Turkey. They came to consider a proposal from Angora that Turkey should be permitted to refortify the shores of the Dardanelles and the Bosphorus, and to reoccupy militarily the demilitarised zones on either side of each of the two stretches of narrow waters. The parties besides Turkey herself are Great Britain, France, Russia, Japan, Greece, Bulgaria, Roumania and Yugoslavia. The absentee, of course, is Italy, who is waiting until the present sanctions have been lifted. Her absence is piquant, because the fear of an Italian *coup de main* is probably the most acute anxiety in the minds of the Turkish general staff. The other parties have made it plain that they look with favour upon the Turkish proposals which, besides the questions of reoccupation and refortification, envisage conditions for the passage through the Straits of foreign merchant ships and warships, in peace and in war. On this latter head the Turks are not proposing to make things more difficult for merchant ships than they are under the existing convention; but they do propose to tighten up the conditions on which foreign warships may pass through. The friendliness of the other parties towards the Turkish move has been increased by the manner in which the Turks have chosen to raise the question—eschewing the fashionable *fait accompli* for the *démodé* method of round-table conference. We believe that, in refusing to follow his European *confrères'* fashion, the Anatolian dictator will prove to have shown himself a better diplomatist than they are. What use is Turkey likely to make of that complete mastery in her own house which her fellow signatories of the Lausanne Convention will gracefully concede, having no intention to refuse it? In the present state of collective security, Turkey—like Canada, Belgium, Czechoslovakia, the Baltic States, and other small countries—will be moved to seek an alternative form of protection by "commending herself" (in the phrase that became current during the break-up of the Roman Empire) to some mighty man of valour who can be relied on to take up arms on her behalf in return for her dutiful allegiance. In Turkey's case, this protector can only be Russia. Is the Czardom's age-long ambition to command the Straits about to be achieved for Russia by Stalin through the agency of a Turkish satellite State? Apparently the British Government fear so; for they are reported to be opposing Russia's demand that all Black Sea Powers shall be free to send their navies into the Mediterranean, as long as Turkey proposes the limited entry of non-Black Sea Powers' warships into that sea. The Montreux negotiations will certainly prove interesting.

America Raises the Embargo.—It is logical that the Administration at Washington, which was the first Government in the world to recognise and proclaim officially the existence of a state of war between Abyssinia and Italy, should also be the first to declare that hostilities have come to an end and to revoke the embargo on exports of munitions to belligerents. This step on the Administration's part will not be censured by anybody, inside or outside the United States, who realises how strenuously and courageously the President and the State Department worked, during the earlier months of the crisis, to co-ordinate the isolation policy of the United States with the sanctions policy of the States-members of the League. Mr Baldwin's and Sir John Simon's allegation that it was the American attitude and action that prevented the imposition of the oil sanction is as untenable as it is impolitic and ungenerous. If the oil sanction had been imposed at the date originally intended, last November, it is virtually certain that the Government at Washington and the public opinion of the American people in combination would have saved the League's action from being stultified for the sake of American commercial profits. What killed this probability was not American thirst for war profits, but American disgust and disillusionment over the Hoare-Laval plan. M. Laval was the murderer of sanctions, and Mr Baldwin was his accessory. It ill becomes the Prime Minister of the United Kingdom to attempt to shift to the shoulders of the President of the United States a load of responsibility which, however onerous, is Mr Baldwin's own. Meanwhile, before there has been any collective decision to abandon the existing sanctions, the British Government, acting unilaterally, has decided to prohibit the import of arms through the Sudan into the vast tracts of Western Abyssinia that are still unsubjugated. Mr. Eden admitted that the situation would be "entirely different" if a Government responsible to the Emperor were in existence in the region in question. Two days before this statement by Mr Eden in the House Lord Lugard had addressed a letter to *The Times* in order to report the receipt of a telegram from an English observer on the spot, Colonel Sandford, certifying that such a Government did exist. Thus Mr Eden's altered wish seems to be father to this latest and least happy of his thoughts.

Democrats in Convention.—It is perhaps fitting that the Democrats should be meeting at Philadelphia, that traditional city of Republicanism, whose Democrat mayor was elected by the Republicans in order to keep out a Republican mayor supported by Democrats. For to the assembling delegates came an appeal from Al Smith's resurgent Democrat "quintuplets," urging rejection of Roosevelt and a return to non-interference by the Government in business. It had been announced that the Republican, Mr Lemke, would stand as a third party candidate trying to consolidate the support of Father Coughlin, Dr. Townshend and the remnants of Huey Long's share-the-wealth movement, for a policy of currency of inflation. And the early speeches of the convention were devoted to ridicule of the Republican party platform for trying to conceal unabashed reactionary longings behind a veneer of liberalism. The task of the men behind the convention is to draw up a platform which will successfully compete with these various oppositions; the candidates to offer this programme to the electors will be the present office-holders, President Roosevelt and Vice-President Garner. From the reports of the proceedings so far received, it appears that the platform will not raise the question of constitutional reform, although this is admitted to be necessary; it will definitely oppose Governor Landon's suggestion of a return to a monetary system rigidly fixed, presumably internally as well as externally, to gold. It will support the policy of bi-lateral trade agreements, as negotiated by Mr Cordell Hull, but not to the point of serious interference with domestic industries. It may also demonstrate how live an issue the war debts are by transferring the blame for default to Mr Hoover's moratorium of 1931. Unlike the last Democrat platform, there will be no tribute paid to balanced budgets if the cost of balancing is the cessation of all relief payments. A noteworthy feature of the early proceedings was the emergence of Governor Earle of Pennsylvania as

a possible candidate for the Presidential nomination in 1940. President Roosevelt still has the best prospects of winning the present election; but so well has he played the part of Elijah that it may be difficult to find a capable Elisha for the next election.

British Tariff Policy.—Under this title the Federation of British Industries this week puts forward "certain observations in the light of recent experiences" of the workings of our tariff. For the home market, the F.B.I. think that in general the working of the Import Duties Act has been "successful in assuring a reasonable level of protection to the bulk of efficient British industries without detriment to consuming interests." (We wonder if the F.B.I. would call the iron and steel industry an "efficient" British industry; or whether the level of protection it has obtained is "reasonable.") There are still, however, in the F.B.I.'s view three dangers to British industries working for the home market: foreign governments' subsidies to their exports, further currency depreciation abroad, and competition from countries with such low standards of living as to render British industry incapable of competition. These dangers, they say, should be met by adding to tariffs the power to impose import quotas. For the export markets, the F.B.I. urges this country to exert more of its bargaining power as the world's leading import market; and it also urges that more use should be made of the powers under the Import Duties Act and the Debts Clearing Offices and Import Restrictions Act to threaten countries that discriminate against United Kingdom products, or which exercise exchange controls so as to limit funds available to pay for imports of British goods. Against unfavourable treatment of British goods without actual discrimination, the F.B.I. urges once more that the benefits of Most-Favoured-Nation treatment should be restricted by the Government to such countries as enter into "satisfactory" commercial agreements with the United Kingdom. To this end, a third, higher set of import duties should form a British "fighting" tariff—"say 50 per cent. above the normal rates." The F.B.I. is apparently not concerned to secure a wider, freer-trading group of nations which, in common, would abrogate the M.F.N. clause *vis-à-vis* countries not in the group. The F.B.I. wish such abrogation to become only a British weapon. Thereby it is hard to see how they expect to expand British exports. For, under the heading, "The Balance of Trade," while recognising "that a mathematical balance of imports and exports between the United Kingdom and each individual country is an impossibility," the F.B.I. make the scarcely original proposal that the balance of trade "should be primarily regarded" as the balance of British domestic exports as against British retained imports of the other country's produce. They base this proposal on the view, "the greater is the proportion of British domestic exports, the greater is the advantage to this country." Have the F.B.I. never heard of "the terms of trade," which, as Professor Pigou and Mr. Colin Clark have recently shown, have enabled this country throughout the depression to buy more necessary imports with less exports of our domestic products? The F.B.I. conclude with a novel suggestion—novel to imperialists—that British industries should be given as effective protection against imports of Imperial manufactured goods as they receive against foreign manufactures. Well, that is the logical goal of protectionism within the Empire.

The Coal Selling Schemes.—The draft of an Order under the 1930 Act providing for the setting up of central selling organisations was approved by the House without a division on Wednesday. Four sets of schemes were covered by the Order: first an amendment of the already existing Lancashire scheme; secondly, a scheme similar to the Lancashire scheme adopted by Shropshire, South Staffordshire and the Forest of Dean; thirdly, a central control of sales system favoured by 12 other districts; and fourthly a scheme for the amalgamated Midland Districts. The

schemes are a little different in each case; but this is inevitable in any industry as large and various as the coal industry. In general, Captain Crookshank, the Minister for Mines, defended the schemes as necessary to put the coal industry in a stronger bargaining position, and raise the present uneconomic level of prices and wages. Several critics of the Order complained that monopoly powers were being given to the industry. Of course, monopoly powers are being granted. That is the object of the selling schemes; and the justification for it in this case rests on the fact that the collieries have long been in the position of highly competitive producers selling to semi-monopoly buyers. Monopoly privileges, however, should only be given in return for concessions to the public interest; and those concessions should in this instance have consisted in the grant of compulsory powers of amalgamation to the Reorganisation Commission. For the coal owners one day to resist compulsory amalgamation on the ground that it means "Government interference" and on the next to invoke Government powers in order to establish monopolistic selling schemes is, to put it mildly, inconsistent. The Government cannot fully justify the selling schemes until it reintroduces the Bill granting compulsory powers to the Reorganisation Commission.

Friendship or Enmity with Egypt?—While the Anglo-Egyptian negotiations are being carried on in private—almost unmarked by the eyes of a public for whom Africa, at this moment, means the Ethiopian tragedy—we are on the verge of momentous decisions. We are now being offered our last chance of placing Anglo-Egyptian relations upon a basis of free agreement, embodied in a comprehensive treaty. We are also, apparently, in imminent peril of letting this last chance slip, owing to the weakness of our Government and the pig-headedness of our military authorities. Before Signor Mussolini was allowed to seize Abyssinia, and thereby to catch Egypt and the Anglo-Egyptian Sudan in a pair of Italian pincers, the War Office in Whitehall was content to limit the British forces in Egypt to some three thousand men, and to agree to their being confined within a zone along the banks of the Suez Canal, away from the principal centres of Egyptian population. Now that Signor Mussolini has been moved to consummate his act of African aggression, one of the incidental consequences, to which our War Office has at last awakened, is that elaborate and far-reaching measures will have to be taken for the security of the British Empire's communications across Egyptian territory and territorial waters, if these are not to be left at the Italian dictator's mercy. The Egyptians, on their side, realise that this is true not only for British interests in Egypt, but for Egypt herself. The leaders of the Wafd, who are the sole political force surviving in Egypt now that King Fuad is no longer there, are also intelligent enough to appreciate the wisdom of Aesop's dog in the fable of the Dog and the Ticks. If a dog must resign himself to being battered on by ticks of some sort, then it is better to leave the settled ticks alone than to comb them off in order to make room for hungry newcomers. The Egyptians are therefore prepared, as never before, to enter into cordial co-operation with Great Britain for a plain common interest. This new Egyptian goodwill is the best security for the British Empire, and a great political gift which Mussolini has unintentionally thrust into our hands. But the gift has one condition attaching to it; and that is that the agreement between ourselves and the Egyptians should be on a basis of equality. Meanwhile, our War Office is rumoured to be demanding a totalitarian military occupation of Egypt—Cairo and Alexandria included—which it is politically impossible for Nahas Pasha and his colleagues to accept. Dare we hope that for once, Mr Baldwin will do a Prime Minister's duty?

Belgium's New Deal.—Work was resumed by an increasing number of Belgian strikers from Wednesday onwards on the recommendation of the Trade Union Committee. That Committee had first satisfied itself that the Bills to be introduced into Parliament substantially satisfied

the workers' demands. Included in these Bills will be provisions for minimum wage rates, shorter hours, paid holidays, collective agreements, the raising of the school-leaving age and family allowances. The 40-hour week is to be introduced in certain industries immediately and in others later; the manufacture of arms is to be controlled; and measures are to be taken against monopolies. Improvements are also promised in unemployment relief, old-age pensions, and Government salaries. These concessions, if usefully applied, should represent no more than a fair distribution among the workers of the fruits of the recovery resulting from devaluation. Both M. van Zeeland and the workers' leaders are consequently to be congratulated on the conclusion of a just and moderate settlement. Belgium, at a time when the I.L.O. has adopted a draft convention on paid holidays, now follows the United States, Sweden, New Zealand, Spain and France in introducing a New Deal amounting in effect to a charter for industrial labour. There are many features in common between the various New Deals, and the achievement of these concrete social reforms in the democratic countries in the last few years is at least one feather in the cap of democratic government.

Progress in the Motor Industry.—The British motor industry continues to make headway. Production of both private cars and commercial vehicles during the twelve months ended September next will in all probability reach a new record. The number of private cars produced during the six months ended last March, as estimated by the Society of Motor Manufacturers and Traders, was 179,672, an increase of 18,507, or 11.5 per cent., over the corresponding period a year ago. Private cars in use in Great Britain rose from 1,370,785 at the end of May, 1935, to 1,536,514 at the end of the past month, an increase of 12 per cent. The expansion in the production of commercial vehicles was scarcely less marked. During the six months ended last March the number of commercial vehicles produced was 53,594, an increase of 5,227 units, or 10.8 per cent. over the corresponding period last year. The number of goods vehicles in use in Great Britain increased from 409,935 at the end of May, 1935, to 432,258 at the end of the past month. In contrast to the rapid increase in the number of private cars and goods vehicles on the road, the number of commercial passenger vehicles ("hackneys") in use declined slightly, from 79,884 in May last year to 79,263 at the end of last month. Since the beginning of the current motor season last October British manufacturers of private cars have gained further ground abroad, total exports during the eight months ended last May amounting to 39,720 units, against 35,272 units during the corresponding period a year earlier. Imports, on the other hand, have declined, from 8,878 units during the seven months ended in April, 1935, to 7,458 units during the corresponding period of the current season. The experience of manufacturers of commercial vehicles has been less satisfactory. Imports rose from 1,126 units during the seven months ended April, 1935, to 1,347 units in 1935-36, while exports declined from 10,214 units to 9,704 units between the first eight months of the 1934-35 and 1935-36 seasons. Since February, however, exports of commercial vehicles have exceeded those of a year ago. By all appearances, the barometer is still "set fair" for the British motor industry, which, incidentally, has a direct interest in the Government's re-armament programme.

Lancashire Cotton in India.—On September 10th of last year a Special Tariff Board was appointed in India to report on the "levels of duties necessary to afford adequate protection to the Indian cotton textile industry against British imports of cotton piece-goods and yarn, artificial silk fabrics and mixture fabrics of cotton and artificial silk." The conclusions of the Board, which have been anxiously awaited by Lancashire, were published on Wednesday. Its recommendations have been accepted by the Government of India. Considered in the light of recent tariff changes, the revised duties seem none too generous. Since 1930, Lancashire's trade with India has been increasingly handicapped by the sharp increase of

import duties. Thus, the tariff on piece-goods was raised from 11 to 15 per cent. in 1930; from 15 to 20 per cent. in March, 1931; and from 20 to 25 per cent. in September, 1931. Under the revised tariff only relatively small concessions are granted to Lancashire. Thus, the duty on plain grey cotton piece-goods is to be reduced from 25 per cent. *ad valorem*, or 4½ annas per lb., whichever is higher, to 20 per cent. *ad valorem*, or 3½ annas per lb., whichever is higher. The duty on bordered, grey, bleached, and coloured piece-goods, excluding prints, is to be reduced to 20 per cent. *ad valorem*. But the duty on cotton yarn is to remain unchanged. Moreover, "in the absence of evidence of the nature and extent of competition between imports from the United Kingdom of printed cotton goods and artificial silk manufactures on the one hand, and products of Indian cotton mills on the other," the duties on these goods are left unchanged. Lancashire has been keenly disappointed, especially as the Indian mill-owners declared in the agreement reached with the Lancashire delegation in 1933 that they would not oppose the removal of the last 5 per cent. surcharge on British goods. Much more had been expected. Nevertheless, it must be remembered that Lancashire enjoys a substantial preference in India, which has been slightly increased by the reduction in the duty on British piece-goods; for example, prints. The duty on non-British piece-goods, moreover, is to remain unchanged at 50 per cent. If, at last, Lancashire feels disposed to increase its efficiency by drastic reorganisation, there seems no reason why it should not be able to hold its own in India's import trade.

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Sterling and International Prices—Wholesale price movements have been very uneven during the past fortnight, but their general trend has been upwards. In Great Britain the *Economist's* complete index number has risen by 0.4 per cent., while the primary products index has risen by 2.0 per cent. The margin between the two movements is to some extent fortuitous, depending on the selection of commodities, but there has undoubtedly been a definite recovery in the prices of primary products. In the United States the movement is more pronounced, for primary products have risen by 4.2 per cent., while the complete Irving Fisher index number has risen by 1.6 per cent. French wholesale prices are unchanged, and the German index number is slightly lower.

SEPTEMBER 25, 1931=100

Date	Economist Indices				U.S.A., Irving Fisher	France, Statist- ique Générale	Italy, Milan Chamber of Com- merce	Ger- many, Statist- isches Reichs- amt
	British Complete Index (sterling)	Primary Products		Price of Gold (sterling)				
		British (sterling)	American (dollar)					
1932								
Jan. 27th	108.8	115.7	93.8	140.9	93.5	93.6	95.5	91.6
Apr. 20th	103.8	105.4	83.6	129.5	89.6	97.0	95.3	90.3
July 27th	99.5	103.5	84.1	136.9	88.3	91.3	88.5	88.1
Oct. 19th	103.1	112.3	84.0	143.8	88.6	88.8	92.7	86.8
1933								
Jan. 25th	101.3	107.7	78.0	142.6	80.5	88.1	90.2	83.8
Apr. 19th	98.7	104.6	88.7	141.4	82.8	87.5	86.2	83.4
July 26th	108.1	120.6	124.7	145.7	100.9	89.7	86.2	86.6
Oct. 18th	106.4	112.8	109.1	155.4	103.7	87.5	84.6	88.1
1934								
Jan. 31st	108.8	118.0	124.8	156.7	105.6	87.2	84.4	88.5
Apr. 25th	108.2	119.8	125.3	159.5	106.0	85.4	83.2	87.7
July 18th	109.5	124.8	138.7	162.4	113.2	81.4	83.2	91.1
Oct. 24th	107.9	124.2	148.2	164.5	114.3	79.8	84.4	93.0
1935								
Jan. 30th	110.8	124.6	152.4	167.2	118.8	79.1	85.6	92.8
Apr. 24th	110.5	124.5	151.6	169.1	118.6	78.2	91.7	92.6
July 31st	112.7	126.7	146.2	165.6	120.2	75.9	98.2	93.9
Oct. 23rd	118.4	133.6	144.9	166.4	123.7	79.1	107.3	94.6
1936								
Jan. 1st	118.1	131.2	143.3	166.2	121.8	80.7	—	94.9
Jan. 15th	118.5	130.3	142.4	165.8	121.5	81.4	—	95.2
Jan. 29th	118.1	131.7	145.7	165.6	121.8	82.3	—	95.1
Feb. 12th	118.0	131.9	145.9	165.8	120.9	83.8	—	95.1
Feb. 26th	117.5	132.8	145.0	166.0	120.7	85.2	—	95.2
Mar. 11th	117.4	134.5	144.4	166.0	119.5	85.6	—	95.2
Mar. 25th	117.4	133.9	144.3	165.8	119.6	85.2	—	95.3
Apr. 15th	117.7	133.3	145.1	165.8	119.8	85.0	—	95.4
Apr. 29th	117.3	132.8	143.2	165.8	119.2	85.0	—	95.3
May 13th	116.7	131.0	141.8	164.8	117.4	85.2	—	95.4
May 27th	115.5	130.1	140.5	164.3	117.7	85.2	—	95.3
June 10th	115.7	130.6	141.1	163.3	117.7	85.2	—	95.7
June 24th	116.2	133.2	147.0	163.2	119.6*	85.2*	—	95.6*

* These figures relate to June 17th.

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

	"ECONOMIST" INDEX (1927 = 100)			
	Sept. 18, 1931	May 27, 1936	June 10, 1936	June 24, 1936
Cereals and meat	64.5	72.0	72.8	72.8
Other foods	62.2	53.7	59.1	58.8
Textiles	43.7	58.4	58.0	59.2
Minerals	67.4	81.7	80.6	80.8
Miscellaneous	65.8	76.9	77.3	77.8
Complete index ..	60.4	69.8	69.9	70.2
1913 = 100	83.1	96.0	96.1	96.6
1924 = 100	52.2	60.3	60.4	60.6

In the cereals and meat groups there were sharp advances in grain prices and an equally heavy decline in beef and mutton. Bacon was dearer. Among other foods, tea and butter fell appreciably in price and there was a noticeable increase in cocoa. In the textiles group cotton and hemp were dearer, but wool and jute weakened. Non-ferrous metal prices were higher, with the single exception of lead. In the miscellaneous group there were price increases in hides, petroleum, linseed oil and rubber.

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Wages and Incomes in Great Britain—A most informative review of economic changes in Great Britain in the last 15 years is contained in a memorandum,* recently published, by Professor Pigou and Mr Colin Clark. Professor Pigou is stated to be responsible for the text and Mr Clark for the statistics. After surveying the growth of population and the changes of employment between industries, the authors give Mr Clark's figures for the national income in money from 1924 to 1935. The provisional total figure for 1935 is £3,909 millions, compared with £3,912 millions in 1929; and the per head figure is £83.5 millions, compared with £85.5 millions in 1929. An index of "real income per head" is then given which, on the basis of 1924 = 100, shows a figure of 116.2 for 1929 and 129.5 (provisional) for 1935. In considering more detailed movements of money and real wages, the authors show that money wages were not so rigidly resistant to reduction, in the period of the over-valuation of the pound, as *average* wage figures suggest. They further estimate that there was an increase in the "rate of real wages per head," allowing for unemployment, of some 9 per cent. between 1924 and 1934. Very illuminating also is the calculation made of the changes in the "terms of trade," i.e. the volume of exported goods which has had to be given in exchange for a given volume of imports. From 1924 to 1929 the price of imports was falling much faster than that of exports. From 1929 to 1933 the divergence accelerated; but since 1933 it has been reversed owing to the rise in the price of raw materials. The authors finally give an estimate of the distribution of incomes, which, though actually compiled for 1929, is thought by Mr Clark to be valid, in so far as proportions of the national income are concerned, for the present day. The estimate is as follows:—

INCOME DISTRIBUTION		
Income	Nos. ('000)	Income £ million
Over £10,000	10	221
£2,000-£10,000	100	378
£1,000-£2,000	199	237
£500-£1,000	508	312
£250-£500	1,527	404
Over £250	2,344	1,552
£125-£250	4,924	980
Below £125	11,600	1,170
Total	18,869	3,702

These are, of course, personal and not family incomes; but as they exclude the unemployed, the proportion of working-class families to total families is probably fairly reliably shown. Actually if we roughly describe working-class incomes as all those of £5 a week or under, it will be seen that there are about 16,500,000 working-class income-receivers out of a total of just under 18,000,000. As the authors remark, "At the top end of the scale some 12 per cent. of the income-receivers took 42 per cent. of the whole national income; while at the bottom end some 60 per cent. of the income-receivers had less than £125 a year, i.e. about £2 8s. a week."

* "The Economic Position of Great Britain." By A. C. Pigou and Colin Clark. Memorandum No. 60. Published by the Royal Economic Society. 43 pages.

OVERSEAS CORRESPONDENCE

From our Correspondents in each centre

UNITED STATES

THE REPUBLICANS AND THE NEW DEAL

ANY doubt of the influence of Mr Roosevelt and his New Deal upon American thinking is dissolved by a reading of the Republican Party's platform adopted at Cleveland. For if the vigorous "indictment" against him be shorn from it, the President could be reasonably content, with but few and minor exceptions, to accept it as his own. The candidate, Mr Landon, will give body and perhaps some qualification to the terse and, at points, ambiguous declaration during the coming months of the campaign. But it is not necessary to await the details to realise that the United States is now without a Party dedicated to Conservative doctrine.

The platform declares for a "sound currency," opposes further devaluation and calls a balanced Budget the first requisite of soundness, which Mr Landon has supplemented with a second requisite: "a currency expressed in terms of gold and convertible into gold." But he adds that the "second requisite must not be made effective until and unless it can be done without penalising our domestic economy and without injury to our producers of agricultural products and other raw materials"; while the platform favours stabilisation of currencies "as soon as we can do so with due regard for our national interests and as soon as other nations have sufficient stability to justify such action." The Republicans would return the authority to change the gold content of the dollar to Congress.

The declaration for a balanced Budget and a sizeable reduction in Governmental expenditures is vigorous, but there is a pledge to continue expenditure on all the chief purposes for which it is now being made, while social security benefits would be given to a larger number than under the present programme. The agricultural section of the platform is a basket containing virtually every proposal made during recent years, with the New Deal's soil conservation programme (*née* A.A.A.) on top. While the programme of reciprocal trade treaties adopted by the present Administration is denounced, the tariff proposal calls for both continued protection and adjustment of tariffs. Mr Borah secured the inclusion of an anti-monopoly proposal satisfactory to him; and regulation of business in general, and of the securities and inter-State public utilities business in particular, is endorsed. The labour statement is identical with the New Deal. "Entangling alliances" are, of course, denounced and payment of the war debts demanded. Despite the similarity with the objectives of the present Administration, business appears pleased and to a degree enthusiastic; the denunciations of the New Deal and the spirit of the Party are apparently more than compensatory for the specific proposals.

THE RISE IN THE NATIONAL DEBT

With consummation of the June 15th Treasury operations, the gross Federal debt rose to about \$34,400 millions, the additions being the bonus bonds and the securities sold for cash. To this Federal total there must be added nearly \$20,000 millions of State and local debt in order to reach the aggregate Governmental obligations in this country. The *per capita* total Governmental indebtedness in 1935, as compiled by the National Industrial Conference Board, was \$376.24, and the Federal debt, with this latest increase, is some \$6,000 millions higher than at the time these figures were calculated. This *per capita* figure compares with \$277.23 in 1929 and \$59.28 in 1913.

That tax collections by Federal and State Governments took a substantially higher proportion of the national income during the depression years than during the preceding decade, the Industrial Conference Board study shows; but the rise in the proportion was due to falling national income. Thus the proportion taken by the tax collector in 1934, the latest year which the compilations include, was 17.5 per

cent., as compared with a range around 11-12 per cent. in the several years prior to 1930. But total collections in 1929 were \$9,759 millions, compared with \$7,501 millions in 1933 and \$8,767 millions in 1934; while the national income is estimated at \$78,600 millions in 1929, \$44,900 millions in 1933 and \$50,200 millions in 1934. Governmental expenditures, of course, exceeded tax collections, and aggregated \$15,496 millions in 1934 and \$13,316 millions in 1933.

The official crop report has substantiated the expectations of a large increase in the wheat crop this year. Winter wheat output is placed at 482,000,000 bushels and spring wheat at 200,000,000, or a total probable supply of 682,000,000 bushels. Since then rains have been reported in the North-west, which had been lacking in moisture. The estimated total supply compares with a yield of 603,000,000 bushels last year, and indicates a small surplus this year compared with a deficit last.

When the wheat situation is added to other farm factors, the agricultural position continues to appear favourable. Cash income from the sale of farm products in April is estimated by the Department of Agriculture at \$490 millions compared with \$468 millions for April 1935. The total income from marketings for the first four months of this year is reported to be \$2,017 millions as compared with \$1,749 millions last year. Government payments were only \$62 millions during this period compared with \$221 millions last year, but this discrepancy is not expected to prevail for the entire year. Current expectations are that farm income this year will exceed that of last year by something like 10 per cent.

Business reports remain favourable. Motor-car output in the week ended June 6th fell to 101,896 cars, but remains ahead of last year. Car loadings rose to 530,780 from the holiday week, but did not maintain the percentage gain over last year they had held during earlier weeks. Steel operations were at 69.5 per cent. of capacity. The commodity price average has been virtually stable for four weeks, following its decline earlier. May department store sales are reported to have risen unseasonably from April and to be 12 per cent. ahead of May 1935.

NEW YORK, June 18.

FRANCE

A "STAY-IN STRIKE OF CAPITAL"

THE central idea of M. Auriol, the Finance Minister, is that the French crisis is more due to hoarding than to the dearth of French prices, since this dearth, in his view, is itself a first consequence of hoarding. Hoarding he regards as the origin of high rates of interest, of stagnation in internal business, and finally of the disequilibrium between "fixed costs" and the volume of trade. The extent of this hoarded capital has been estimated by experts of the Bank of France at 60,000 million francs; of which one-half is in gold or in 500 and 1,000 franc notes, and the other half has flown to Brussels, London and New York. If this capital should be dishoarded, the Treasury could obtain money at low interest rates for its expansionist policy; it would then enter circulation and the French crisis would come to an end. Such is M. Auriol's view.

He thus has three motives for maintaining the present gold parity of the franc: (1) the political and economic opposition of the Communists to devaluation; (2) the opposition of the Radicals to a devaluation not associated with an international agreement on exchange stabilisation—devaluation, it is believed, would not produce a return of the flight of capital caused by the social legislation, while it might provoke new demands from the workers, who might believe, in face of a new rise of prices, that they had been deceived by their leaders; (3) the huge fall in the gold stock of the

Bank of France. A 33 per cent. devaluation of the franc with a gold stock of 50,000 millions, would have meant a profit of 25,000 million francs for the State. But M. Auriol is now to obtain 24,000 millions by inflationary methods on the assumption that the gold parity of the franc will be maintained on the German plan. M. Auriol also stated in his speech before the Chamber that the French import surplus was more the effect of foreign protective measures than of high French prices.

The primary tactics of M. Auriol, therefore, are to appear as a friend of liberty and confidence, who rejects complaisance and condemns cowardice. He rejects the Communist project of "soaking the rich" (capital levy). He also rejects the complete nationalisation of the Bank of France and of the private banks; he even suggests tax alleviations on personal property; and he is appointing committees for the lowering of taxes and rates of interest, etc.; but, at the same time, he announces that if capital persist in its "stay-in" strike and its flight abroad, he will decide on penalties against it. He also proposes an amnesty for all persons declaring their holdings abroad, and asks for new powers to deal with fraud.

The answer to M. Auriol was given by M. Paul Reynaud, who emphasised the dearness of French prices, which would only be intensified by the new social legislation. M. Reynaud maintained that these laws would increase the railway deficit from 4,000 to 6,500 million francs; and that the credits asked for by the Minister of Finance would be insufficient, since they did not take into consideration the cost of various subsidies demanded by exporters and farmers; so that the franc would be menaced by a catastrophic inflation. Another argument of the Opposition is that the new francs launched into the French economy will be more and more directed to speculation against the franc, and briefly that the whole expansionist policy of the Cabinet is incompatible with the maintenance of the present gold parity.

NEW BORROWING POWERS OBTAINED

Whatever the truth of this, the Government have already obtained the facilities requested by the Treasury. The 14,000 millions of Treasury bills which have been discounted in the last few months by the bank will be transferred from the item "Commercial Portfolio" to "Advances to the State"—an item which has been absent from the balance sheet of the Bank since the stabilisation law of 1928. Moreover, a further 10,000 millions will be advanced to the State, so that the credit extension, past and future, will reach 24,000 millions.

The extra 10,000 millions will have to cover the expected Treasury deficit: that is 2,000 millions for the Budget deficit, 5,000 millions for military and public works extraordinary expenditure, and 3,000 millions for the English loan. But these estimates do not take account of the new charges resulting from the new policy of the Government, which are estimated by M. Gardey, *rapporteur* of the Senate, at 5,000 or 7,000 millions; and certain members of the Opposition declared that the Minister of Finance would need in fact the 10,000 millions from the Bank plus a further 8,000 or 10,000 millions to be produced by loans.

The Government stated, however, that it would try not to utilise these new credit facilities immediately by borrowing from the public. The loan is to take the form of small one-year bonds which would probably be the same as the National Defence Bonds, which had a great success notably among farmers, because the interest was paid at the subscription date and because the bonds could always be rediscounted at the banks. M. Auriol hopes that hoarders will be tempted by these small interest-bearing notes.

Briefly, three main psychological causes are expected to bring hoards back into circulation: (1) the maintenance of the franc parity; (2) the rise in prices; (3) the interest on the new "baby bonds." Two factors, however, might hinder dishoarding: (1) social disturbances; (2) a too rapid rise in prices which would upset workers' recent gains and provoke new strikes. The Government is therefore anxious to control prices and exchanges by (1) police measures against speculation; (2) the lowering of the rate of interest (the Bank has just reduced its rediscount rate from 6 to 4 per cent.); (3) the reduction of certain taxes;

and (4) the granting of new credit facilities to industrialists who have been hampered by the recent social laws and notably to small and middle-sized firms.

Total foreign trade in May showed a new drop to 3,137 millions, against 3,321 millions in April; but there was a slight increase compared with May, 1935. The detailed figures were as follows:—

	First five months of 1935	First five months of 1936 ('000 francs)	
<i>Imports</i>			
Foodstuffs	2,380,797	2,682,530	+ 301,733
Raw materials	15,275,107	16,144,621	+ 869,514
Manufactured goods	793,775	808,221	+ 14,446
Total	18,449,679	19,635,372	+ 1,185,693
<i>Exports</i>			
Foodstuffs	897,350	585,661	- 311,689
Raw materials	9,968,092	10,741,626	+ 773,534
Manufactured goods	1,152,162	927,591	- 224,571
Total	12,017,604	12,254,878	+ 237,274

The import surplus was thus 4,000 millions in the first five months of 1936, against 2,250 millions in the first five months of 1935.

Total fiscal receipts in May were 2,299 millions. The yield of indirect taxes was 95 millions lower than the estimates, but 35 millions higher than in May, 1935. The turnover tax yield of 511 millions was 17 millions higher than the yield in May, 1935. For the first five months of the year, the total yield of indirect taxes was 11,000 millions, or 190 millions lower than the estimates, but 67 millions higher than the yield in 1935.

The Statistique Générale has just published its monthly figures showing industrial production in France (1913 = 100):—

	April, 1935	Feb., 1936	March, 1936	April, 1936
General index	93	99	101	101
Engineering	96	99	100	101
Iron and Steel	80	84	86	86
Textiles	59	71	70	68
Mines	101	101	102	103
Building (adjusted figures)	70	70	71	72
Leather (Do. do.)	88	93	97	100
Paper (Do. do.)	133	135	144	150
Rubber (Do. do.)	754	970	997	997
Motors (Do. do.)	411	451	465	465

In April 16,980 motor-cars and 1,985 lorries were put on the road, compared with 15,624 and 1,925 respectively in March. The figures for the cotton industry were as follows:—

	1936			
	January	February	March	April
<i>Spinning</i> (average per spindle in kilograms):				
Production	1,748	1,601	1,768	1,698
Deliveries	1,794	1,681	1,788	1,733
Stocks	1,802	1,798	1,788	1,763
Unfulfilled orders	5,330	5,412	5,356	5,639
<i>Weaving</i> (average per loom, in pieces of 100 metres):				
Production	5.44	5.14	5.58	5.16
Deliveries	5.47	5.15	5.62	5.03
Stocks	8.16	8.09	7.87	8.14
Unfulfilled orders	20.78	22.47	24.97	25.96

Bankruptcies and judicial liquidations in May were 1,116, compared with 1,041 in April and 1,115 in March.

PARIS, June 25.

SPAIN

FASCISTS' HIRED GUNMEN

THE situation has definitely improved in Spain, although it remains to be seen if this improvement is transitional or is a real move towards a more stable situation. Strikes continue but with rather less intensity. Fascists and Socialists continue to wage a guerrilla warfare which has attained considerable proportions in the provinces of Santander and Valladolid, where the Fascists have considerable strength. Those who should know say that the Fascist forces in Madrid have 2,000 professional gunmen on their pay-roll;

AUSTRIA

RIISING BUDGET REVENUE

THE remarkable increase in State revenue has made it possible for the Austrian Government to extend its public works programme far beyond the original Budget provision. Taxes have yielded 42 million schillings more in the first four months than in the corresponding period of last year and 22 million schillings more than was estimated in the 1936 Budget. If this had been anticipated, the Government might not have executed the Budgetary economies of last December, which provoked serious discontent among a section of the public and, more especially, among the civil servants. In particular, the pension reduction law, which reduced many pensions greatly, and abolished some altogether, met with sharp criticism.

The public works programme for 1936 has accordingly now been increased by 45 million schillings up to a total of 220 millions. The main part of this is allotted to national defence schemes connected with the introduction of conscription. Nearly one-third of the sum allocated to public investment, namely 72 million schillings, will be for Army purposes. The "employment-creation" programme cannot, of course, be covered wholly out of current revenue. It has therefore, been decided to issue a law empowering the Minister of Finance to emit Treasury bonds, of terms not exceeding twelve months.

Austria's foreign trade has this year been showing a falling off in the progress, which was observable in 1934 and 1935, particularly on the export side. The value of foreign trade continues to increase, but this is largely due to the rise in prices. The value figures are as follows:—

	January to April 1935	January to April 1936 (Million schillings)
<i>Imports:—</i>		
including—	381	416
Raw materials	147	174
Finished goods	118	133
<i>Exports:—</i>		
including—	289	313
Raw materials	81	87
Finished goods	193	206
Import surplus	92	103

The increase in foreign trade which might have been expected under general world influences has not occurred this year, largely as a result of clearing and compensation schemes. Prominent among these are the understandings which Germany reached with individual Danubian States. More than half of the increase in Austrian imports comes from Germany, Roumania and the United States. In exports there was an increase of 10 million schillings to both Italy and Roumania. Now that the war with Abyssinia is over, however, a decrease in exports to Italy must be expected. But not only are fewer war supplies needed; during the past year Italy has been further industrialised. On the other hand, it is hoped in certain economic circles that, because Austria took no part in the sanctions imposed against Italy, she will be allowed to assist in the economic development of Abyssinia.

Production for Austria's home market shows weakness in various directions, partly for seasonal reasons. In almost all cases, however, the figures are above those for the corresponding period of last year, and for some articles the improvement is very great. Moreover, production of consumable goods is now overtaking that of capital goods. This may be attributable in part to the limitation of public investment, but it is certainly connected with the rise in the public's purchasing power. During the first quarter the turnover index for consumable goods rose by four points, while last year it fell by ten points. This is strikingly illustrated by the expansion of beer output:—

	1935	1936
Thousands of hectolitres		
January	225	196
February	209	215
March	230	273

The figure for March is the highest recorded for the last eighteen months.

VIENNA, June 20.

and although this number seems high, if only from the immense sum of money which would be required for wages, there is no doubt that the gunmen at the service of this organisation are numerous. A man alleged to be in the pay of the Fascists who recently was convicted for attempting to murder Sr. Ortega y Gasset, secretary of a Communist organisation, had £40 in his possession when arrested, and there is obviously a good deal of money flowing. Nevertheless, the probabilities of an attempt at a Right *coup d'état* in the near future are not great; any such efforts are likely to be retarded until the United Front becomes less united than it is at present.

The battle for control of the Socialist forces goes on with intensity between Sr. Largo Caballero and Sr. Prieto. The supporters of the former are trying to bring about the holding of a special congress of the Socialist Party on July 27th in order to decide whether the party shall adopt a "centre" or "left" policy. Sr. Prieto, who sees little hope of winning the day at present, is fighting skilfully to prevent any congress being held in the hope that something will turn up to enable him to get back the control of the masses.

The financial situation shows no tendency towards improvement. The demand for higher wages and shorter hours weighs heavily on an economy never stalwart even in its most palmy days. The Minister of Public Works has presented a measure to Parliament which would bring the railways under a measure of State control which would be almost tantamount to nationalisation; a measure which has brought bitter protests from the railway interests. The trouble is that there is no obvious solution to the problem. The operation of railways over a thinly populated, non-industrial and very mountainous land is bound to be difficult even without the further handicap of the existence of eighty different companies and of obviously defective management.

The arrest of over a dozen persons, some of them prominent in banking circles, for infringement of the exchange regulations caused a sensation among those in the know. The general public learned nothing of the matter, as the Press, probably owing to censorship, silenced the affair. The principal figures have been released without charge. In general the Government is obviously worried by dealing in foreign currency which goes on behind the back of the Official Exchange Centre. As much as 45 pesetas to the pound sterling has been paid recently for notes or negotiable cheques and drafts, and the difference between this and the official rate of 36.95 is obviously more than sufficient to encourage considerable unofficial dealing.

POSSIBILITY OF DEVALUATION

There is a report which has been widely circulated to the effect that it is intended to cut loose from the franc. One obstacle in the way of any devaluation is the fact that the Official Exchange Centre somewhat light-heartedly undertook extensive insurance of the demands made for foreign currency at the low rate of one per cent. This insurance is obligatory for some countries. The demandee must pay pesetas on making his demand and in return is guaranteed the rate prevailing on the day he makes the demand. Devaluation on any serious scale would, therefore, imply heavy losses. This would be recuperated in part if the Centre had large quantities of foreign currency on hand which would automatically increase in value; but there is no evidence that this is the case.

Spain has not shown great interest in the lifting of sanctions. On the whole the sanctions favoured her, as she has been able to obtain part of the olive oil export trade previously held by Italy. The publication of the so-called memorandum sent by Don Salvador de Madariaga to various States which are members of the League, in which is discussed the restriction of general sanctions and their substitution by regional zones to which sanctions would be limited, caused a deplorable effect. The Government on two occasions issued official denials of any responsibility or even knowledge of the memorandum, and was obviously embarrassed to find itself portrayed abroad as having active anti-sanctionist views. Obviously there was some confusion between the activities of Don Salvador de Madariaga, Permanent Delegate of Spain to the League, and the activities of Sr. de Madariaga as a private individual.

MADRID, June 22.

SWITZERLAND

A BIG DEFENCE LOAN

THE slight improvement recorded in Swiss foreign trade during the first quarter continued in April and May, but it is small. Imports totalled 91,456,223 francs in April and 88,602,496 francs in May, a drop of about 12 per cent. over 1935, due to import quotas. Exports totalled 68,634,881 francs in April (a rise of 300,000 francs over 1935) and 68,927,847 francs in May (a rise of 3,400,000 francs over 1935). The watchmaking industry is improving its position every month, and the machine industry seems to be improving slightly. The trade agreement concluded with the United States has so far had no great effect on Swiss-American trade.

The two Chambers of Parliament have approved the Government's proposal to issue a loan of 235 million francs for national defence. The day before the vote the Socialist Congress sitting in Zurich had by a small majority decided to oppose the re-armament scheme, and this decision, which was contrary to the opinion of the leaders and Socialist deputies in Parliament, involved the resignation of the Committee of direction of the Party. The discussions in the Socialist Congress show that the breach between moderate and extreme elements has widened. The extremists consider that the Socialist Party should be a party of opposition and form a common front with the Communists; but towards the end of the Congress a proposal for a union with the Communists was defeated by a big majority.

Federal Councillor Herr Obrecht, chief of the Department of Public Economy, recently issued a report in which he declared himself opposed to the State control of business, but favourable to a collaboration between private undertakings and Government organisations. The country's economy, he said, should pursue two objects: the maintenance of agricultural production and the recovery of lost foreign markets. He suggested in the first place the appointment of a consultative committee of representatives of the principal branches of industry, with whom, as Minister of Public Economy, he would study the various aspects of the economic problem. He proposed in the second place that the power be granted to him of taking any urgent decisions without waiting for the approval of Parliament. By these means the Government might succeed in bringing down Swiss prices to the level of other countries so as to foster the export trade, while remaining opposed both to devaluation and to complete deflation. In fact, Swiss prices are generally rising; and the cost-of-living index, which was 129 (1916 = 100) at the end of 1935, is now 130, and the index of wholesale prices has also risen.

No definite decision has so far been reached about the reorganisation of the Federal railways, the position of which is growing worse week by week owing to the persistent decline in passengers and goods traffic. The accounts for 1935 show a deficit of 58,722,860 francs, which was only exceeded in 1921 when it reached 72 million francs; and the railways' debt is now well over 3 milliards of francs. During the first quarter of 1936, receipts totalled 63 million francs, against 68 million francs in 1935; while expenditure totalled 52 million francs, against 58 million francs last year.

GENEVA, June 20.

ROUMANIA

LITTLE ENTENTE SOLIDARITY

THE visit of Prince Paul of Yugoslavia and M. Benes, President of the Republic of Czechoslovakia, which coincides with the anniversary of King Carol II's return to Roumania, has great importance in view of the present political chaos in Europe. At the recent meeting of the foreign ministers of the Little Entente States in Belgrade, a common accord was established on the question of the Anschluss and the restoration of the Habsburg monarchy

in Austria, as well as on the attitude to be adopted at Geneva. The meeting of the heads of the three States confirms this solidarity. The Economic Council of the Balkan Pact is also to meet at Bled on July 6th. Methods are to be discussed for the encouragement of the exchange of goods between Roumania, Turkey, Greece and Yugoslavia and for concerted action in trade with other countries.

In internal politics the energetic propaganda of the national peasant party against the Government is continuing. The leaders particularly insist on the democratic and constitutional aims of the party, and accuse the Government of reactionary tendencies and of favouring militant quasi-fascist elements in the country.

TRADE AGREEMENT WITH GREAT BRITAIN

The Anglo-Roumanian Trade Agreement, signed on May 2nd, is dependent on a technical agreement that has been issued subsequently. The Trade Agreement establishes a clearing office for the settlement of Anglo-Roumanian trade debts. In general lines it provides for the allocation of the sterling proceeds of Roumanian imports into the United Kingdom between payment for current imports and the liquidation of old debts. The amount of all outstanding trade debts to be settled under the Agreement in the year ending June 9, 1937, is to be Lst. 400,000, of which Lst. 70,000 is to be settled in the first quarter and Lst. 110,000 in each subsequent quarter. A special article provides for the payment of the outstanding trade debts by investment in Roumanian enterprises. In such cases the net revenue derived from such investments at a rate not exceeding 5 per cent. per annum, together with not more than 3 per cent. for amortisation, shall be at all times freely transferred in sterling.

The foreign trade figures are as follows:—

	Imports		Exports	
	Tons	Value (1,000 lei)	Tons	Value (1,000 lei)
Jan.-April, 1936 ..	181,370	3,671,534	2,670,336	4,682,915
Jan.-April, 1935 ..	137,316	3,375,580	2,516,077	3,873,531
Increase	44,054	295,954	154,259	809,384
			Export Surplus	
			(1,000 lei)	
January-April, 1936			1,011,381	
January-April, 1935			497,951	
Increase			513,430	

In view of the exchange and foreign trade restrictions which are in force in many countries the above figures do not give a fair picture of the balance of payments. In fact, the export surplus for the year 1935 was over 6,000 million lei, and yet it was impossible to pay abroad the interest on the foreign debt as the proceeds of exports were to a great extent immobilised in countries with currency restrictions. A new foreign trade regime was therefore instituted on December 1st last in order to divert trade from countries with currency restrictions (weak currencies) to countries without restrictions (strong currencies). The result in this respect of the four months' trading can be gauged by the following figures showing the total of the trade balances with a certain number of countries divided into strong and weak currencies for the period of January to April of this year and last year:—

	January to April, 1935	January to April, 1936
Trade Balance	203 million	597 million
Countries with strong currencies	export surplus	export surplus
Countries with weak currencies	201 million	229 million
	import surplus	import surplus

The ample rains which have fallen recently have enhanced harvest prospects. Unfortunately they have not been sufficiently general; the south of Bessarabia and parts of Moldavia are suffering again from prolonged drought. Sowings of wheat cover a smaller area than in previous years, and even with a good yield it is not expected that the crop will reach the average of the last few years. Fruit is expected to be scarce this year, as the early cold weather has destroyed the blossoms in many districts.

BUCHAREST, June 21.

SOUTH AFRICA

PROPOSED TARIFF INCREASES

AMENDMENTS in the Customs duties have been very frequent lately, particularly since the publication of the report of the Union Customs Tariff Commission which was presented to Parliament early in the year. Latterly there have been a number of supplementary reports and recommendations, particularly designed to foster certain local industries. This attempt is specially marked in the case of the State-controlled South African Iron and Steel Industrial Corporation, Ltd. According to a Treasury White Paper issued this week the proposed amendments to the Customs Tariff Act "will obviate dumping and prevent imports below the fair average price in the world's markets." It is understood that this standard is to be embodied in the measure when it comes before Parliament; but there appears to be considerable doubt among many members of Parliament how the term "fair" is to be interpreted—and to whom the adjective is to be applied, the producer, importer or consumer. It is assumed that in practice the average world price contemplated in the Bill will correspond very closely to the British domestic price, which is in any event the figure agreed upon by the cartel countries with which "Isacor" (Industrial Steel Corporation) recently concluded an agreement. But the British price is not necessarily the lowest. The largest consumers in this country are, of course, the gold mines.

Further "supplementary recommendations" for Customs Tariff amendments which are about to be submitted by the Board of Trade and Industries include, *inter alia*, motor-car batteries and the motor vehicle industry generally; materials for general industrial purposes; the iron and steel and engineering industries; butter and cheese manufacturing industries; wine, grape syrup brandy and spirit industries; whaling industry; oil extracting and refining and fat-making industries; and the hat and cap manufacturing industry. A considerable section of the Board's latest report discusses the local manufacture of motor-car batteries, to assist which comparatively new enterprise there is a proposal to increase the existing tariff. The chairman of the Board, in a dissenting opinion, points out that "the employment value of the industry is at present very small and does not appear to offer material scope for expansion."

PROSPERITY IN THE MOTOR TRADE

A recently developed industry of much greater potentiality—the local assembly or construction of motor vehicles—has been the subject of representation by the two principal firms concerned in this industry, the Ford Motor Company of South Africa, Ltd., and General Motors (South Africa), Ltd. Both companies have stated that they will have to revert to the import of completely assembled units if the present duty position is maintained. The companies import the unassembled chassis and the various sections of the body in a completely knocked-down condition (in the case of light commercial vehicles and trucks), but they are obliged to pay the full duty of 20 per cent. on their imports, so that their margin of protection only consists of the difference in the ocean freight rates on the assembled and unassembled vehicles, which is entirely inadequate. The bodies of commercial vehicles cannot be manufactured in the Union, as they are made of panel pressed in steel dies, the cost of which would be prohibitive. The Board of Trade and Industries, "after careful consideration, is of opinion that the applicants' request should be granted," and accordingly recommend an *ad valorem* tariff of 10 per cent. in the case of completely unassembled chassis for light commercial vehicles.

A significant aspect of South African trade during the first three months of the present year is the continued buoyancy of the motor trade. Cars imported numbered 7,956, valued at £1,128,627, as against 5,328 in the first three months of 1935, valued at £789,123. Chassis and other parts, to the value of £588,000, were also imported this year, exclusive of other motor-car accessories.

The first quarter's trade returns show South African exports of a total value of £25,581,100, of which 84 per cent., or in value just under £22 millions, was taken by the British Empire. South African imports from the United Kingdom show a slight decline, representing 48.3 per cent. of the Union's total imports as compared with 50.6 per cent.

in the corresponding period of 1935. South African imports from the United States are, however, rising; the three months' imports are valued at £3,572,779, which represents an increase of £600,000 compared with the figures for the first three months of 1935. The United States' share of the Union's import trade actually rose from 17.1 per cent. to 18.8 per cent., and South African goods to the value of £271,924 were imported by the United States in the first quarter of this year, representing an increase of £150,000 compared with the corresponding period of 1935.

An interesting sidelight on the effect of sanctions is revealed in the Customs and Excise returns for the first quarter of 1936. In this period South Africa bought goods from Italy to the value of £45,102, compared with £264,263 in the corresponding period of 1935. Exports from the Union to Italy were valued at £30,755, as compared with £397,064 during the first quarter of 1935.

JOHANNESBURG, June 15.

LETTER TO THE EDITOR

BRITAIN'S ECONOMIC PROSPECTS

TO THE EDITOR OF THE ECONOMIST

SIR,—The important and comprehensive article in your issue of June 13 on the economic prospects of this country suggests one additional reflection.

The *Economist* reminds us of the two main factors:—

(a) the growing shortage of labour in industries, mainly in the South-East and mainly "light," catering primarily for home consumption;

(b) the persistent heavy unemployment mainly concentrated in the older "heavy" industries depending on export markets;

and points out that, in view of the stickiness of home labour-transfer and of foreign currency mentality, both these factors are likely to continue to operate for a few more years.

But the *Economist* breaks new ground in emphasising the vital importance of the hopeful prospect that, after a few years, the conversion to expansionist currency policies of those of our foreign customers whose countries are still in the hands of devotees of masochistic deflation will lead to a vigorous general revival of their demand for our exports. This leaves open the question of the long-range future transferability of home labour.

The possibility remains, however, that the renewal of foreign demand when it comes may not be directed wholly into the old channels; it may in part accrue, not to the older depressed "heavy" industries, such as cotton, but to the newer "light" industries. For many of these, though at present flourishing on home demand, cater also for the export market, and, given an adequate labour supply, the high efficiency of their modern mass-production methods should put them in a strong position to compete in that market as soon as it begins to expand. But if nothing be done meanwhile to divert home labour towards them, will the condition which I have italicised be fulfilled? Will not, on the contrary, their labour costs have risen and their power of expansion to produce on a larger scale for export have become restricted?

One of the practical conclusions suggested by your article seems, therefore, to be that the time has come for us to make a concentrated effort to increase the flow of labour out of the worst situated and least promising of the heavy export industries into those parts of our labour market where a shortage of labour is developing. Such a policy would satisfy the "real income per head" test, both in the short run and in the long run. Indeed, on any view, it is hard to see how, in the situation you describe, measures designed to facilitate the natural transfer of labour could be uneconomic at any reasonable cost. May I express the hope that the *Economist* will deal in a later article with the practical question of what can be done in this direction, and how?

Yours, etc.,

HUGH TOWNSHEND.

21 Hillcroft Crescent,
Ealing, W.5.
June 16, 1936.

Investment For Appreciation

by L. L. B. ANGAS

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

A method of forecasting and exploiting industrial cycles. Do not wait for a crisis to read this best seller. Descriptive folder available. Macmillan & Co. Ltd., St. Martin's St., London. Price 61 net.

BOOKS AND PUBLICATIONS

BRITISH ECONOMIC POLICY*

It is nearly five years since the pound left gold in 1931, and the period since that epoch-making disturbance has witnessed a complete change in the foreign economic policy of Great Britain. Overseas lending has been controlled, protection has taken the place of free trade, imperial preference has been increased, and British agriculture has been artificially supported. Great Britain has had a new deal quite as important as that of the United States, but less heralded and less spectacular. Professor Richardson has done a very useful service in writing a well-documented and critical account of the first five years of the new regime in so far as it has affected the country's foreign relations. The principal subjects examined are monetary policy, financial policy, protection, imperial preference, agricultural policy and labour policy. And it may be said without qualification that Professor Richardson has done his work well.

A general survey of this kind is particularly useful; not least because many of the measures described are emergency measures which have no place in a permanent economic policy. Professor Richardson draws this very important distinction between emergency and permanent policy. The truth is that the present economic policy of Great Britain consists of a patchwork of inconsistent short-period measures, some of them good in their own way but calculated to frustrate their companions. "Thus attempts are made at the same time to stimulate home production, secure increased exports, avoid distress in shipping and shipbuilding, and maintain the value of British investments abroad." Arrangements so confused as these can scarcely be described as a plan, and, while inconsistencies may be tolerated in the defensive programme directed against the depression, they must not be permitted to survive as part of the Government's long-period policy. Assuming that the present degree of public intervention is to continue, the first necessity is a plan which will ensure that the different parts of the policy will not conflict and that gains in one direction will not involve disproportionate losses in others.

In the construction of any such plan much would be learnt from a study of Professor Richardson's account of the experience of the last five years. The restrictions on foreign investment should, in his opinion, be relaxed; protection has done as much as it can be expected to do at a steeply increasing cost; the Ottawa Agreements have benefited the Dominions far more than Great Britain; the increase in Empire trade has been caused by the stability of the sterling area and the freedom of imperial capital movements rather than by anything done at Ottawa; and the defence of British agriculture has been needlessly expensive. If the measures adopted to save British farmers in the depression are made permanent, they will injure consumers, industrial and shipping interests and overseas investors, to say nothing of farmers in the Dominions and the foreign debtors of Great Britain. If agricultural protection is to be permanent, its least expensive form is the simple tariff combined with marketing schemes at home. But, as in the case of industry, the limits of reasonable protection are already almost reached, and Great Britain will be well advised to rely for her security in wartime on powerful alliances and her own great wealth, built on a foundation of international trading and international lending.

The general impression which Professor Richardson seeks to convey is that the protective measures of the emergency period have done their work, and that the further stages of British recovery depend upon the revival of foreign trade and foreign investment. Any extension of industrial or agricultural protection will yield a rapidly diminishing return, and the building of houses and armaments will not provide unlimited or permanent employment. The purely economic factors in the world to-day are favourable to a revival of foreign demand; gold prices promise to rise and

many countries are recovering from the depression. If Great Britain is to profit fully from this revival of demand, she must adopt a policy of progressive efficiency in the export trades, specialising on those products in the manufacture of which she possesses natural and acquired advantages and refusing to countenance increases in costs of production resulting from further protectionist experiments. If the world recovery is prevented by the ambitions or the fears of politicians, Great Britain may be forced to continue to look homewards rather than abroad for her own prosperity. But let us be clear that such an introversion of an essentially extravert nation will be the result of necessity rather than of choice; that it will aim at recovery on a low rather than a high level; that it will signalise the victory of fear over hope. No country has more to gain than Great Britain from international prosperity and peace; none has more to lose from international poverty and war.

SHORTER NOTICE

"I Lived in a Slum." By Mrs Cecil Chesterton. Gollancz. 288 pages. 3s. 6d.

Mrs Cecil Chesterton has collected a remarkable series of experiences of slum life into this book, and she draws some very interesting conclusions. She paints a picture of the slums as plague-spots all over London—not confined to special districts, as many people imagine. She devotes special sections to the slums of Notting Dale, Westminster, and Soho. While recognising what has been done, Mrs Chesterton sees the need for more ambitious efforts. She condemns the idea of estates outside London on the grounds of the expense involved in travelling, the loneliness of such estates, and the resulting curtailment of already insufficient sleeping hours. But, while advocating the abolition of the Victorian cottage dwelling, Mrs Chesterton thinks much could be done to convert and restore the large Georgian house of which so many slums consist. She particularly deplores both the failure of many borough councils to buy up the land sites of condemned property and the tendency to allow middle-class people to inhabit reconditioned slum property in such areas as Soho and Westminster. These tendencies increase overcrowding, since they decrease the amount of land and houses occupied by working-class tenants.

Mrs Chesterton's main constructive ideas include the proposal to set up a central housing authority, designed to supervise the quality of the building materials used, and to try and get some minimum standard of æsthetic value. As she says, "What a poor town like Vienna can do in this direction, surely a rich town like London can do also." This is a book of genuine feeling and sound judgment.

BOOKS RECEIVED

Patterns of Economic Activity. By A. Radford. (London) George Routledge and Sons, Ltd. 376 pp. 12s. 6d. net.

Co-operative Congress, Newcastle-upon-Tyne, 1936. (Manchester, 4) The Co-operative Union, Ltd., Holyoake House, Hanover Street. 404 pages. No price stated.

Report of the Proceedings of the Meeting of Economists held at the Antwerp Chamber of Commerce on July 11, 12 and 13, 1935. (Brecht-Antwerp). L. Braeckmans. 207 pages. 20 frs.

Prices and Prosperity. By G. Beard. (Manchester) Kennedy Press, Ltd. 79 pages. 1s. 6d. net.

Proceedings of the Academy of Political Science, May, 1936: Economic Recovery and Monetary Stabilisation. Edited by Parker Thomas Moon. (New York) The Academy of Political Science, 116th Street. 135 pages. \$2.50.

The New Deal and the United States Supreme Court. A Lecture delivered before the University of Oxford by F. R. Coudert. (Oxford) Clarendon Press. 57 pages. 2s. net.

Die Entwicklung der Arbeitslosenversicherung und der Arbeitslosigkeit in England. B. Pfister. (Berlin and Stuttgart) W. Kohlhammer Verlag. 198 pages. Rm. 7.80.

All About the Soya Bean. By G. D. Gray. (London) John Bale, Sons and Danielsson, Ltd. 140 pages. 7s. 6d.

Insurance Shares as an Investment. Being an Analysis of the Leading Companies' Reports and Accounts for 1935. Compiled and Edited by T. Wheelock. (London) P. W. Cooper and Company, Ltd., 11 King Street, Cheapside, E.C.2. 83 pages. 5s. net.

Dawn over Samarkand. By J. Kunitz. (London) Lawrence and Wishart. 348 pages. 7s. 6d. net.

MONEY AND BANKING

FINANCIAL REFORM IN FRANCE

At the end of last week M. Vincent Auriol, France's new Finance Minister, made his eagerly anticipated statement. He began by declaring that deflation had failed. Instead of solving France's problems it had only plunged her deeper in the mire. Marshalling his facts, he pointed out that the economies envisaged under last year's Decrees had not been fully realised. After allowing for the cost of re-armament and other supplementary expenditure, the Budget deficit was still in the neighbourhood of Frs. 6,500 milliards to Frs. 7,000 milliards. Treasury commitments up to the end of the year amounted to Frs. 7,900 millions, while in addition the repayment of the London credit, due in November and December, would require Frs. 3,000 millions. Allowance must also be made for the cost of the measures now being voted by the new Chamber. To meet these outgoings, the Treasury only had available the insignificant sum of Frs. 840 millions, for all the remainder of its total borrowing powers of Frs. 22,780 millions had already been exhausted. Rediscounts at the Banque de France alone, M. Vincent Auriol revealed for the first time, amounted to Frs. 13,832 millions.

Nor was the general economic position of the country any better. Trade and industry were caught between the scissors of low wholesale prices and a high cost of living, for while wholesale prices had fallen between 1930 and 1936 from 623 to 421, or by 32.4 per cent., the cost-of-living index had only fallen from 611 to 456, or by 25.3 per cent. The blades of the scissors had crossed, and wholesale prices were now the lower instead of being the higher index of the two. Meanwhile the index of production had fallen from 140 (in 1930) to 92 to-day, while the total number of assisted unemployed had risen from 267,900 in 1932 to 425,900 in 1935 and 422,036 to-day. The total of bank clearings in Paris had fallen from Frs. 555,998 millions in 1930 to Frs. 339,202 millions in 1935. The national revenue had equally suffered. The yield of the turnover tax had shrunk from Frs. 8,826 millions in 1930 to Frs. 5,557 millions in 1935, and the yield from the indirect taxes had shrunk from Frs. 9,600 to Frs. 6,700 millions between the same two years. There was a parallel contraction in the revenue derived from direct taxation and from monopolies.

Having proved conclusively that deflation had been of no assistance to France, M. Vincent Auriol turned to the alternative of devaluation. In rejecting this remedy he was much less convincing. He began with an attack upon the recent converts to devaluation, from which he was careful to exempt M. Paul Reynaud, who for a long time was the sole advocate of devaluation. Next he refused point-blank to lend himself to a policy which would only put increased and unmerited profits in the way of those who had sent funds abroad. He warned the Chamber that if France were to devalue she might set in motion new forces which would have repercussions all over the world. Germany might devalue in her turn, nor was there any guarantee that other countries might not adopt defensive measures which would neutralise the devaluation of the franc. Internally devaluation would arouse fears of higher prices and would inevitably provoke fresh labour unrest.

M. Auriol would have been wiser if he had rested his case on these grounds alone, but he proceeded to argue that on the basis of wholesale price index numbers in France, England and the United States, the franc was not seriously over-valued at all! In proof of this he said that the margin between the French and British index numbers, reduced to terms of gold, was only 13 points, while the margin between the French and American index numbers, again in terms of gold and on the basis of the pre-1933 dollar, was only 8 points. This part of his argument was rendered needlessly obscure by his failure to quote the index numbers themselves or to state their base-dates. Obviously he was not using index numbers based on September, 1931, and we are left wondering if his adopted base was 1929 or 1913—or even 1492 or 1066, the latter years being of almost the same practical value as 1913. Still, so far as we can

deduce anything at all, his figures suggest that the franc is over-valued by about 12 per cent. against the dollar and by about 20 per cent. against the pound. Our own calculations, published in the *Economist* of May 30th last, make the over-valuation of the franc 8.7 per cent. against sterling and 20 per cent. against the dollar. Unlike M. Vincent Auriol we make the dollar the more under-valued of the two currencies, and as it is patent that sterling is over-valued against the dollar, our calculations would appear nearer the mark. Still, even if we admit M. Vincent Auriol's obscure and surprising calculations, on the basis of his own results no reasonable person can maintain that the franc is not seriously over-valued. A 10 per cent. over-valuation sufficed to give sterling its quietus at a moment of crisis.

Having rejected devaluation, M. Vincent Auriol came to his counter proposals. There was no mention of exchange restrictions, but he outlined a series of proposals to secure the dishoarding and repatriation of panic money, estimated by him at 30 to 40 milliards of francs hoarded in notes or gold at home, plus a gross amount of 25 milliards estimated to have fled abroad. To enforce the repatriation of the latter funds he tabled a Bill giving the owners of foreign assets a period of grace until July 15th during which to disclose their foreign assets, but imposing severe penalties upon those who had failed to make any disclosure by that date. A further clause in the Bill was more questionable, for it binds the French Government not to conclude any agreement regarding double taxation or estate duties with any foreign Government which refuses to aid the French authorities in tracking down French-owned foreign assets. The British Government is hardly likely to yield to outside pressure to interfere in the confidential relations between bankers and their customers.

M. Vincent Auriol also proposes to rely upon publicity to bring back funds from abroad, for the names of defaulters are to be made public. His next proposal is more constructive. He intends to make an issue of short-term bonds in small denominations in the hope of meeting in this way the Treasury's immediate needs, and he also intends to organise the Paris bond market upon a wider basis. The success of this plan obviously depends upon the restoration of public confidence, and he hopes to achieve this by co-ordinating and clarifying the whole system of French public finance, so as to leave the country under no doubt about the actual position.

To do this, he begins by abolishing the fiction that the Banque de France is not really lending to the Government. The 14,000 millions of Treasury bills now rediscounted at the Bank are most of them to be replaced by a direct, overt loan. To regularise this, a Bill was tabled embodying a new agreement between the Treasury and the Banque de France and revising the limit to the Treasury bill issue. The Bill states that, including the London credit, Frs. 22,700 million of Treasury bills are now in circulation. Frs. 13,000 millions (now held by the Banque de France) will be replaced by a direct Banque de France loan, leaving about Frs. 10,000 millions of bills outstanding. The limit is fixed in the Bill at Frs. 20,000 millions, and so the Treasury is receiving power to issue a further Frs. 10,000 millions of bills. The Banque de France is also to open a special credit of Frs. 10,000 millions, so that the Treasury will gain power to raise the floating debt by a total of Frs. 20,000 millions. A separate Bill provides for the reform and control of the public accounts and for the co-ordination of the present piece-meal system of Government borrowing.

Clearly, M. Vincent Auriol hopes that these measures will revive confidence, frighten back home again the funds now lodged abroad, and enable the Treasury once more to tap the savings of the nation. If these hopes are realised, the Treasury's immediate emergency will be overcome. Among his longer-term measures come the reform of the Banque de France, a general overhauling of the banking system in

* "British Economic Foreign Policy." By J. Henry Richardson. Allen and Unwin. 250 pages. 10s. 6d.

order to eradicate abuses, and the cheapening of money. The details of the Bill dealing with the reform of the Banque de France are discussed in a Financial Note. M. Vincent Auriol said that the Government's object was to ensure that the Bank acted in the interests of national production and labour, and that among those in control of the Bank should be representatives of agriculture, industry and labour. Credit was to be made available to small farmers, artisans and industrialists, as well as to the big interests. The commercial banking system was not to be nationalised but to be drastically reformed, and the profession of banker is to be regularised and made subject to defined conditions. These proposals sound drastic, but everyone who realises the wide differences between the conduct of banking in France and England will realise their need.

No proposals for balancing the Budget were put forward. Instead the Finance Minister urged that a revival in trade, employment and purchasing power must precede any increase in taxation. When the time came, he proposed to redress the balance between direct and indirect taxation, and between rich and poor, and to ensure that such taxation as was imposed was properly collected.

In many ways M. Vincent Auriol's statement represents the first honest attempt to grapple with the confusion into which French finances have fallen. He is eager to reveal the real facts to the public and to introduce a system of simple and straightforward finance. In the circumstances he cannot be condemned for his failure to put forward immediate proposals for balancing the Budget, for France's position is so desperate that the first need is to make trade profitable, to revive production and consumption, and in general to make life worth living. Once the national income is restored, the sensitive Budget revenue will automatically revive.

The weakness of his policy is his utter failure to realise that internal reflation cannot be combined with a rigid adherence to gold. Economic theory and the experience of Great Britain, the United States and Belgium unite in proving that devaluation must precede reflation and that the first need is to get rid of an over-valued currency. There may be a case for a brief delay to restore confidence before the currency is devalued; just as we in Great Britain were able to delay the suspension of the gold standard until we had formed the first National Government and balanced the Budget. The crux is, can France hold out in her turn long enough to delay devaluation until her chosen time? This depends upon the immediate course of events in France and on the extent to which her new Government succeeds in restoring confidence and reversing the flight of funds abroad. Sooner or later devaluation still appears essential. When the time comes, both the United States and ourselves must be ready to extend a helping hand.

FINANCIAL NOTES

The Banque de France.—The Bill for the reform of the Banque de France is drafted in very wide terms, for the chief operative clause leaves to the Government the responsibility of modifying and extending by decree the laws and statutes of the Banque de France. In explaining the Bill to the Senate, the Rapporteur said that the object of the Government was to obtain the powers needed to ensure that in the conduct of the affairs of the Banque de France the economic interests of the nation would predominate. The Council of Regents is to be strengthened in several directions. First, Government officials would be appointed, charged with the duty of safeguarding the public credit, and with them would be technical advisers whose duty would be to ensure the proper functioning of the Bank. Next the National Economic Council is to appoint to the Regency representatives of commerce, industry and agriculture, including both "great" and "small" interests. These changes will undoubtedly place the control of the Banque de France upon a wider basis, but it is only fair to add that the Regents of the Bank already have to include among their number Government officials and representatives of industry and agriculture. Thus, the change is of degree rather than of kind. The real question of the future is how far the Banque de France will be under

direct Government control and whether than control will be wisely exercised. France has now to discover the proper line of demarcation between the functions and powers of the State and the central bank.

The Foreign Exchanges.—M. Vincent Auriol's statement that the French Government had rejected devaluation as a remedy was the prelude to a general rally in the gold *bloc* currencies, accompanied by some bear covering. The Paris spot rate dipped at one time below Frs. 76, and it was rumoured that the British Control then turned a seller of francs. On Thursday afternoon the rate was back to Frs. 76½, but the British Control gave no support during the whole of the week. Three months' francs have narrowed from Frs. 6½ to Frs. 3½ discount, while three months' guilders have come in from 14½ to 10½ cents discount, and three months' Swiss francs from 39 to 30 centimes discount. The French Bank rate was lowered during the week from 6 per cent. to 5 per cent. and again to 4 per cent., but the general impression is that these reductions were made mainly with the object of reviving confidence and carrying out the Government's determination to cheapen money. During the week ended June 19th, the Banque de France lost Frs. 670 millions of gold, reducing its stocks to Frs. 53,950 millions, while its rediscounts rose by Frs. 713 millions to Frs. 21,455 millions. The outflow of gold from Holland has been checked, and the Dutch Bank rate has been lowered from 4½ to 4 per cent. The dollar has lately weakened under selling pressure in New York. The sterling rate is now \$5.02½, while the Paris rate is quoted at Frs. 15.16, or comfortably within the export gold point. It is not easy to find a motive for this selling, but New York may feel that if the franc is placed under restrictions, so that the British Exchange Account cannot buy gold in Paris, it may prove difficult to prevent an appreciation of sterling against both the franc and dollar. This may explain the American sales of dollars for sterling.

The Money Market.—Preparations for the end of the half-year have now begun. A small amount has been borrowed from the Bank of England, and one or two of the banks who lend weekly money have raised their rates by ¼ per cent. (namely, to ¾, 1 and 1½ per cent., according to collateral) for money borrowed in June and repayable in July. Up to 2 per cent. has been paid for new money into July. It does not appear likely, however, that there will be any serious pressure over the turn of the half-year. The Bank of England's heavy gold purchases are making conditions easier, while as June 30th falls towards the middle of the week, the market will probably turn out to have arranged its Treasury bill maturities and payments so as to fall on either side of this crucial date. If so, part of the half-yearly borrowing will fall on the Government, as has happened upon previous occasions. It is already believed that the market and not the banks possess the bulk of the outstanding June bills.

	June 4, 1936	June 11, 1936	June 18, 1936	June 25, 1936
Bank rate.....	2	2	2	2
Clearing banks' deposit rate ...	½	½	½	½
Short loan rate :—				
Clearing banks	1-1-1*	1-1-1*	1-1-1*	1-1-1*
Others	½	½	½	½
Discount rates :—				
Treasury bills	1-1-1	1-1-1	1-1-1	1-1-1
Three months' bank bills ...	1-1-1	1-1-1	1-1-1	1-1-1

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

Discount rates have become definitely easier. In spite of an increase in the tender issue of Treasury bills from £585 millions to £595 millions the tender rate fell from 18s. 1.04d. to 17s. 0.83d. per cent. on June 19th and one of the clearing banks bought September Treasury bills at ¾ per cent. This setback in rates shows that the Bank's gold purchases are proving efficacious and puts an end to the recent rumours of dearer money.

The Bank Return.—This week the Bank of England has made further substantial gold purchases, with the result that there is an increase of £4.4 millions in its gold stocks. The note circulation has risen by £2.8 millions, so that the Reserve is only £1.7 millions higher. A similar increase of £1.2 millions in the circulation occurred last year, so that this week's expansion may not be due to foreign hoarding.

	June 26, 1935	June 3, 1936	June 10, 1936	June 17, 1936	June 24, 1936
	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Issue Department :—					
Gold	192.7	207.3	208.5	211.9	216.3
Note circulation	396.9	433.5	433.0	432.0	434.8
Banking Department :—					
Reserve	56.5	34.7	36.4	40.8	42.5
Public deposits.....	16.2	8.2	13.5	13.9	20.0
Bankers' deposits	102.4	89.7	86.5	91.0	90.8
Other deposits.....	38.8	37.1	37.1	37.4	37.4
Government securities ..	96.2	98.5	97.8	98.3	99.6
Discounts and advances	10.2	6.2	6.2	4.8	7.6
Other securities	12.4	13.3	14.6	16.3	16.5
Proportion	35.8%	25.7%	26.5%	28.6%	28.6%

In the banking department discounts and advances have increased by £2.8 millions as the result of the borrowing which took place on June 24th in anticipation of the end of the half-year. This increase, together with the expansion in the Reserve, should have raised bankers' deposits, but it has been entirely offset by an increase of £6.1 millions in public deposits, so that bankers' deposits are slightly lower. The rise in public deposits is purely fortuitous and may be due to inequalities in Treasury bill payments and maturities.

Chilean Exchange.—Following his recent European visit, the Chilean Finance Minister has returned to Chile, and, apart from preoccupations with the political situation, finds awaiting him a difficult exchange situation requiring solution. In addition to continued heavy importation, particularly of equipment for the growing national industries, the shortage of exchange has been emphasised by the prohibition of exports of wheat and certain other products which are required for home consumption, and whose internal prices have been forced up by export demand. As against a previous export commercial rate of 136 pesos per £, the Exchange Control Commission will now not allow dealings above 130 pesos per £, based presumably upon a dollar rate of 26 pesos, at which the so-called "privileged" exchange is released in small amounts daily to the banks. This small quota is in any case liable to suspension, and the result is that the exchange market is virtually paralysed. Furthermore, as from mid-May the Exchange Control has prohibited the importation of luxury goods, including automobiles and wireless sets. There had recently been considerable import activity in these lines, but goods are now held up at the Customs House, and there are considerable trade protests. The importation of these articles is not permitted, even against so-called "blanqueado" (whitewashed) exchange under the recently permitted arrangements whereby the banks could act as intermediaries between would-be remitters and the sellers of "free" sterling and dollar exchange. British and American importers are particularly affected inasmuch as the articles may apparently still be imported under a "Compensation" Treaty such as that which exists between Chile and Germany. Moreover, German trade with Chile shows a remarkable expansion this year due to the low quotation for the mark, as well as the heavy discounts allowed to Chilean importers of German goods. It is believed that, if this state of affairs continues, the United States may seriously consider imposing increased duties on Chilean products.

Bank of British West Africa.—The affairs of this bank have evidently not been seriously affected by the war on the other side of the continent, and at the general meeting on June 23rd the chairman was able for the first time in seven years to give a favourable report. The rise in prices for primary produce during 1935 had a stimulating effect on the area served, and although prices for palm oil and palm kernels have recently reduced the firmness of cocoa

should maintain the advance. The improvement is reflected in the increase of £700,000 in deposits, of £230,000 in advances, and of £143,000 in commercial bills discounted. Bills for collection and acceptances also show increases. The accounts for the past three years are summarised below:—

	1934	1935	1936
	£'000	£'000	£'000
Liabilities :—			
Capital	1,200	1,200	1,200
Reserve	400	400	400
Deposits	6,134	6,673	7,373
Bills for collection	620	695	709
Acceptances	65	86	122
Assets :—			
Cash	769	771	1,739
Investments	3,636	4,367	3,833
Treasury bills	585	200	100
Other bills	553	471	614
Advances	2,222	2,328	2,559
Net profits	59	65	85
Dividend	4%	4%	5%

The considerable increase in cash and the decrease in investments must not be regarded as symptomatic of a desire for liquidity, as the size of the bank's cash holding on March 31st depends on whether the West African produce season finishes before or after that date. The change may thus be regarded as fortuitous. Net profits have risen from £65,000 to £85,000 and the dividend has been increased from 4 to 5 per cent.

Phoenix Assurance.—The chief interest in the life department lies in the bonus declaration in respect of the quinquennium ended December 31, 1935. The results of the quinquennium appear to have been satisfactory, but in the absence of any information regarding the amount of surplus or cost of distribution we are unfortunately not in a position to give our usual table of results. The whole of the profits in the participation section, but not of the profits in the non-participating section, belong to the policyholders. The rates of bonus declared are the same as five years ago and are very satisfactory, namely 50s. per cent. per annum and 46s. per cent. per annum in the whole life and endowment assurance classes respectively. The new business increased from £3,714,000 to £3,806,000, and death claims fell by the substantial amount of £83,000 to £562,000, while the net rate of interest was 3s. 7d. per cent. smaller at £4 2s. 8d. per cent. Fire premium income fell by £117,000 to £2,664,000, but accident premium income increased from £3,340,000 to £3,444,000. In both branches the profits were greatly increased. In the marine account premiums fell from £600,000 to £555,000; the fund now amounts to 112 per cent. of the premium income. The results of the last two years are given below:—

	1934	1935
	Amount of Profit	Amount of Profit
	£	£
Fire	204,106	311,071
Personal Accident, Employers Liability and General	1,599	139,247
Marine	30,000	30,000
Life	88,785	20,000
Sinking Fund	...	30,000
	324,490	530,318
Less items debited to Profit and Loss Account	110,946	243,131
To Investment Reserve ..	100,000	100,000
Net Trading Surplus	113,544	187,187

The total combined life assurance assets increased from £17,575,000 to £18,195,000, but no important re-distribution in the investments took place. A special consolidated balance sheet is given for the other branches of assurance, in which the assets increased from £16,784,000 to £16,939,000. The general reserve of £2,500,000 remains unaltered. There is an investment and contingency reserve of £1,960,000 and a profit and loss balance, after providing for the year's dividend, of £1,442,000. The financial position is of great strength. The dividend is again at the rate of 60 per cent., and costs £467,000, contrasted with interest earnings of £364,000.

THE STOCK EXCHANGE

STOCKTAKING FOR INVESTORS

THE investor, anxious to strike an interim balance for the first six months of 1936 and to assess the immediate market prospect, is confronted with no simple problem. During the past four years the exclamation mark has often been the appropriate commentary on market movements; at this stage the query seems more relevant. Are ordinary shares too high? Which ordinary shares are too high? That these questions (discussed in the *Economist* of April 9th and 16th) are being asked at all argues a disposition to hesitancy rarely seen since recovery began. Bullish operators have at least been unable to persuade the market, during the past six months, that ordinary shares have been significantly too low. The Actuaries' Investment Index of 178 industrials, which entered the year at 80.8, climbed vigorously to 85.4 during the first seven weeks of 1936; its subsequent fluctuating fall leaves it approximately midway at 83.0. The *Financial News* index of 30 industrials, a more sensitive market indicator, reached its highest point at the identical time, and has similarly recorded only a partial recovery from the Whitsun secondary "lows." At 112.7 the index is still nearly two points below the peak.

A year ago the chief doubt was whether gilt-edged would maintain their existing levels; this year their recession—though still of moderate dimensions—has become an accepted fact. This event, however, is only one of the many which control the destiny of equity shares. The market's first step has inevitably been to distinguish between the "fixed-interest" and "recovery" industrials. If firmer interest rates are on the way, no calculation of balance-sheet strength can shield such stable dividend shares as J. Lyons and Boots Pure Drug from a recession. The attraction of preference shares, particularly of high dividend rate, has been limited for the same reason. And at this stage of recovery, when the first phase of geometric increases in earnings, even in such industries as steel, has passed, and when future expansion involves new capital expenditure—sometimes with a considerable gestation period—the quest for an under-valued share is rendered doubly difficult. Its choice requires an accurate estimation of the duration and spread of industrial progress.

Although that fatal moment in 1937, when expert forecast suggests a halt to recovery, is drawing nearer, the constituents of recovery are in fact maintaining their position. Building activity has made further progress during the past six months, and the figures of plans approved are still encouraging. Steel output has successively broken through established records each month. The re-armament programme is straining the aircraft industry to capacity, and the Government has, in fact, recently decided to establish two new factories under the management of existing motor firms. The employment figures have shaken off their earlier hesitancy, and in some directions, indeed, a shortage of specialist labour is being disclosed.

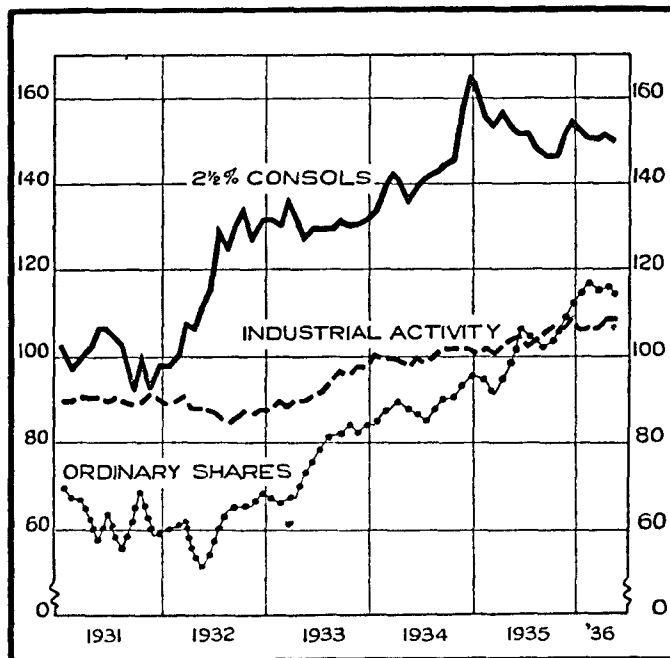
The relevance of these three factors—interest rates, industrial recovery and the level of ordinary shares—may be assessed from the accompanying chart. If the peak registered by the *Economist* index of business activity during the closing months of 1935 is discounted because of exceptional coal activity, it will be observed that the trend of the index continues steadily upward, though the pace of the climb in these high altitudes is slower. The market's behaviour, however, suggests that it regards this advance as the fulfilment of previous expectations, rather than as justification, in itself, for a renewed rise in share values. The Actuaries' Index, which stood at 77.5 a year ago, showed an average yield of 3.80 per cent. It is significant that to-day the yield is barely changed at 3.79, despite a rise of 5½ points during the year. If a term is to be set to further industrial advance—say, towards the end of 1937—that stabilisation of average share levels is not inherently unreasonable, even though rising dividends may prevail for the next twenty months or more. The

margin of three-quarters of one per cent. between gilt-edged and industrial yields is still lower than the "normal" differential.

Both the level of share values and of industrial activity will primarily depend upon the successful maintenance of low interest rates. While there is little doubt regarding the resolution of the authorities in this matter, it is less certain that subscribers to issues of fixed interest securities will be such keen lenders as in the past. The queue of corporation borrowers has moved intermittently forward with numerous halts at the official behest (and these "holidays" have usually been accompanied by the revision of terms slightly but significantly in favour of lenders).

COURSE OF SECURITY VALUES AND INDUSTRIAL ACTIVITY, 1931-36

("Consols" curve based on the Actuaries Index. "Ordinary Shares" curve based on *Financial News* index of thirty industrials. "Industrial Activity" curve based on revised index of the *Economist*. End of 1928=100 in all cases.)



During the past six months markets have been markedly sensitive to political and currency influences, at present only partially appeased. There has been no escape in the Kafir, rubber and arbitrage markets from the writhings of the franc. Some support for gilt-edged securities, it is true, accompanied the early stages of the French capital flight, yet Old Consols are a point lower over the half-year. Slight recessions are common to the gilt-edged list, although a number of the Dominion issues show a net improvement. Canadian credit, however, has been prejudiced by the threatened and actual default of certain Western provincial and municipal authorities.

Recovery for the foreign bondholder is still a painful topic. Some areas, conspicuously in South America, are experiencing a slow improvement, which may be expected gradually to percolate to bondholders. Brazilian bonds, however, have recently fluctuated considerably, on irresponsible statements casting doubt on the continuation of payments under the 1934 plan. Far Eastern issues are in still worse plight. The shadow of Japan spreads ever southwards over China, and the persistent erosion of the Customs revenues, under the kindly surveillance of the Japanese militia, has reached serious proportions.

For the investor in ordinary shares the significant feature of the half-year is the steadiness of industrial

Description	1936 Jan. 1 to June 24		Price Beginning of 1936	Price June 24, 1936	Rise or Fall in Half- year	Yield per cent., allowing for Accrued Interest and Redemption where necessary					
	High- est Price	Low- est Price				Beginning of 1936		June 24, 1936			
						£	s.	d.	£	s.	d.
British Government, India and Dominion Stocks											
3% Conversion (1948-53)....	105½	104½	104½	104½	— ½	£	s.	d.	£	s.	d.
3½% Conversion.....	108½	104½	107½	107½	— ½	2	13	0	2	13	6
3½% War Loan.....	108	104½	106	106	— 1½	3	1	6	3	0	6
2½% Consols.....	87½	83½	86½	85½	— 1	2	17	10	2	18	9
3% Local Loans.....	97½	94½	96½	97	+ ½	3	3	0	3	1	10
Canada 4% (1940-60).....	106	102½	104	102½	— 1½	3	6	0	3	5	3
India 4½% (1938-68).....	120½	116	118	118	+ 2	3	9	7	3	7	0
Australia 3½% (1948-53).....	104½	102	103	102	— 1	3	10	3	3	11	0
South Africa 3½% (1935-65).....	109½	106½	107½	107½	+ 1	3	1	0	3	0	2
New Zealand 5% (1946).....	114½	110½	110½	112	+ 1½	3	16	0	3	11	0
Foreign Governments											
Argentina 4% "Roca" 1953	95½	89	89	95	+ 6	4	19	9	4	9	3
Brazil 5% Funding, 1914	77	65½	69½	69½	+ 4	7	13	0	7	0	0
Greek 7% Refugee.....	45½	36	39½	39½	—	Nil			Nil		
Chile 6%, 1929.....	20	16½	18½	17½	— 1				2	14	3
German 5½%, 1975.....	41	34	39	38½	— ½	14	2	0	14	5	9
Japan 6% (1924) red. by 1959	97½	83	86½	88½	— 8	6	6	0	7	5	0
China 5% (1913).....	95½	80	91	87	— 4	5	10	0	5	15	0
Other Fixed Interest											
Imp. Chem. 7% Cum. Pref. £1	35½	32½	34½	35½	+ 1/-	4	2	3	4	0	0
Woolworth 6% Cum. Pref. £1	31½	30½	30½	31½	+ 9d	3	18	6	3	16	0
L.M.S. 4% Deb.....	111½	105½	108	106	— 2	3	14	1	3	15	6
L.N.E.R. 4% 2nd Pref.....	28½	18½	20	24	+ 4				Nil		
L.M.S. 4% (1923) Pref.....	72½	52½	54½	68½	+ 14½	2	19	8	5	16	10
Southern 5% Prefd.....	123½	118½	118½	120	+ 1½	4	5	0			
Cable and Wireless 5½% Pref.	115½	100½	106	102	— 4	3	18	0	5	19	0
ORDINARY											
Railways											
Great Western.....	54½	45½	50	47½	— 2½	6	0	0	6	6	3
London Midland and Scottish	24½	17	18	23	+ 5		Nil				
Southern Deferred.....	25	20½	21	22½	+ 1½		Nil				
Canadian Pacific (\$25).....	16½	10½	11	12½	+ 1½		Nil				
Buenos Aires Gt. Southern	23½	14	18	16½	— 1½		Nil				
Banks											
Lloyds £5, with £1 pd.....	63½	61½	63½	63½	— 6d	3	16	0	3	16	0
Midland £12, with £2½ pd.....	11½	9½	11½	10½	— ½	3	11	9	3	12	6
Insurance											
Commercial Union £1 fp.	12	10½	10½	11	+ ½	3	15	0	3	13	6
Gen. Accident £5, with £1½ pd.	28	26	26	26½	+ ½	3	4	0	3	0	9
Royal £1, with 10/- pd.....	10½	9½	9½	9½	+ ½	3	9	0	3	6	0
Breweries											
Bass Ratcliff £1.....	139½	126½	126½	134½	+ 7½	3	8	0†	3	6	0
Distillers £1.....	104½	95½	97½	104½	+ 7½	4	2	0	3	16	6
Guinness (Arthur) £1.....	160½	150½	151½	157½	+ 6½	3	15	6	3	13	6
Ind. Coope. and Allsopp £1.....	128½	116½	119½	123½	+ 4½	4	4	0	4	2	0
Watney Combe Reid £1.....	83½	76½	77½	82½	+ 5½	4	1	0	4	2	0
Electric Supply											
County of London £1.....	60½	54½	54½	56½	+ 2½	3	15	0	3	12	0
Clyde Valley £1.....	47½	43½	44½	45½	+ 6d	3	12	0	3	11	6
North Eastern £1.....	37½	32½	33½	34½	+ 6d	3	11	0	3	10	6
North Metropolitan £1.....	62½	56½	57½	58½	+ 1½	3	10	0	3	8	1
Electrical Equipment											
Crompton Parkinson 5/-.....	75½	60½	70½	75½	+ 5½	0	17	9	0	16	6
English Electric £1.....	24½	18½	20½	21½	+ 1½		Nil				
General Electric £1.....	84½	74½	79½	79½	+ 5½	2	11	0	3	16	0
Johnson and Phillips £1.....	50½	44½	48½	46½	— 2½	4	2	0	4	6	6
Siemens £1.....	29½	25½	26½	28½	+ 2½	3	1	0	4	3	6
Iron and Steel											
Allied Ironfounders £1.....	38½	31½	36½	32½	— 3½	4	19	4	6	3	0
Baldwins (4/-).....	10½	8½	9½	9½	+ 1½	1	3	6	3	8	0
Brown (John) (6/-).....	29½	18½	19½	29½	+ 9½		Nil		3	7	6
Guest Keen & Nettlefolds (£1)	39½	31½	34½	34½	— 3d		Nil		2	19	9
Hadfields 10/-.....	27½	18½	18½	26½	+ 8½		Nil		2	15	9
South Durham Ord. £1.....	64½	48½	50½	60½	+ 10½	4	8	0	3	13	3
Do. "B" ord. £1.....	36½	24½	26½	33½	+ 7½	3	16	2	3	0	0
Thomas (Richard) (6/8).....	15½	13½	14½	14½	—	2	15	0	5	14	0
United Steel (£1).....	36½	29½	31½	32½	+ 3½	4	9	7	4	8	6
Vickers (10/-).....	28½	20½	20½	26½	+ 6½	3	19	0	3	1	0
Whitehead Iron & Steel (£1)	152½	138½	140½	142½	+ 2½	4	11	6	4	18	6
Motor and Aircraft											
Associated Equipment £1.....	49½	41½	44½	43½	— 7½	3	12	6	3	15	0
Austin Motor 5/-.....	54½	40½	41½	52½	+ 11½	6	1	0	4	14	9
Bristol Aeroplane (10/-).....	80½	65½	65½	70½	+ 11½	—			3	2	0
De Havilland Aircraft £1.....	83½	65½	65½	72½	+ 6½	12	10	6	2	15	0
Hawker Aircraft 5/-.....	37½	27½	30½	31½	+ 1½	3	6	9	3	4	0
Leyland Motors £1.....	100½	74½	80½	100½	+ 19½	3	0	0	3	10	0
Rolls Royce £1.....	192½	150½	152½	157½	+ 5½	2	11	0	2	4	6
Oils											
Anglo-Iranian Oil £1.....	97½	68½	68½	84½	+ 15½	3	13	3	3	11	3
Burmah Oil £1.....	100½	81½	81½	96½	+ 15½	3	14	0	5	2	6
Mexican Eagle (\$4).....	27½	5½	6½	25½	+ 19½	10	11	0	3	5	0
"Shell" Transport £1.....	101½	82½	81½	98½	+ 16½	3	2	0†	3	9	0
Rubber											
Anglo-Dutch £1.....	30½	25½	26½	27½	+ 1½	3	1	0	2	18	2
Rubber Trust £1.....	34½	29½	30½	31½	+ 9d	3	5	0	3	4	0
United Serdang 2/-.....	4½	3½	3½	3½	+ 7d	3	14	0	3	1	6
Tea											
Cons. Tea, etc., £10.....	23½	18½	21½	19	— 2½	4	1	0	5	7	6
Jhazie £1.....	36½	27½	32½	27½	— 5½	1	10	0	5	9	0
Jokai (Assam) £1.....	46½	38½	42½	41½	— 1½	1	2	6	1	3	0
Other Industrials											
Associated Portland Cem. £1.....	95½	65½	65½	95½	+ 30½	3	4	0	4	4	0
British Oxygen £1.....	130½	86½	111½	103½	— 9½	3	4	0	2	17	6
Cables and Wireless A ord. stk	31½	20½	28½	22	— 6½		Nil				
Coats (J. and P.) £1.....	69½	51½	65½	52½	— 12½	4	4	0	3	16	2
Courtaulds £1.....	61½	47½	58½	50½	— 8½	2	10	6†	2	19	3
Dunlop Rubber £1.....	42½	33½	40½	35½	— 5½	4	0	0†	4	11	5
Imperial Chemical £1.....	40½	36½	37½	39½	+ 2½	4	6	6	4	0	6
Imperial Tobacco £1.....	8	7½	7½	7½	+ ½	2	17	0†	3	0	0
London Brick £1.....	84½	67½	83½	73½	— 10½	5	8	0	6	1	0
P. & O. Deferred £1.....	22½	17½	18½	22½	+ 4½		Nil				
Turner and Newall £1.....	82½	70½	70½	82½	+ 12½	3	11	0	3	7	0
Woolworth (F. W.) (5/-).....	136½	116½	116½	135½	+ 17½	3	8	0	3	5	0
Gold Mines											
Ashanti Gold (4/-).....	66½	57½	57½	60½	+ 3½	5	4	0	5	12	6
Springs (5/-).....	47½	41½	42½	40½	— 1½	6	8	0	6	17	6
Crown (10/-).....	15½	13½	13½	14½	+ 1½	6	6	0	6	3	6
Randfontein (£1).....	75½	51½	53½	75½	+ 21½	7	10	0	6	0	0
Other Mines											
West Witwatersrand 10/-.....	12½	4½	4½	12½	+ 7½		Nil				
Chartered (15/- fully pd.).....	22½	22½	23½	27½	+ 4½	4	6	0	3	13	6
Rio Tinto (£5).....	22½	12½	19½	13	— 6½		Nil				
Commonwealth Mining (5/-).....	11½	8½	10½	9½	— 1½		Nil				
Roan Antelope (5/-).....	39½	31½	32½	38½	+ 5½	3	1	6	3	19	0

† Ex dividend. † Free of income tax. (c) Price based on a larger capital.

equities, which has been more marked than in any comparable period since recovery began. Over a large range of the market sub-normal speculative interest has prevailed. In the home rail market, however, the resultant of a triangle of forces leaves marginal preference and ordinary shares in most cases higher. Goods traffics have exceeded expectations. And the existing basis of rating has been reaffirmed, leaving three lines with theoretical nil assessments during the next quinquennium. But the unions have refused the moderate counsels of their leaders and insist on full restoration of existing wage cuts. Hence, market conditions are again somewhat unsettled. The seeker of capital profits in the industrial markets must now pursue a strictly selective policy. Weak spots have been detected in the aircraft share market. Even in steel, investors have been careful to discriminate between companies with a direct armaments interest and those non-integrated concerns which may be vulnerable to rising raw materials costs. Record motor registrations have brought support for companies whose latest models are known to be popular, and the commercial vehicle producers have found steady support. In the general industrial list, the greatest advances have been scored by companies associated with the building trades which have a commercial, rather than a residential, interest—for example, Associated Portland Cement as compared with London Brick, by shares with a general equity in construction work like Turner and Newall and Murex, and by companies likely to benefit from increased purchasing power like F. W. Woolworth. A group of no mean market importance—it includes J. and P. Coats, Courtaulds and Dunlop Rubber—records significant falls during the past half year. In each case the market was guilty of under-estimating the effects of rising costs and competitive difficulties in overseas markets.

Among commodity shares, rubber, tea and tin shares have been depressed in various degree, but oil and gold issues are still in the ascendant. The rise in oil shares which has been associated with a marked improvement in the American situation, and with rising world consumption, has been justified by the recent impressive reports. Gold shares have made progress despite two hurdles—a waiting period before the welcome adjustment of Union taxation, and the plight of the franc. Although the latter problem is still with us, the inflationary possibilities inherent in a revaluation of gold stocks by the Central Banks has gone far to outweigh its market importance. While recent dividends were well up to market expectations, speculative interest has been more concerned with companies developing the East and West Rand, of which West Witwatersrand, with a rise of no less than 7½% to 12½% during the half-year, is obviously the shining example.

Looking ahead, the vigilant investor must assess the importance of three main factors—domestic recovery, the future of

INVESTMENT NOTES

Control of Foreign Lending.—Blessed indeed are the contemporary uses of informality in controlling manifold banking, bullion and capital transactions in the City. To avert the much-feared consequences of a "scramble" in the home corporation market, the authorities allow the queue to move forward only at their beckoning, a procedure which has now produced the second major "log-jam" in the market this year. In the overseas capital markets, however, there is little eagerness on the part of established debtors to renew their borrowing, and less willingness among investors to venture their money abroad. The Foreign Transactions Committee, which advises the Chancellor of the Exchequer on "applications for his consent in respect of foreign issues and similar transactions" have issued a memorandum to firms and institutions concerned, explaining the scope of their principal functions. It is, in fact, largely supplementary to the Terms of Reference and Instructions set out in the Official Report of April 7th, and discussed in the *Economist* of April 11th, page 86. The Committee are not "in general" concerned with private overseas investment, provided it is "not made for the purpose of distribution or likely to lead to public dealings." The Committee—who, it will be recalled, are concerned only with foreign issues—observe that the primary object of restriction is to safeguard sterling, whose intrinsic strength must be judged without regard to the temporary inflow of short-term capital. This need to safeguard sterling, however, will not normally bar foreign loans which result in "additional" exports, or are calculated to produce direct benefit to British industry and employment. If control is to exist, there is much to be said in favour of expert consideration of proposed issues. But it appears to us undesirable that control should be instituted and a body of precedent created on the basis of these general indications of policy without any public discussion. This is the more necessary since in the task of "safeguarding sterling" the Committee may be induced to make recommendations that may give the impression of being arbitrary or discriminatory. To the average investor, for example, the reasons for approving, say, a Chinese railway loan and frowning upon British participation in a New York underwriting syndicate may not be wholly clear. The working of informal control on this scale, which may involve important political and economic consequences, will be closely watched not only by the interests immediately concerned but by those to whom the methods of Government supervision in economic affairs present a problem of the first importance.

Cable and Wireless Developments.—The City was surprised to learn unofficially at the end of last week that Mr J. C. Denison-Pender had intimated his intention of resigning from the chairmanship of Cable and Wireless, Limited. This concern, formed in 1929 as Imperial and International Communications, is the operating company in the Cable and Wireless group, its earnings being distributed, by way of the constituent cable companies, to Cable and Wireless (Holding). In a statement issued for publication, it was emphasised that no differences existed in the Cable and Wireless board and that the retiring chairman had introduced suggestions for reorganisation of management which had been unanimously agreed. A statement this week recorded the election, with the Government's approval, of Mr Edward Wilshaw to be chairman and sole managing director of Cable and Wireless, Ltd. Hitherto, three joint managing directors have been appointed, including the new and retiring chairmen and Sir Norman Leslie. The latter retires in order to facilitate the new arrangement. Mr Denison-Pender will continue to act as governor and managing director of the controlling company, Cable and Wireless (Holding), and as chairman of some twenty subsidiary and associated companies in the group. These changes, it would appear, precede "a re-examination" of the position which the Dominion Governments regard as timely. The initial stages of reorganisation of the group, under the chairman's direction,

have produced substantial operating economies of the order of £1½ millions since the merger in 1929, but the scope for further savings has been correspondingly reduced. Accordingly, earnings prospects have become primarily associated with the volume of operating receipts, but successive traffic indices this year have been decidedly unencouraging. In his speech a month ago the retiring chairman alluded to losses sustained by Cable and Wireless, Ltd., arising from anomalies under the International Telegraph Conference rules. Competition from new wireless services was gravely stressed, but it was stated that the Government was unable to comply with the company's suggestion that an Imperial Conference should be convened to consider the position. It may, perhaps, be inferred from the statement that this attitude may be subsequently modified. Cable and Wireless stocks have been distinctly firmer this week after their recent unsettlement, the preference closing at 103½ on Thursday and the "A" ordinary at 23.

Prospectus Points.—Two main features have been evident recently in the new issue market. A significant number of the smaller industrial issues (usually having a £1 preference-5s. ordinary capitalisation) have been made by engineering and precision concerns, whose merits have been supported, not infrequently, by a recital of principal consumers, in which the three Service Departments often take a high place. With the all-pervading influence of armament demand now in evidence, these statements are legitimate and informative to the investor. Since Sir Thomas Inskip's organisation has examined the position of 400 engineering works and has 500 more scheduled for inspection, the participation of the light engineering industry in the defence programme is to be expected. A recent example is provided by Howard and Bullough, which are now working on an armament order (reported to be for shells) at the Accrington textile machinery works. The present level of activity, however, may rob the second main feature of many recent prospectuses of the attention it merits. A sharp rise in profits in the latest year tabulated is common, and in some cases the contrast with the earnings of the two preceding years is very striking. Some examples of this movement, in varying degree, are given below:—

	Issued Capital and Denomination	Amount Offered	Price	Profits, latest 3 yrs.			Present Price
				I.	II.	III.	
<i>By Offer for Sale</i>	£	£	s. d.	£	£	£	s. d.
Williamson Mfg. Co., Ltd.	100,000(4s.)	67,000	5 6	5,776	5,956	14,922	7 0
Blackburn (Thos.) and Sons, Ltd.	Pref. 60,000(10s.) Ord. 130,000(5s.)	Pref. 60,000 Ord. 110,000	10 0 6 6	9,249	9,642	26,424	9 9 5 6
Steel Barrel, Scammells & Engineers, Ltd.	Pref. 125,000(11s.) Ord. 125,000(5s.)	Pref. 125,000 Ord. 62,500	20 0 6 3	18,222	19,258	23,399	19 7½ 6 3
<i>By Stock Exchange Introduction</i>		Introduction Price	s. d.				
Kitchen & Wade, Ltd.	Ord. 125,000(4s.)	5 9		8,676	18,392	28,074	16 10½
Stream Line Filters, Ltd.	Ord. 76,000(5s.)	11 0		3,741	7,214	13,772	12 3
Vokes, Ltd.	50,000(2s.)	3 4½		1,869	2,289	11,033	4 3

If the latest profits—or even higher estimates of current earnings—are to be adopted as a basis for capitalisation and yield expectations, investors should satisfy themselves regarding their permanence. At the prevailing level of industrial and armament activity, this may involve taking a longer view than is frequently thought suitable for a new concern with a relatively short or fluctuating profit record. It may also be necessary to discount prospectus calculations of anticipated ordinary share earnings, first, by reference to the premiums at which the ordinary shares are frequently being issued; and, secondly, by reference to the improving, stable or recessionary profits trend of immediately preceding years. In general, a sharp rise in earnings, after a period of relative stability, sets up a presumption of dependence upon cyclical recovery and vulnerability to increased competition. Shares to which these factors apply are unsuited for stable investment portfolios.

Actuaries' Investment Index.—A further improvement in market conditions is reflected in the rise in the Actuaries' index of the average price of 178 industrial shares to 83.0 on Tuesday of this week, compared with 82.4 a week ago and 81.9 a month ago (December 31, 1928 = 100). A slight increase is also shown in the average yield, which stands this week at 3.79 per cent., compared with 3.78 per cent. last week and 3.75 per cent. a month ago. Movements in various groups are tabulated below:—

Group (No. of Securities)	Prices (Dec. 31, 1928 = 100)			Yield (%)		
	Month ago (May 26)	Week ago (June 16)	This week (June 23)	Month ago (May 26)	Week ago (June 16)	This week (June 23)
Insurance Co.'s (24)	130.7	129.4	131.7	3.25	3.28	3.23
Coal (7)	92.6	95.9	98.0	4.45	4.23	4.24
Iron and Steel (12)	67.7	69.8	71.7	3.31	3.97	4.11
Motors (5)	55.1	55.2	57.1	4.27	4.23	4.15
Electric Supplies (10)	134.7	137.6	138.8	3.84	3.79	3.89
Stores and Catering (7)	85.9	16.6	87.1	3.60	3.60	3.58
Home Rails (4)	68.8	67.3	66.8	1.59	1.61	1.63

Iron and steel shares have received new support, aided by the John Brown results. In the coal group a number of small dividend increases and the postponement of legislation have produced a 2-point rise over the week. The index of home rail prices is down slightly, for the wage negotiations have obscured the favourable traffics trend.

COMPANY NOTES

Cotton Spinning Companies.—To the general investor, cotton spinning shares imply fine cotton spinning shares. Securities of many small mills in the American section of the trade are dealt in on the Oldham exchange, but they are a specialised market, and are little known outside Lancashire. The Lancashire Cotton Corporation is the one really large business in the American section, but only its debentures are publicly held. There remain the great combines in the Egyptian section, of which the Fine Cotton Spinners' and Doublers' Association is the largest, but which also include such substantial concerns as Amalgamated Cotton Mills Trust, Combined Egyptian Mills, and (on rather a smaller scale) Crosses and Winkworth. De-

	(Profits in £'000)						
	1930	1931	1932	1933	1934	1935	1936
Amal. Cotton Mills Trust (Oct. 31) :— Earned for Pref.	5.2	2.5	6.0	12.0	14.2	4.2	...
No pref. divs. paid since 1925							
Combined Egyptian Mills (Sept. 30) :— Earned for Pref.	Dr492.2*	Dr375.5	Dr119.1	Dr159.8	39.1	Dr118.1	...
No pref. divs. paid							
Crosses & Winkworth (March 31) :— Earned for Pref.	1.3	Dr47.5	Dr65.7	Dr99.6†	Dr9.9†	Dr18.4†	Dr31.7†
No pref. divs. paid							
Fine Cotton Spinners (March 31) :— Earned for Pref.	380.6	Dr345.7	Dr227.8	Dr216.8	Dr59.2	Dr88.7	17.2
No pref. div. since 1931							
Lancs. Cotton :— Earned for Pref.	Dr162.4	Dr393.7	Dr512.8	Dr200.0	Dr99.8	Dr78.9	...

* Initial period results covering average of 17 months. † No depreciation provided.

pending less on the Oriental bulk markets for their ultimate outlet, these fine cotton spinning concerns were able to resist depression longer than the American section. Moreover, three of the four amalgamations (i.e. all except Amalgamated Cotton Mills Trust) have fair to substantial surplus liquid assets, which have provided reasonable security even when their trading losses have been large. Finally, as some 9,300,000 spindles out of a total of about 16,000,000 in the Egyptian section are in the hands of the amalgamations, the fine cotton spinners have progressed much further towards integration of control than any other section of the trade, except the finishers. This continued evidence of longer resistance to depression, greater financial strength and better organisation is generally interpreted as showing that the

ADVANCE PARTICULARS.

FOSTER, YATES & THOM LIMITED

CAPITAL - - - £250,000

The Subscription List will open on Tuesday, June 30th, 1936
FOR AN ISSUE OF
780,000 Ordinary Shares of 5s. each at par

The full Prospectus shows (inter alia) that:—

The Company will acquire the business of Joseph Foster & Sons, Ltd., manufacturers of steam engines, electrical winders, mill gearing and machinery for the rubber, chemical, glass bottle and artificial silk industries, as well as castings up to 40 tons. An export trade, in particular for winding-gear for mines in South Africa, forms an important part of the business.

In 1928 the highly successful engineering business of Yates & Thom, founded in the early part of last century was purchased by Joseph Foster & Sons Ltd. Due largely to the world economic depression, which followed soon afterwards, losses were incurred and in 1935 a Receiver was appointed.

The assets of Joseph Foster & Sons at Preston were disposed of, leaving the original assets and business of Yates & Thom, which this Company is acquiring.

Following reorganisation in the administration of the works, the business was again placed on a profit earning basis. For the 5½ months period from 3rd October, 1935, to 14th March, 1936, THE NET PROFITS (after allowing for all expenses, subject only to income tax) amounted to £11,465, which sum on an annual basis would represent over 10 per cent. on the Capital of the Company.

Total assets (exclusive of goodwill) amount to £250,606.

Copies of the full Prospectus and Forms of Application are now available from:

Bankers:

NATIONAL PROVINCIAL BANK LIMITED, Head Office, 15 Bishopsgate, London, E.C.2, and Branches.

Brokers:

EDWARD CUTBILL & CO.,
19 Great Winchester Street, London, E.C.2
SMITH, KEEN, BARNETT & SON,
84 Colmore Row, Birmingham
SCHOLFIELD BROTHERS,
27 Pall Mall, Manchester

and
Stock
Exchanges

and from

LONDON INDUSTRIAL
FINANCE TRUST LIMITED

Farleigh House, Lawrence Lane, London, E.C.2

Egyptian spinners are likely to reflect recovery (whenever it may dawn on the cotton trade) sooner than the other sections. There is, however, reason for questioning this conclusion. The existence of amalgamations covering some 60 per cent. of the trade has not succeeded in preventing violent cutting of margins by the "outside" mills—or by some of them. Repeated attempts at "gentlemen's agreements" to maintain margins have collapsed; and recently it has seemed almost more difficult to hold margins at reasonable levels in the Egyptian section than in the American. The Census of Production and the later "Import Duties" Census for 1933 and 1934 throw some light on this state of affairs. While production of counts up to 40's (i.e. coarser yarns) fell from 1,021,985,000 lbs. in 1924 to 821,600,000 lbs. in 1930, and had recovered to 981,866,000 lbs. by 1934 (thus involving a drop of only 4 per cent. between 1924 and 1934), production of yarns of counts from 40's to 120's fell from 369,584,000 lbs. in 1924 to 221,999,000 lbs. in 1930, and still further to 214,855,000 lbs. in 1934, showing a fall of 42 per cent. between 1924 and 1934. It would seem that the effects of Japanese competition on coarse yarns and their manufactures are not so serious as the competition of rayon and the depression of Europe—an important market for fine cottons—on the finer yarns. Some relief may come from European recovery, and some from the introduction of spun rayon fibre. But in face of a shrinkage of 42 per cent. in output over the past decade, it would be unwise to look for any early or sharp recovery in the finer end of the cotton spinning industry. For the present the shares appear to lack attraction—though the debentures of the Lancashire Cotton Corporation, in the American section, may emerge from the "guarantee" period (ended last March) in a better position than has been anticipated.

Callender's Cable Progress.—The gross profit of this concern—£647,515 against £527,692 for 1934—must be close to the record for the decade, for the 1929 record of £684,369 included an unstated amount for tax reserve no longer required. Like other cable companies, Callender's have achieved a somewhat late recovery, since increased general business coincided with the termination of the special grid demand which had supported the cable companies during the earlier part of the depression. As the market had exaggerated the prospective benefits of the grid orders for cable manufacturers, it similarly exaggerated the adverse effects of their cessation. The latest figures make it clear that, though competition is still present, the volume of work is now ample, without any special grid demand, to provide satisfactory profits for the well-managed concern. The profits for the last three years are analysed below:—

	Years to December 31,		
	1933	1934	1935
Gross profit.....	£ 522,311	£ 527,692	£ 647,515
Expenses, fees, pension fund, etc.	240,926	237,463	241,566
Depreciation	42,000	40,000	64,000
Tax	...	...	20,000
Debt interest	13,500	13,500	13,500
Preference dividends	56,000	56,000	56,000
Ordinary shares:—			
Earned	169,885	180,729	252,449
Paid	168,587	168,587	168,587
Earned %	15.1	16.4	24.8
Paid %	15	15	15
Carry forward	294,230	306,372	390,234

The balance sheet shows that Callender's is in a strong position to finance expanding business. Debtors have risen from £988,199 to £1,109,339, and stocks are also larger. Surplus liquid assets, however, have expanded from £460,000 to £572,000, neither figure including "general" investments which have been increased from £1,486,587 to £1,513,807. Though these general investments include such trade investments as Anchor Cable, St. Helen's Cable, and Okonite Callender, it may be assumed that they also include substantial marketable investments, which further assist the company's liquidity. The shares (which are shortly to become stock) retain their character of a stable industrial investment—this is the seventeenth year in succession in which a 15 per cent. dividend has been declared—but it

would not be unreasonable, given a continuance of 1935 conditions, to look for some repetition in the next year or so of the capital bonus (20 per cent.) distributed in 1928. In contrast to many other leading industrials, Callender's shares at approximately 85s. ex dividend are appreciably below the 1929 high point (91s. 3d.), a commentary on the earlier exaggerated hopes from the grid orders. The yield of approximately £3 ros. 6d. appears to discount the possibility of a bonus to come.

Daniell-Cobbold Merger Proposals.—The offer which the directors of Cobbold and Company, the Ipswich brewing concern, have made to shareholders of Daniell and Sons' Breweries, of Colchester, raises a number of special points. The directors of Daniell and Sons do not favour the amalgamation, and Cobbolds have therefore been compelled to put their offer directly to the shareholders. Their offer is eminently reasonable in principle, for amalgamation in the industry has increased the general level of profits despite the fall in output. But the fact that these advantages are pleaded with urgency on the one side and rejected on the other by those entrusted with the safeguarding of shareholders' interests, creates a special presumption in favour of caution by shareholders of Daniell and Sons' preference and ordinary shares. The issued capital of Cobbold and Company is approximately twice that of Daniell and Sons' Breweries, following the recent revaluation of the former company's fixed assets and the adjustment of the ordinary capitalisation by a 225 per cent. capital bonus. Daniell and Sons' 7 per cent. preference shareholders are offered a similar security in Cobbold and Company, or alternatively 29s. in cash. The yield of £4 16s. 6d. on this basis is somewhat out of line with equally secured shares. The existing dividends are covered 4.7 times, but the shares offered in exchange would be similarly covered only if combined profits are increased by the expected £20,000. For the ordinary shareholders of Daniell and Sons, the main incentive lies in this estimated increase. They are offered one £1 share in Cobbold and Company, or £3 10s. in cash (against a nominal quotation of £3), yielding £3 16s. per cent. Existing combined profits would broadly maintain their earnings position, while the adjusted figures for Cobbold and Company show a slight advantage to their shareholders. Since the acquisition of Daniell and Sons' is a *sine qua non* in the achievement of the estimated economies, it might be argued that the shareholders of that concern, in hard bargaining, might command better terms. This suggestion emerges from the statement of Daniell and Sons' directors. They have hitherto adopted the principle that the business was not in the market. For the time being Daniell and Sons' shareholders may be prepared to follow the lead of the board which, when all allowance is made for a strong family interest, may be presumed to have intimate knowledge of the value of the business and which, in any event, has provided an increase in dividends from 7½ to 13½ per cent. during the past four years.

Mexican Eagle Results.—The restored prosperity of "Twin Eagles," which has engaged the market's attention during recent months, is evident from their full accounts published this week. The settlement of the Amatlan lawsuit and the improvement in the oil industry have increased the earnings of Mexican Eagle and relieved the accounts of heavy special charges necessitated in recent years. Sales, however, were below total production and purchases, as the following table shows:—

	Production (Barrels)	Purchases (Barrels)	Sales (Barrels)
1933	14,271,675	5,261,883	18,593,917
1934	17,346,231	4,023,394	22,779,421
1935	22,386,710	4,789,259	25,605,782

The increase in trading profits, at £895,891, amounts to £114,320, but the former figure is credited with reserves not required, after providing for the disposition of the

Amatlan lawsuit. After providing for Mexican income tax, a balance of £705,097 is available for dividends against £663,653 in the previous year. The sterling profits for the past two years are analysed below:—

	1934	1935
Trading profit (after depreciation and reserves)	£ 781,571	£ 895,891*
Other income	21,707	16,390
Total income	803,278	912,281
Mexican income tax	139,625	207,184
Available for dividends.....	663,653	705,097
First preference dividend	84,698†	83,113
Participating preference dividend ...	Nil	35,417 (10d. p.s.)
Ordinary dividend	Nil	586,782 (10d. p.s.)
Tax payable for previous years	145,240	Nil
Provision for duties payable on cancellation of 1906 concession	422,535	Nil
Carried forward	11,180	10,965

* After crediting reserves not required, and providing for disposition of Amatlan lawsuit. † Paid and/or accrued in 1933 and 1934, arrears being paid to date in May, 1936.

The disposal of the Amatlan case permitted the payment of first preference dividend arrears and the resumption of participating preference and ordinary dividends at 10d. per share. The report notes, however, that over-optimism as to the immediate future would be unwise, in view of the "overproduction of crude oil and the accumulation of excessive stocks of products. The \$4 ordinary shares declined to 24s. 7½d. on Thursday, and yield £3 7s. 6d. per cent.

Canadian Eagle Progress.—Net profits of Canadian Eagle increased from £539,054 to £625,880 during 1935. Dividend receipts were over £100,000 higher at £753,046, but a net loss of £82,194 again resulted from oil trading. For 1934, however, the loss was shown after crediting £222,884 from investment reserve, compared with £10,565 during the latest year. The actual trading position, therefore, has shown a substantial improvement. Purchases by the shipping subsidiary amounted to 20.8 million barrels, against 20 millions in 1934. Profits are analysed below:—

	1933	1934	1935
Dividends and interest	£ 652,526††	£ 753,046††	£ 753,046††
Oil trading	Dr. 71,028†	Dr. 82,194†	Dr. 82,194†
Total income	376,627‡	581,498	670,852
Expenses and charges	...	42,444	44,972
Available for dividends	376,627	539,054	625,880
First preference dividend	175,898§	162,392§	152,541
Participating preference dividend	Nil	Nil	40,600
Do. per Share	...	...	23.88 Can. cts.
Ordinary dividend	Nil	Nil	454,810
Do. per Share	...	...	9d.
Transfer to reserve	183,553||	400,000||	...
Total carried forward	83,684	60,348	38,277

* Not stated. † After credit of £222,884 in 1934 and £10,565 in 1935 from investment reserve no longer required. ‡ After crediting transfer from investment reserve (amount not stated) equal to depreciation provided in 1933 by Arend Petroleum and Eagle Oil and Shipping. § Paid and/or accrued in 1933 and accrued in 1934, arrears paid to date on May 7, 1936. || General reserve. In 1934 includes £200,000 special exploration reserve. †† Includes, in 1934, £222,975 dividends relating to 1933, and in 1935, £68,229 relating to 1933-34.

The shipping subsidiary has scrapped 34,411 tons and has placed orders for five diesel tankers totalling approximately 60,000 tons. The fleet earned a reasonable profit after depreciation last year. In the report it is emphasised that profits are dependent upon the trading margin between purchase and selling prices, the main business being the marketing of the refined products of Mexican Eagle available for export. Canadian Eagle ordinary shares of no par value eased to 16s. 9d. on the report, and yield £4 9s. 6d. per cent.

Barclay Perkins Accounts.—Though Barclay Perkins and Co. have not been able to equal the recovery of some other brewing companies, which have already exceeded their pre-depression profits, the expansion in earnings for

AN INVESTMENT, FREE FROM PERSONAL LIABILITY, IN
FORTY BRITISH BANKS AND DISCOUNT COMPANIES

TRUST of BANK SHARES

TRUSTEES: EQUITY AND LAW LIFE ASSURANCE SOCIETY
BANKERS: BARCLAYS BANK LIMITED
MANAGERS: TRUST OF INSURANCE SHARES LIMITED
30 CORNHILL, LONDON, E.C.3 MANSION HOUSE 5467

the year to March 31, 1936, maintains the steady recovery since 1932-33, when only £268,444 was earned. The earnings on the ordinary shares, however, only rose from 8.7 per cent. to 9.8 per cent., and the directors have preferred to adhere to the 8 per cent. distribution which has now been declared for three years running. The profits over that period have been as follows:—

	Years to March 31,		
	1934	1935	1936
Total gross profit	£ 404,827	£ 413,288	£ 426,149
Depreciation	64,680	64,913	64,867
Other expenses	18,807	18,565	17,452
Debt interest	101,432	100,967	100,453
Earned for preference	219,908	228,843	243,377
Preference dividends.....	75,600	75,600	75,600
Ordinary shares:—			
Earned	144,308	153,243	167,777
Paid	143,061	143,061	143,061
Earned %	8.1	8.7	9.8
Paid %	8	8	8
To reserves	...	10,000	15,000
Carried forward	51,855	52,037	61,753

Though the company increased its investments in licensed and other houses from £3,147,943 to £3,367,305 last year, it has been less active in the acquisition of premises than many brewery companies during recent years. In 1929 licensed and other properties and loans to publicans were £3,549,000; the equivalent total for 1936 is only moderately higher at £3,730,000. Similarly, shares in subsidiary companies have only risen from £1,078,000 in 1929 to approximately £1,121,000 in 1936. This relative stability of assets may explain why the company's recovery record does not equal that of some of its fellows. There remains a moderate but deferred "equity" in the possibility of converting the existing debenture stocks, but the prospective savings are not substantial in relation to an ordinary capital of £1,788,265. It would appear that only a moderate increase in earnings and dividends should be expected over the next few years, despite the assistance recently given to home lager brewers. At approximately 37s. ex dividend the shares yield approximately £4 6s. 6d., and appear fairly valued.

Metal Box Progress.—Both at home and abroad, the development of existing business and the opening up of new branches have contributed to the recent expansion of this concern. Total profits have increased from £287,558 to £346,817, and equity earnings from £142,207 to £176,827. Since the amount earned for the equity is equivalent to 23.2 per cent., the raising of the ordinary dividend from 10 per cent. to 12½ per cent. is at once satisfactory and cautious. The company's present prosperity follows the general trend of recovery, but it is also associated with social changes favouring prepared foods. Extension, moreover, is by no means confined to the home market, for which the re-equipment of the Eaglesbush Tinplate Works is designed. The new factory in Bombay is now working, two factories in Capetown have been replaced, and improvements have been effected at Durban and Calcutta. The following table analyses the profits for the last three years.

profits of General Electric were due mainly to exports to the British Empire. The chairman of George Newnes discussed the progress of a number of the company's chief publications. Sir Sydney Benn attributed the maintenance of Forster's Glass sales partly to the increased demand of existing customers.

THE WEEK IN THE MARKETS THE LONDON STOCK EXCHANGE

SETTLING DAYS

TICKET	ACCOUNT
JULY 7	JULY 9

With its proverbial capacity to take a short view of politics, the Stock Exchange made a virtue out of the Government's policy on sanctions. Domestic securities have been rising this week, and even European bonds regained some favour on what was regarded as an improvement in the European political situation. There has also been a renewal of confidence in continued economic recovery in England, and speculative securities have benefited from reports of improving trade conditions.

Gilt-edged securities were supported at the end of last week as a result of the lower bill rate. This week, however, the market was adversely affected by the unloading of 2½ per cent. Funding Loan by public departments, who were understood to take up most of the issue last December. Unsettling continued until the Funding Loan became steady at 93½, after the special selling had ceased. There was some selling of Old Consols, attributed to repatriation of funds to France, but by mid-week the market had become somewhat firmer. Indian and Dominion issues were steady throughout and relatively featureless.

Chinese bonds have been less firm than at the end of last week, owing to the renewed quarrels between North and South, but Sir Frederick Leith-Ross's report was found encouraging. Brazilians attracted support at the end of last week on the improved internal position described by the chairman of Rio de Janeiro City Improvements, but this week they became dull on fears for the coffee position. Peruvian issues were in demand on reports of negotiations regarding the debt service. Among European issues, Poland Sevens had an erratic week, the removal of sanctions apparently counteracting the adverse internal economic position, and creating a demand, which, however, proved to be short-lived. There was a general improvement in other European issues in midweek.

Home rail stocks were still depressed this week, owing to the uncertain labour position, but an excellent set of traffics induced some firmness later in the week, although there was not a great volume of business. The foreign rail market has been almost stagnant throughout the week, with some revival of interest in Cordoba first debentures. Small losses were registered by American rails, which moved in sympathy with Wall Street prices.

The new account opened cheerfully in the industrial market, and although the amount of business has been modest, prices in several sections have been very firm. In view of the political situation and statements in Tuesday's debate, interest has naturally been directed to the rearmament securities, although other sections have by no means been idle. In the iron and steel group business has been steady at rising prices. John Brown shares continue in demand on the higher profits of last year, and the prospect of securing the contract for the sister ship to the "Queen Mary." Firth-Brown shares have also been prominent in the general rise. The feature of a strong aviation share market was provided by Bristol Aeroplane, which were strongly supported on the meeting and the gratifying issue on bonus terms. Hawker and Hawker-Siddeley were also in demand, and Imperial Airways issues improved on the good April traffics. The motor group had an irregular appearance throughout the week, the principal improvement being shown by Leyland shares.

The resignation of the chairman of Cable and Wireless provoked irregularity. An initial improvement was fol-

lowed by a reaction in the preference and the "A" ordinary stocks, and both issues lost further ground on the low record traffic index for May. A sharp improvement occurred in mid-week. Henley's and Crompton Parkinson issues were in occasional demand in the electrical equipment group, which displayed all-round firmness in mid-week. Brewery issues have put up a mixed showing, with some profit-taking and a marked improvement in Tamplins' shares in anticipation of the final dividend. Business in the stores section has been modest, but Woolworth maintained their recent rise. Gallahers were a feature in the tobacco section. Courtaulds improved on the record rayon output for May.

There have been several bright features in the miscellaneous industrials section. British Oxygens have been in steady demand, and in the building materials group cement shares have been supported, together with Wall Paper deferred. There has been a good demand for various small engineering issues, notably British Timken, Reynolds and Coventry Chain, and Weybridge Engineering. Amalgamated Dental deferred shares benefited from the resumed dividend payments.

In the oil shares market the end of the old account and the opening of the new was marked by quiet conditions and a very small amount of business. On Tuesday of this week there was strong renewed interest in Eagle issues, following Lord Bearsted's statement that relations between the Mexican company and the Government were much improved. Later in the week profit-taking developed and prices reacted. Orders from the Continent were mainly for sales, and small declines were recorded by Royal Dutch, Anglo-Iranian and Trinidad Leaseholds.

A marked improvement in the rubber shares market at the end of the last account continued during this week. Fears for the devaluation of the guilder have been postponed, and the technical position of the industry is considered sounder. The volume of business has been smaller, and prices have been marked up rather too eagerly, but the improvement is more determined than any the market has soon for a long time past. The tea shares market registered a flicker of improvement at the beginning of the week, which died away later.

A cheerful end to the last account in the mining market was followed this week by spectacular improvements in many Kaffirs. West Witwatersrand shares headed the rise, and from a new high of 9½ at the end of last week improved at one time to 12½. Subsequent profit-taking caused a reaction, but there is no serious slackening in the general interest, which extends also to many Far Eastern issues. The West African section has been considerably more active than of late, with special attention for Gold Coast Selection. Rhodesian copper shares were firm on the higher commodity price, and tin shares advanced under a similar influence.

"FINANCIAL NEWS" DAILY BARGAIN INDEX (Approximate number of Bargains recorded in Stock Exchange Lists)

	Week to June 19, 1936	June 18, 1936	June 19, 1936	June 22, 1936	June 23, 1936	June 24, 1936	June 25, 1936
Government and Municipal Loans	5,204	1,051	1,014	1,216	1,061	1,048	950
Transport, Communications, and Public Utilities	4,659	889	839	919	780	920	915
Commercial and Industrial	21,316	4,902	4,406	4,607	4,343	4,101	4,437
Banks, Insurance and Financial	2,587	613	505	594	514	578	518
Mines (including Nitrate)	5,848	1,026	1,464	1,194	1,392	1,531	1,340
Oil	1,300	308	224	170	198	248	244
Rubber, Tea and Coffee	969	155	141	452	318	330	392
Total	41,883	7,844	8,593	9,144	8,606	8,756	8,796
Corresponding day in 1935	...	10,537	10,180	10,440	8,826	9,330	10,135

* Including Iron and Steel and Breweries.

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (Jan. 2)	June 18, 1936	June 19, 1936	June 22, 1936	June 23, 1936	June 24, 1936	June 25, 1936
114.5	107.4	111.4	112.0	112.1	112.6	112.8	112.7

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

Highest of 1936 (Feb. 19)	Lowest of 1936 (June 24)	June 18, 1936	June 19, 1936	June 22, 1936	June 23, 1936	June 24, 1936	June 25, 1936
138.4	136.5	136.8	136.8	136.7	136.5	136.5	136.5

FOREIGN STOCK EXCHANGES NEW YORK

WALL STREET has experienced a week of irregular price movements, with signs of firmness on the whole prevailing against weakness. Conversion of the Veterans' Bonus bonds into cash is proceeding more slowly than the market had anticipated, and the political party conventions continue to exert a restraining effect. The new Tax Bill was passed, and although it was not as modified from the original draft as had been hoped on Wall Street, it is expected to provoke some increased dividends. A number of stocks, such as U.S. Rubber preferred and Chrysler, became firmer for this reason. Railroad stocks declined on estimates that traffic will be affected by drought conditions. The level of stock prices, as measured by the Dow Jones Index, is now back in the region of the April peak. Most business reports continue to be very satisfactory. *Iron Age* estimates steel mill activity at 70 per cent. of capacity, the same as for last week, but although demand is well maintained there are fears of labour trouble in the industry. Considerable uncertainty has been occasioned by the report of the Securities and Exchange Commission on the segregation of the functions of jobbers and brokers, and it is reported that the opposition among professional operators may lead to a challenge to the constitutionality of the Commission's proposals. On the bond market Italian bonds have been very strong on the approaching end of sanctions.

	June 17, 1936	June 24, 1936	June 24, 1936 Eng. Equiv.†		June 17, 1936	June 24, 1936	June 24, 1936 Eng. Equiv.†
U.S. 2½ Treas. Bds. 1945-47 ...	103½	103½	103	Natl. Biscuit	35½	35½	35½
Atchafalpa	76	78½	77½	Phelps Dodge	33½	35½	35½
Erie	13½	12½	12½	Pullman	46½	47½	47½
Illinois Central	21½	21½	21½	Sears Roebuck	73½	75½	75½
N.Y. Central	36½	37½	36½	Un. Fruit	78½	79½	79½
Pennsylvania	32	32½	32½	U.S. Leather	61	61	61
Southern Pacific	34½	34½	34½	U.S. Rubber	29½	31½	31½
Southern Ry.	16	16	15½	U.S. Steel	63½	64½	64½
Union Pacific	129	130½	130½	Westinghouse	116	119	118½
				Woolworth	53½	53½	53½
Am. Can.	131	133½	133½				
Amer. Smelting	79½	81½	80½	Am. Tel. and Tlg.	168½	169½	168½
Anaconda	34½	35½	35½	Int. Tel. Teleg.	14½	15	14½
Bethlehem Steel	53½	54½	54½	Utilities P. & L.	4½	4½	4½
Chrysler Motor	98½	108½	108½	W. Union Tlg.	85½	87	86½
Corn Products Rf.	80½	81½	80½				
Eastman Kodak	167	171	170½				
Gen. Electric	38½	39½	38½	Shell Union	17	17	16½
Gen. Motors	64½	67½	67½	Std. California	36½	37½	36½
Int. Harvester	88½	88½	87½	Do., N.J.	58	59½	58½
Mont. Ward	45½	45	44½				

† Calculated at \$5.02½ to £.

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

	1935	1936 (Jan. 1 to June 24)	Be-ginning of Year 1936	June 10, 1936	June 17, 1936	June 24, 1936
	Lowest Mar. 20	Highest Dec. 31	Lowest Apr. 29	Highest Apr. 8		
351 Industrials ...	74.5 (a)	112.3	112.7	127.1 (d)	112.3	119.5
33 Rails	27.4	43.0 (w)	42.8	51.1 (b)	41.5	47.2
37 Utilities	52.2	93.6	91.2	106.2 (a)	93.6	101.6
Total, 421 Stocks	63.1	97.7	97.7	110.6	97.7	104.7
Average yield of 50 Industrial Common Stocks	3.02% (v)	4.06% (f)	High 3.60% (c)	Low 2.95%	3.22%	3.53%
					3.47%	3.38%

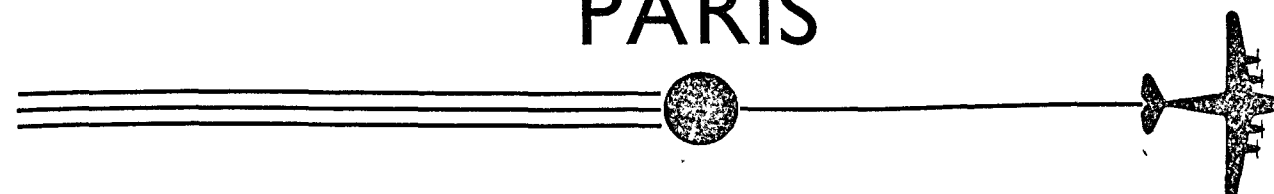
(a) February 11th. (b) February 19th. (c) April 29th. (d) April 8th.
(f) March 13th. (v) November 13th. (w) December 4th.

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

Highest of 1936 (Apr. 6)	Lowest of 1936 (Jan. 6)	June 17, 1936	June 18, 1936	June 19, 1936	June 20, 1936	June 21, 1936	June 22, 1936	June 23, 1936	June 24, 1936
147.6	126.2	139.8	140.6	139.9	140.7	142.2	141.6	143.5	

TOTAL DEALINGS IN NEW YORK

	June 18, 1936	June 19, 1936	June 20, 1936	June 21, 1936	June 22, 1936	June 23, 1936	June 24, 1936
Stock Exchange—Shares (Thous.)	940	830	320	990	970	1,240	
Bonds (Value Thous. \$)	11,100	7,940	4,300	7,920	9,300	8,610	
Curb—Shares (Thous.)	291	221	108	256	244	208	

* Two-hour session.

PARIS

If good intentions were sufficient in themselves, the market should have received M Auriol's statement last Friday with rather more enthusiasm than was actually the case. Conditions were definitely more cheerful, but the general reception of the speech was less of positive satisfaction than of relief that there were to be no great coercive or restrictive measures—at least on the Bourse. The chief upward movements were recorded in Rentes, particularly in those carrying the higher rates of interest. The 5 per cent. issue of 1920, for example, advanced in a single day by nearly 3½ francs. In other directions there were no very spectacular changes, though the general gains in local securities were substantial. No doubt it was intended that the inauguration of the policy of cheap money by the reduction in the bank rate to 5 per cent. should be received with unmixed pleasure. Instead, conditions on Tuesday were lifeless, and the feeling of unsettlement which had prevented any very brisk business last week became noticeable once more. Prices, however, were more characterised by irregularity than by any substantial falls. Internationals, which had been neglected on account of domestic improvement, attracted renewed attention. By mid-week the market counting the blessing of cheaper money—at least temporarily—marked prices higher, especially for industrials and public utilities.

	June 17, 1936	June 22, 1936	June 24, 1936		June 17, 1936	June 22, 1936	June 24, 1936
Banque de France	5,330	5,295	5,340	Wagons Lits.	1936	1936	1936
Crédit Lyonnais	1,240	1,285	1,287	Mexican Eagle	94	91	93
Suez Canal	19,853	19,710	19,715	"Chartered"	118	112	115
Chargeurs Réunis.	191	202	195	Ford	41	38	36
Rio Tinto	950	972	985	De Beers	648	639	654
Royal Dutch	28,790	27,800	28,030	"Johnnies"	313	305	308

BERLIN

Although rumours of a new government loan had been in circulation for some days, the announcement of an issue of Rm. 700 millions 4½ per cent. Treasury bonds came too late on Monday to affect prices, which had been inclined to sag. On Tuesday interest centred mostly around the new issue; the result was a tendency towards easier prices, as stocks were being realised in preparation for the loan. The session on the whole proved dull, movements being mostly downward. Shipping issues, after rallying last Friday, slipped back, and then recovered somewhat in mid-week. Nothing has occurred to infuse life into the market, and although a slightly better tone is evident, the volume of business remains small.

	June 17, 1936	June 22, 1936	June 24, 1936		June 17, 1936	June 22, 1936	June 24, 1936
Reichsbank	1936	1936	1936	A. E. G.	36.60	36.50	35.75
D. Bank	94.73	93.50	93.25	Siemens and Halske	202.75	202.75	202.50
Dresdner	95.00	93.50	93.25	A. K. U.	57.25	55.75	55.50
I.G. Farben	172.40	171.60	172.10	Hamburg-Amer.	14.25	14.40	14.60
Norddeutscher Lloyd (New)	15.50	15.90	15.75				

AMSTERDAM

The Bourse had been inclined at the end of last week to wait upon events in France, but the temporary stimulus to Paris prices did not extend to Amsterdam. On Monday small declines in quotations, except for tobacco shares, were widespread. A firmer tone developed later, without greatly enlarging the volume of business. Commodity issues remained the brightest section of the market, rubber shares in particular being in good demand. Better conditions

began to develop under the general influence of more stable foreign exchanges, the reduction in the French bank rate, and the adjournment of the United States Congress. In mid-week rubber shares strengthened further, while tobacco issues again spurred.

	June 17, 1936	June 22, 1936	June 24, 1936		June 17, 1936	June 22, 1936	June 24, 1936
2½% Dutch Loan	72	72	72	Steel Common	39	38	39
5½% German	19	18	18	A. K. U.	22	21	21
Unilever N.V.	115	114	112	Ford Motor	207	207	207
Philips Lamp	178	173	173	Deli Batavia Tob.	184	185	185
Netherland Ship Union	48	48	47	Royal Dutch	276	272	274
				Handels Am.	263	255	259

CANADA

The tone of the Canadian stock markets remained fairly strong until mid-May, but reacted thereafter. Uncertainty about French monetary policy and the European political situation had the same depressing influence as in New York. Disappointing news about the Western grain crop discouraged hopes of expanding rural purchasing power, while the textile issues suffered from disclosures made before the Royal Commission on tariffs. Early this month the stocks of all Quebec power companies fell sharply following the resignation of Premier Taschereau and the announcement of another Provincial election, which the Opposition is to fight on lower rates for power consumers, if necessary through State competition. Distillery stocks have been stronger, and there has been considerable activity in the newsprint stocks. Despite a general recovery in stocks at the turn of the month, Quebec power issues have remained weak. In the gold-mining market conditions have been very brisk, with spectacular advances in some new stocks. Western provincial issues alone have been dull in a fairly firm bond market, the Bureau's index of long-term Dominion bond prices reaching a high of 116.7 for the week ending June 12th, compared with 115.9 in May. The "Investors'" index was slightly higher at 117.6 for the week ending June 11th, as compared with 117.4, 117.9 and 119.2 for the weeks ending June 4th, May 28th and 21st respectively.

	Price, May 6, 1936	Price, June 24, 1936	Eng. Equiv.		Price, May 6, 1936	Price, June 24, 1936	Eng. Equiv.
Bell Telephone	146	148	146	Cockshutt Plow	6	7	6
Canadian Car and Foundry	6	7	7	Dominion Glass	111	110	109
Do., pref.	14	16	16	International Petroleum	38	36	36
Power Corporation	13	13	13	Brazil Traction	10	13	13
Dome Mines	56	56	55	British Columbia Power "A"	28	30	29
Hollinger	15	15	15	Do., "B"	4	4	4
McIntyre	45	43	42	Canada Cement	6	6	6
Bank of Canada	56	57	56	International Nickel	46	51	51
Bank of Montreal	185	181	180	Massey Harris Com.	5	5	5
Bank of Nova Scotia	282	283	284	Montreal Light	31	30	30
Royal Bank of Canada	167	173	171	Ogilvie Flour Mills	200	223	221
Canadian Bank of Commerce	150	154	152	Quebec Power	16	16	16
Canadian Pacific Ry.	12	12	12	Shawinigan Water	20	19	19

† \$5.03 to £1.

CAPITAL ISSUES

THIS week's capital issues have been largely composed of dual preference and ordinary share offers on behalf of small industrial concerns. The largest capitalisation, indeed, is of *Brooklands (Weybridge)*, which issues 4½ per cent. debenture stock, 6 per cent. 10s. preference shares and 5s. ordinary shares, the latter at 20 per cent. premium, the whole comprising a nominal total of £280,000. The property is acquired broadly at valuation, for cash, and recent profits have shown a rising trend. The ordinary shares, whose prospective earnings are expected to increase to 14 per cent., are highly geared, and the emphasis upon their speculative interest, by the adoption of an equally small preference capital, may involve less ready marketability. The debenture stock is covered with a modest margin of assets and earnings. The issued capital of *Alders (Tamworth)* totals £100,000, divided into 100,000 6 per cent. 10s. preference and 500,000 2s. ordinary shares, the latter being issued at 25 per cent. premium. *Cornercroft, Limited*, with a total share capital of £132,000 issues 120,000 10s. preference and 120,000 4s. ordinary shares, the latter at 5s. 9d., or 43 per cent. premium. The capital of *Riding's Stores*, of which 100,000 6 per cent. cumulative preference and 100,000 2s. ordinary shares are offered—the latter at

4s. per share—totals £150,000. It has been suggested repeatedly in these columns that the adoption by concerns of this size of a dual capitalisation to secure advantages of "gearing"—for which the applicant for the ordinary shares is invited to pay substantial premiums—is in the long run usually outweighed by the handicap to marketability. Due regard should be given to the compensating disadvantages of highly geared ordinary shares, should the trend of profits be reversed. The earnings of *Titanine*, manufacturers of aeroplane "dope," amounted to £754 three years ago. For 1930-31, profits were £10,088; for the ten months to January last, £12,421. Net assets of £53,205 have been acquired for £80,000 of which the larger part is satisfied by 799,000 2s. ordinary shares at par. The offer of 389,200 shares at 4s. 3d. thus leaves the vendors with control, while they receive a total cash consideration for the shares offered amounting to £64,008 15s. Statements "for information only" have been published by *Crittall-Hope Metal Windows (South Africa)*, *Deritend Stamping, Wagon Repairs*, and *Anglo-American Asphalt*.

ISSUES OF THE WEEK

January 1 to June 20, 1936, including conversions, Old Basis, £178,642,539
January 1 to June 20, 1936, excluding conversions, Old Basis, £96,795,263
January 1 to June 20, 1936, including conversions, New Basis, £252,432,393
January 1 to June 20, 1936, excluding conversions, New Basis, £169,685,116

National Savings Certificates, Net receipts week ended June 20, 1936, Dr. £50,000

	Nominal Capital	Conversions	New Money
To the Public			
Alders (Tamworth), 100,000 6% Cum. Red. 10/- Pref. shares at par	50,000	...	50,000
Do. 500,000 2/- Ord. shares at 2/6 each	50,000	...	62,500
Brooklands (Weybridge) £160,000 4½% Deb. Stk. at par	160,000	...	160,000
Do. 120,000 6% Cum. Pref. 10/- shares at par	60,000	...	60,000
Do. 240,000 5/- Ord. shares at 6/- each	60,000	...	72,000
Cornercroft 120,000 6% 10/- Pref. shares at par	60,000	...	60,000
Do. 120,000 4/- Ord. shares at 5/9 each	24,000	...	33,750
Riding's Stores, 100,000 6% Cum. Pref. £1 at 21/6 each	100,000	...	107,500
Do. 100,000 2/- Ord. shares at 4/- each	10,000	...	20,000
Titanine, 389,200 2/- Ord. shares at 4/3 each	38,920	...	82,380
Total	612,920	...	708,130

	Nominal Capital	Conversions	New Money
To Shareholders only			
Bristol Aeroplane, 1,200,000 New 10/- Ord. at 25/- each	600,000	...	1,500,000
Forward Trust, 20,000 10/- Ord. shares at 30/- each	10,000	...	30,000
Northern American Trust, £88,765 3% Deb. Stk. at par (to repay Terminable Debentures)	88,765	88,765	...
Second Scottish American Trust, £50,000 3% Deb. Stk. (1935-75) at par (to repay Terminable Debentures)	50,000	50,000	...
South African Torbanite Mining and Refining, 295,000 10/- shares at 15/- each	147,500	...	221,250
Telephone Manufacturing, 200,000 5/- Ord. at 6/9	50,000	...	67,500
Total	946,265	138,765	1,818,750

	Nominal Capital	Conversions	New Money
By Stock Exchange Introduction (at opening price)			
Crittall-Hope Metal Windows (South Africa) 100,000 5½% Pref. £1 at 21/10½ each	100,000	...	109,375
Deritend Stamping £48,000 10/- Ord. shares at 17/7½ each	174,000	...	306,675
Mount Magnet Gold, 50,000 7% Pref. £1 at 25/-	50,000	...	62,500
Do. 563,043 2/6 Ord. shares at 6/-	71,005	...	170,412
Total	395,005	...	648,962

	Including Conversions	Excluding Conversions
During week ended June 20, 1936	241,060	1,121,321
Total Capital raised—		

	Including Conversions	Excluding Conversions
January 1 to date—		
1936 (New Basis)...	256,818,321	173,932,279
1936 (Old Basis)...	181,258,184	99,272,143
1935 (New Basis)...	226,103,400	140,697,569
1935 (Old Basis)...	154,474,946	65,300,204
January 1 to date—		
1934	261,565,876	96,800,206
1933	186,514,199	110,806,465
1928	...	244,702,793

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

	Debentures	Preference	Ordinary	Total
Nature of Borrowing (Excluding Conversions)				
January 1 to date—				
1936 (New Basis)...	65,173,778	21,132,471	87,626,030	173,932,279
1936 (Old Basis)...	55,667,624	9,689,569	33,914,950	99,272,143
1935 (New Basis)...	66,438,434	29,383,829	64,870,306	140,697,569
1935 (Old Basis)...	30,119,808	19,879,503	15,900,893	65,900,204

	Debentures	Preference	Ordinary	Total
Whole year—(Old Basis)—				
1928	212,917,900	45,062,690	111,177,600	369,158,190
1933	222,064,300	12,733,700	9,982,500	244,780,500
1934	102,769,300	21,461,000	44,878,400	169,108,700
1935	167,185,509	31,696,741	37,265,387	236,147,637

* Including securities for which "permission to deal" was given in twenty-six weeks ended June 29, 1935.

PUBLIC OFFERS

Brooklands (Weybridge), Ltd.—Issue of £160,000 4½ per cent. first mortgage debenture stock at par, 120,000 6 per cent. cumulative 10s. preference shares at par, and 240,000 5s. ordinary shares at 6s. Debenture stock secured by first charge on lands, etc., redeemable at 105 from January 1, 1938, by drawings from 1958 on three months' notice, or on January 1, 1992. Acquires Brooklands racing track and aerodrome. Profits, before debenture interest and sinking

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fund: 1933, £13,536; 1934, £16,220; 1935, £18,464. Assets, including £8,500 profits, £255,000, purchased from Byfleet Estates, Ltd., for £253,100 in cash. £246,500 payable by Byfleet Estates to Brooklands Estate Co.

Alders (Tamworth), Ltd.—Issue of 100,000 6 per cent. 10s. redeemable cumulative preference shares at par and 500,000 2s. ordinary shares at 2s. 6d. Preference shares redeemable at 1s. 6d. premium on winding up; repayable at or below 11s. by 1976 or at 12s. from 1941 to 1974 on three months' notice. Acquires papermaking business of similar name. Profits, after depreciation, years ending in: 1933, £12,348; 1934, £14,176; 1935, £15,745. Net assets, £195,283 purchased for £182,478 in cash and discharge of liabilities £37,799. £100,000 4½ per cent. debenture stock to be privately subscribed for £98,000. Lists closed 9.40 a.m. 24th June.

BY OFFER FOR SALE

Titanine, Ltd.—Offer for sale of 389,200 2s. ordinary shares at 4s. 3d. 194,600 shares taken firm by underwriters. Formed to acquire Titanine-Emallite, Ltd., founded 1915 to make aeroplane dope, etc. Profits, after depreciation, years to March 31st: 1933, £754; 1934, £1,916; 1935, £6,801; ten months to January 31, 1936, £12,421. Net assets, £53,205 (including £14,312 investments in and advances to foreign subsidiaries, to be sold for cash). Purchase price £80,000, payable by £100 cash and 799,000 2s. shares. List closed 9.5 a.m., June 21st. Very heavily oversubscribed.

Riding's Stores, Ltd.—Offer for sale of 100,000 6 per cent. cumulative preference £1 shares at 21s. 6d. and 100,000 2s. ordinary shares at 4s. Founded 1913 in Manchester district and sells pedal cycles, furniture, household goods, etc., by instalments. Profits, after depreciation, years to June 30: 1933, £12,604; 1934, £12,361; 1935, £15,627; half-year to December 31, 1935, £18,902. Net assets, £105,120 (instalment debtors, £131,402). Lists closed 9.5 a.m. June 25th. Heavily oversubscribed.

BY STOCK EXCHANGE INTRODUCTION

Crittall-Hope Metal Windows (South Africa), Ltd.—Issued capital 100,000 £1 ordinary shares and 100,000 5½ per cent. cumulative £1 preference shares. The Charterhouse Investment Trust, Ltd., and The Midland Trust, Ltd., take jointly 100,000 preference shares, entitled to 2s. premium on winding up. Proceeds of issue to repay loans and overdraft and for working capital. Incorporated in South Africa, 1922, to manufacture metal windows, etc. Net assets, February 29, 1936, £88,500. Profits, after depreciation, years to February 28, 1935, £34,889; 1936, £45,572.

Deritend Stamping Company, Ltd.—Issued capital, 348,000 10s. ordinary shares. Incorporated 1900, to manufacture drop forgings, etc. Total assets, February 29, 1936, £190,307; net assets, £105,071. Profits, before depreciation, years to February 28: 1934, £10,578; 1935, £20,381; 1936, £32,185. Messrs. J. W. Nicholson and Sons take 140,000 10s. ordinary shares at 15s.

Anglo American Asphalt Company, Ltd.—Issued capital 300,000 5s. ordinary shares. Road contractors. Incorporated 1925. Also manufactures asphalt, tar, etc., at Bristol. Total assets December 31, 1935, £56,225. Profits, after depreciation, years 1933, £24,846; 1934, £26,304; 1935, £32,585. Surplus assets, December 31, 1935, £28,814.

Wagon Repairs, Ltd.—Issued capital 529,008 £1 ordinary shares and 500,000 5 per cent. cumulative £1 preference shares. Incorporated 1918. Repairs railway wagons and tank cars. Total assets March 31, 1936, £1,295,336, including goodwill £349,000. Profits, after depreciation, years to March 31, 1934: £102,214; 1935, £90,369; 1936, £87,725.

OTHER RESULTS OF ISSUES

John Thompson Engineering Company, Ltd.—The subscription list for the issue of 400,000 5 per cent. cumulative preference shares at 21s. 6d. per share, was closed at 9.5 a.m., June 19th, owing to oversubscription.

ISSUES TO SHAREHOLDERS ONLY

Advance Laundries—800,000 new ordinary shares of 2s. are offered to ordinary shareholders at 3s. per share, in the

(Continued on page 748)

LONDON ACTIVE SECURITY PRICES AND YIELDS

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

Prices, Year 1935				Prices, Year 1936 Jan. 1 to June 24, inclusive				Name of Security	Price, June 17, 1936	Price, June 24, 1936	Rise or Fall	Yield June 24, 1936	Prices, Year 1936 Jan. 1 to June 24, inclusive		Last two Half-yearly Dividends	Name of Security	Price, June 17, 1936	Price, June 24, 1936	Rise or Fall	Yield June 24, 1936
High	Low	High	Low	High	Low	(a) %	(b) %						(c) %							
British Funds																				
94½	80	87½	83½	Consols 2½%	85	85½	+ ½	2 18 9	5½ dis	6½ dis	Nil	Nil	Nil	Nil	Anglo S. A. f 10 f5 pd.	6 dis	6 dis	...	Nil	
118½	109½	116½	113½	Do. 4% Red. at par on or after Feb. 1957 (n)	115	116	+ 1	3 0 9	7½	3½	Nil	Nil	Nil	Nil	American B. f 10 f5 pd.	37½	37½	...	4 6 2	
103½	97½	102½	101	Conversion 2½% 1944-49	101½	101½	...	2 13 6	38½	37½	6(a)	6(b)	6(c)	6(d)	Bank of N. Zealand f 10 f5 pd.	374	374½	+ ½	3 4 0	
112½	100½	108½	104½	Do. 3½% after 1961 (s)	104½	104½	...	2 13 6	79½	74½	7(a)	7(b)	7(c)	7(d)	Bank of England Stk.	78½	78½	+ 6d	3 11 0	
114½	108	111½	108½	Do. 4½% 1940-44	108½	108½	+ ½	2 5 0	101	82	3(a)	4(a)	4(b)	4(c)	Barclay B. (f 1)	47½	47½	...	2 6 9	
124½	115½	121½	117½	Do. 5% 1944-64	117½	118	+ ½	2 13 0	43½	37	8(c)	8(c)	8(c)	8(c)	Bk. of Australasia (f 5)	93	93	...	4 1 3	
...	...	95½	93½	Funding 2½% 1956-61	95	93½	- 1½	2 17 9	27½	24½	5(c)	5(c)	5(c)	5(c)	Bk. of Montreal (\$100)	£37½	£37½	...	4 4 6	
106	98	104½	102½	Funding 3% 1959-69	103½	103½	...	2 17 6	95½	82½	6(c)	6(c)	6(c)	6(c)	Bk. of N.S. Wales (f 20)	25½	26	+ ½	2 18 0	
121½	111½	118½	116½	Funding 4% 1960-90	116½	117	+ ½	2 19 6	15½	12½	7(a)	7(a)	7(a)	7(a)	British Overseas A f5	85½	85½	...	7 0 0	
119½	110	117½	113½	Victory Bonds 4%	114½	115½	+ ½	3 9 0	16½	13½	3(b)	3(b)	3(b)	3(b)	Chtd. of India (f 10)	13½	15½	+ ½	5 8 0	
101½	101½	108	104	War Loan 3½% after 1952 (p)	105½	106	+ ½	3 0 9	92½	83½	3(b)	3(b)	3(b)	3(b)	Comcl. Bk. of Aus. (f 10)	89½	89½	...	2 18 0	
89½	89	97½	94½	Local Loans 3%	96½	97	+ ½	3 1 0	56½	52½	8(a)	8(a)	8(a)	8(a)	Do. S. f 1 fully paid	53½	53½	...	3 14 6	
104½	100½	103½	102½	Austrian 3% 1933-53	102½	102½	...	2 16 0	96½	83½	12(a)	12(a)	12(a)	12(a)	Eng. Scot. & Aust. f5 f3pd	87½	87½	...	3 8 6	
86½	66½	75½	70½	India 2½%	71	72	+ 1	3 9 5	111	101	6(a)	6(a)	6(a)	6(a)	Hambros f 10, f2 pd	11½	11½	...	3 8 9	
95½	76	86½	83½	Do. 3%	85	85½	+ ½	3 10 2	110½	99½	2(a)	2(a)	2(a)	2(a)	Hong. and S. (f 12½)	£100	£103½	+ f3½	5 6 3	
100½	90	99½	96	Do. 4%	97	97½	+ ½	3 11 10	63½	61½	6(a)	6(a)	6(a)	6(a)	Lloyds f5, with f1 pd	62½	63½	+ 6d	3 16 0	
119½	112½	120½	116	Do. 4½% 1958-68	118	118	...	3 6 6	91	81	7(a)	7(a)	7(a)	7(a)	Martins f20, f2½ pd	91	91	...	3 17 0	
108½	105	107	105	U.K. & Arg. 4½% (1947)	105	105	...	3 9 0	98½	91½	8(a)	8(a)	8(a)	8(a)	Midland f1, fully paid	92½	92½	+ 6d	3 9 0	
Dom. & Colonial Govts.																				
113½	108½	112½	109½	Australia 3½% 1945-75	110	110	...	3 13 6	46½	42½	9(a)	9(a)	9(a)	9(a)	Nat. of India f25, f12½ pd	44	44	...	5 2 0	
108½	100½	106	102½	Canada 4% 1940-60	102½	102½	...	3 5 16	143	123	7½(a)	7½(a)	7½(a)	7½(a)	Nat. of N. Zealand f10 f5 pd	153	153	...	5 2 0	
119½	112½	117½	114½	Gold Coast 4½% 1956-...	114	114	...	3 8 0	500	466½	15(a)	15(a)	15(a)	15(a)	Royal Bk. of Scotland	482	487	+ 5	3 9 9	
121	116	120	118½	Nigeria 3½% 1950-60	119	119	...	3 11 0	98½	90½	9(a)	9(a)	9(a)	9(a)	St. of S. Af. f20, f5 pd	151	151	...	3 18 6	
115½	107½	114½	110½	N. Zealand 5% 1946-...	112	112	...	3 16 6	...	...	...	...	...	...	Westminster f1, f4 pd	94½	94½	+ 6d	3 15 0	
110	103	109½	107	Queensland 5% 1940-60	108	108	...	3 1 3	95½	88½	9(a)	9(a)	9(a)	9(a)	Alexanders f2, f1 pd	92½	95½	+ 2½	4 0 0	
118	113	117½	114½	S. Africa 5% 1945-75	115	115	...	3 1 3	95½	88½	9(a)	9(a)	9(a)	9(a)	National A f10 f5 fly. pd	63	63	+ ½	3 17 6	
Foreign Governments																				
101½	98	103½	99½	Argentina 4% Resc. 1952	102	103	+ 1	3 17 0	15½	13½	9(a)	9(a)	9(a)	9(a)	B f7½, f2½ pd	153	153	...	4 3 0	
101½	98	103½	99½	Austria 7% 1957-...	99½	95½	- 4	7 12 6	14½	12½	7(a)	7(a)	7(a)	7(a)	Union f5, f2½ pd	13½	14	+ ½	3 11 6	
101½	98	103½	99½	Do. 4½% 1934-59	86	86	...	5 12 0	...	...	...	...	...	...	Alliance f1, fully pd	30	31	+ 1	2 18 0	
63½	57	67	63	B. Aires (Prov.) 3½% ..	67	67	...	6 10 3	32½	30	4(a)	4(a)	4(a)	4(a)	Atlas f5, f1½ pd	15	15½	...	2 12 0	
112½	106	111½	107½	Belgium 7% red. by 1950	107½	107½	...	15 3 0	12	10½	20(a)	20(a)	20(a)	20(a)	Com. f1, fully pd	10½	11	+ ½	3 13 6	
20	14½	20	16	Bulgaria 7½% Loan	17½	16½	- 1	7 4 0	23	26	28(a)	28(a)	28(a)	28(a)	Gen. Accident f5, f1½ pd	26½	26½	...	3 0 9	
84½	77	83½	65	Brazil 5% Fund. 1914	69½	69½	...	38½	34½	25(a)	25(a)	25(a)	25(a)	25(a)	Lon. & Lanc. f5, f2 pd	35	36	+ 1	2 16 6	
23½	13½	20	16	Chili 6% (1929)	17½	17	...	13½	12½	3(a)	3(a)	3(a)	3(a)	3(a)	N. Brit. & Mer. f10 f1½ pd	13½	13½	...	2 7 6	
91½	71	83½	66	China 5% (1912)	73½	74½	+ 1	6 14 3	22½	21	35(a)	35(a)	35(a)	35(a)	Northern f10, f1½ pd	22	22½	...	3 12 6	
100½	84½	95½	80	Do. 5% (1913)	86	87	+ 1	8 0 0	26½	22½	125(a)	125(a)	125(a)	125(a)	Pearl f1, fully paid	22½	23	+ ½	2 2 0	
113½	99½	112	100	Czechoslovakia 8%	101½	101½	...	2 14 7	18½	16½	30(a)	30(a)	30(a)	30(a)	Phoenix f1, fully pd	17	17½	...	3 9 6	
103½	93	110	98	Danish 3½%	110	110	...	3 18 6	40	36½	192(c)	192(c)	192(c)	192(c)	Prudential f1, fully pd	36½	37½	+ 1	2 11 0	
89½	84	90	83	Danzig 6%	69	65½	- 3½	10 17 0	13½	11½	11(c)	11(c)	11(c)	11(c)	Do. f1, with 4s. paid	110½	112½	+ 2½	3 10 0	
109½	98	105½	102	Egypt United 4%	103	103	...	11 17 3	10½	9½	8(a)	8(a)	8(a)	8(a)	Royal Ind. f10, f5 pd	14½	15	...	2 13 0	
30½	22½	25½	20	France 4½% (1914)	25½	25½	...	14 5 9	5½	4½	8(a)	8(a)	8(a)	8(a)	St. Paul f1, fully pd	9½	9½	+ ½	3 6 0	
78	56½	61	53	German 7½% Dawes Ln.	57½	59	+ 1½	...	...	...	...	...	...	...	Sun Insur. f1, fully pd	4½	4½	...	3 10 0	
58	38	41	34	Do. 5½% (Young Ln.)	37	38½	+ 1½	...	...	...	...	...	...	...	Sun Insur. f1½ with 5-pd	4½	4½	...	2 13 0	
37½	26	37½	30	Greek 6% Stab. Ln.	31½	32½	+ 1	...	...	...	...	...	...	...	Sun Life Assur. f1, f½ pd	8xd	8½	...	1 19 0	
45½	31	45½	36	Do. 7% Refugee	39½	39½	...	8 16 6	21½	18½	117(a)	117(a)	117(a)	117(a)	Yorkshire f1, fully pd	19½	20	+ ½	2 7 6	
51	38½	48	39½	Hungary 7%	41½	42½	+ 1	6 16 6	21½	18½	117(a)	117(a)	117(a)	117(a)	Anglo-American. Deb.	270	270	...	3 14 0	
91½	78	90½	79	Japanese 5½% 1936-65	81½	82½	+ 1	6 16 8	21½	18½	117(a)	117(a)	117(a)	117(a)	Anglo-Celtic Ord.	67½	67½	...	3 14 0	
97	85½	97½	83	Do. 6% (1924) red. 1959	88½	88½	...	7 5 0	280	255	6(b)	6(b)	6(b)	6(b)	Atlas Electric, etc. f1	67½	67½	...	Nil	
144	113	140	122	Norwegian 4% 1911 ..	130	130	...	2 19 9	80½	59	2(c)	2(c)	2(c)	2(c)	Brit. Assets Trust f1	146	146	+ 6d	1 8 0	
50	42	49½	44	Peru 7½% 1922	45	45	...	10 17 0	77½	5½	1(c)	1(c)	1(c)	1(c)	Brit. Assets Trust f1	247½	244½	x d + 1	4 1 9	
100½	87	93½	60	Roumania 4% (1922)	67½	64½	- 3	25½	23½	6(b)	6(b)	6(b)	6(b)	6(b)	For. Amer. etc. Def.	78½	78½	...	3 16 6	
16½	7	13½	8	Swedish 3½% 1908-...	145	140½	- 5½	2 10 0	157½	144½	24(a)	24(a)	24(a)	24(a)	Guardian Investment	149½	149½	...	4 0 8	
113½	106½	114½	112	U.K. & Argentine 1933	113½	114½	+ 1	4 5 0	298	258	3(a)	3(a)	3(a)	3(a)	Indus. and Gen. Ord.	262	262	...	3 16 4	
84	75	82	79	5½% B. Certs. (1951)	80½	80½	...	3 15 0	353	306	5(a)	5(a)	5(a)	5(a)	Invest. Trust Def.	310xd	307	- 3	3 18 2	
Corporation Stocks																				
37½	24	27½	23	Berlin 6% 1932-57	24½	24½	...	3 12 0	18½	15½	2(a)	2(a)	2(a)	2(a)	Lake View Invest. 10/-	16½	17½	+ 6d	4 9 0	
120½	114½	119½	113	Birmingham 5% 1948-56	116½	116½	...	3 2 10	312	272	3(a)	3(a)	3(a)	3(a)	Mercantile Investment	275	278	+ 3	3 15 6	
122½	115½	119½	113	Bristol 5% 1948-58	119	119	...	3 3 0	183	167½	3(a)	3(a)	3(a)	3(a)	Merchants Trust Ord.	174½	174½	...	4 6 0	
151	141	146	137	Danish 7% 1933-53	137	137	...	3 13 9	310	269	5(a)	5(a)	5(a)	5(a)	Metropolitan Trust	280	280	...	3 18 7	
125½	119	121½	115	E. London 5% 1960-70	120½	120½	...	3 13 9	252½	222½	24(a)	24(a)	24(a)	24(a)	Scottish Investment (f 5)	232½	230	- 2½	3 13 11	
108½	104	106½	104	Johannsb. 5½% 1937-52	105	105	...	3 8 0	251	229	6(b)	6(b)	6(b)	6(b)	Scottish Mortgage	229½	229½	...	3 14 0	
98½	90½	96½	94	L.C.C. 3%	94½	95	+ ½	3 3 0	244	222½	3(a)	3(a)	3(a)	3(a)	St. Paul f1, fully pd	229½	229½	...	3 14 0	
104	101½	106½	101½	Seine (Dpt. of) 4½% 1952	102	101½	- ½	4 4 0	...	...	...	...	...	...	United States Debenture	225½	227½	+ 2	3 10 4	

Prices, Year 1936 Jan. 1 to June 24, inclusive				Last two Half-yearly Dividends				Name of Security	Price, June 17, 1936	Price, June 24, 1936	Rise or Fall	Yield June 24, 1936	Prices, Year 1936 Jan. 1 to June 24, inclusive		Last two Half-yearly Dividends	Name of Security	Price, June 17, 1936	Price, June 24, 1936	Rise or Fall	Yield June 24, 1936
High	Low	High	Low	(a) %	(b) %	(c) %														
Public Boards																				
118½	115½	2½	2½	Central Elec. 5% 1950-70	118	118	...	3 8 9	18/9	15/6	2(c)	2(c)	2(c)	2(c)	Argentine Land, etc. f1	16/-	16/-	...	3 2 6	
127½	123½	2½	2½	LONDON PASSENGER	123½	123½	...	3 10 0	30	25	Nil	Nil	Nil	Nil	Australian Estates, etc.	27	27	...	Nil	
138	132½	2½	2½	5% "A" 1985-2023.	123½	123½	...	3 11 3	6/-	4/-	Nil	Nil	Nil	Nil	Brit. Nth. Borneo f1	4/9	4/9	...	3 13 6	
131	108½	2½	2½	5% "T.F.A." 1942-72	109	109	...	2 17 0	27/10/2	22/7½	6d(a)	6d(b)	6d(c)	6d(d)	Brit. S. Africa 15/- fy. pd	27/6	27/6	...	6 19 2	
111	126	2½	2½	5% "B" 1965-2023.	127xd	127	...	3 11 1	31/10/2	28/6	10(c)	10(c)	10(c)	10(c)	Charterhouse Inv. f1	28/8	28/8	...	4 3 3	
112	101	4(c)	1½(a)	"C" 1956 or after	102	102	...	3 18 5	18/10/4	17/3	2(a)	2(b)	2(c)	2(d)						

(a) Interim dividend. (b) Final dividend. (c) Last two yearly dividends. (d) Yield worked on redemption at par on December 1, 1952. (e) Yield worked on redemption at par on February 1, 1957. (f) Flat yield. (g) Yield worked on redemption at par on April 1, 1951. (h) Yield worked on redemption at par on April 1, 1951. (i) Paid in Australian currency. (j) Also Centenary Bonus of 2%. Yield worked on 16% basis. (k) Also Centenary Bonus of 2%. Yield worked on 18% basis. (l) Free of Income Tax. (m) Based on payment of 2½%. (n) Yield worked on 16% basis. (o) Also Centenary Bonus of 2%. Yield worked on 18% basis. (p) Free of Income Tax. (q) Also Centenary Bonus of 2%. Yield worked on 16% basis. (r) Also Centenary Bonus of 2%. Yield worked on 18% basis. (s) Free of Income Tax. (t) Also Centenary Bonus of 2%. Yield worked on 16% basis. (u) Also Centenary Bonus of 2%. Yield worked on 18% basis. (v) Free of Income Tax. (w) Also Centenary Bonus of 2%. Yield worked on 16% basis. (x) Also Centenary Bonus of 2%. Yield worked on 18% basis. (y) Free of Income Tax. (z) Also Centenary Bonus of 2%. Yield worked on 16% basis. (aa) Also Centenary Bonus of 2%. Yield worked on 18% basis. (ab) Free of Income Tax. (ac) Also Centenary Bonus of 2%. Yield worked on 16% basis. (ad) Also Centenary Bonus of 2%. Yield worked on 18% basis. (ae) Free of Income Tax. (af) Also Centenary Bonus of 2%. Yield worked on 16% basis. (ag) Also Centenary Bonus of 2%. Yield worked on 18% basis. (ah) Free of Income Tax. (ai) Also Centenary Bonus of 2%. Yield worked on 16% basis. (aj) Also Centenary Bonus of 2%. Yield worked on 18% basis. (ak) Free of Income Tax. (al) Also Centenary Bonus of 2%. Yield worked on 16% basis. (am) Also Centenary Bonus of 2%. Yield worked on 18% basis. (an) Free of Income Tax. (ao) Also Centenary Bonus of 2%. Yield worked on 16% basis. (ap) Also Centenary Bonus of 2%. Yield worked on 18% basis. (aq) Free of Income Tax. (ar) Also Centenary Bonus of 2%. Yield worked on 16% basis. (as) Also Centenary Bonus of 2%. Yield worked on 18% basis. (at) Free of Income Tax. (au) Also Centenary Bonus of 2%. Yield worked on 16% basis. (av) Also Centenary Bonus of 2%. Yield worked on 18% basis. (aw) Free of Income Tax. (ax) Also Centenary Bonus of 2%. Yield worked on 16% basis. (ay) Also Centenary Bonus of 2%. Yield worked on 18% basis. (az) Free of Income Tax. (ba) Also Centenary Bonus of 2%. Yield worked on 16% basis. (bb) Also Centenary Bonus of 2%. Yield worked on 18% basis. (bc) Free of Income Tax. (bd) Also Centenary Bonus of 2%. Yield worked on 16% basis. (be) Also Centenary Bonus of 2%. Yield worked on 18% basis. (bf) Free of Income Tax. (bg) Also Centenary Bonus of 2%. Yield worked on 16% basis. (bh) Also Centenary Bonus of 2%. Yield worked on 18% basis. (bi) Free of Income Tax. (bj) Also Centenary Bonus of 2%. Yield worked on 16% basis. (bk) Also Centenary Bonus of 2%. Yield worked on 18% basis. (bl) Free of Income Tax. (bm) Also Centenary Bonus of 2%. Yield worked on 16% basis. (bn) Also Centenary Bonus of 2%. Yield worked on 18% basis. (bo) Free of Income Tax. (bp) Also Centenary Bonus of 2%. Yield worked on 16% basis. (bq) Also Centenary Bonus of 2%. Yield worked on 18% basis. (br) Free of Income Tax. (bs) Also Centenary Bonus of 2%. Yield worked on 16% basis. (bt) Also Centenary Bonus of 2%. Yield worked on 18% basis. (bu) Free of Income Tax. (bv) Also Centenary Bonus of 2%. Yield worked on 16% basis. (bw) Also Centenary Bonus of 2%. Yield worked on 18% basis. (bx) Free of Income Tax. (by) Also Centenary Bonus of 2%. Yield worked on 16% basis. (bz) Also Centenary Bonus of 2%. Yield worked on 18% basis. (ca) Free of Income Tax. (cb) Also Centenary Bonus of 2%. Yield worked on 16% basis. (cc) Also Centenary Bonus of 2%. Yield worked on 18% basis. (cd) Free of Income Tax. (ce) Also Centenary Bonus of 2%. Yield worked on 16% basis. (cf) Also Centenary Bonus of 2%. Yield worked on 18% basis. (cg) Free of Income Tax. (ch) Also Centenary Bonus of 2%. Yield worked on 16% basis. (ci) Also Centenary Bonus of 2%. Yield worked on 18% basis. (cj) Free of Income Tax. (ck) Also Centenary Bonus of 2%. Yield worked on 16% basis. (cl) Also Centenary Bonus of 2%. Yield worked on 18% basis. (cm) Free of Income Tax. (cn) Also Centenary Bonus of 2%. Yield worked on 16% basis. (co) Also Centenary Bonus of 2%. Yield worked on 18% basis. (cp) Free of Income Tax. (cq) Also Centenary Bonus of 2%. Yield worked on 16% basis. (cr) Also Centenary Bonus of 2%. Yield worked on 18% basis. (cs) Free of Income Tax. (ct) Also Centenary Bonus of 2%. Yield worked on 16% basis. (cu) Also Centenary Bonus of 2%. Yield worked on 18% basis. (cv) Free of Income Tax. (cw) Also Centenary Bonus of 2%. Yield worked on 16% basis. (cx) Also Centenary Bonus of 2%. Yield worked on 18% basis. (cy) Free of Income Tax. (cz) Also Centenary Bonus of 2%. Yield worked on 16% basis. (da) Also Centenary Bonus of 2%. Yield worked on 18% basis. (db) Free of Income Tax. (dc) Also Centenary Bonus of 2%. Yield worked on 16% basis. (dd) Also Centenary Bonus of 2%. Yield worked on 18% basis. (de) Free of Income Tax. (df) Also Centenary Bonus of 2%. Yield worked on 16% basis. (dg) Also Centenary Bonus of 2%. Yield worked on 18% basis. (dh) Free of Income Tax. (di) Also Centenary Bonus of 2%. Yield worked on 16% basis. (dj) Also Centenary Bonus of 2%. Yield worked on 18% basis. (dk) Free of Income Tax. (dl) Also Centenary Bonus of 2%. Yield worked on 16% basis. (dm) Also Centenary Bonus of 2%. Yield worked on 18% basis. (dn) Free of Income Tax. (do) Also Centenary Bonus of 2%. Yield worked on 16% basis. (dp) Also Centenary Bonus of 2%. Yield worked on 18% basis. (dq) Free of Income Tax. (dr) Also Centenary Bonus of 2%. Yield worked on 16% basis. (ds) Also Centenary Bonus of 2%. Yield worked on 18% basis. (dt) Free of Income Tax. (du) Also Centenary Bonus of 2%. Yield worked on 16% basis. (dv) Also Centenary Bonus of 2%. Yield worked on 18% basis. (dw) Free of Income Tax. (dx) Also Centenary Bonus of 2%. Yield worked on 16% basis. (dy) Also Centenary Bonus of 2%. Yield worked on 18% basis. (dz) Free of Income Tax. (ea) Also Centenary Bonus of 2%. Yield worked on 16% basis. (eb) Also Centenary Bonus of 2%. Yield worked on 18% basis. (ec) Free of Income Tax. (ed) Also Centenary Bonus of 2%. Yield worked on 16% basis. (ee) Also Centenary Bonus of 2%. Yield worked on 18% basis. (ef) Free of Income Tax. (eg) Also Centenary Bonus of 2%. Yield worked on 16% basis. (eh) Also Centenary Bonus of 2%. Yield worked on 18% basis. (ei) Free of Income Tax. (ej) Also Centenary Bonus of 2%. Yield worked on 16% basis. (ek) Also Centenary Bonus of 2%. Yield worked on 18% basis. (el) Free of Income Tax. (em) Also Centenary Bonus of 2%. Yield worked on 16% basis. (en) Also Centenary Bonus of 2%. Yield worked on 18% basis. (eo) Free of Income Tax. (ep) Also Centenary Bonus of 2%. Yield worked on 16% basis. (eq) Also Centenary Bonus of 2%. Yield worked on 18% basis. (er) Free of Income Tax. (es) Also Centenary Bonus of 2%. Yield worked on 16% basis. (et) Also Centenary Bonus of 2%.

(Continued from page 745)

proportion of four new ordinary shares to every complete nine ordinary shares held on June 8th. The shares will rank for dividend on one-half the nominal amount of each share from July 1st and on the balance from October 1st and the amount payable in respect of the period to March 31, 1937, will be paid on June 30, 1937.

Telephone Manufacturing.—Issue of 200,000 new 5s. shares at 6s. 9d., to members on the register at the close of business on June 5th, in the proportion of one new share for every five shares held.

Bristol Aeroplane.—Issue of 1,200,000 new 10s. ordinary shares at 25s. each at rate of one new share for every ordinary share now held. Rank for dividend from January 1, 1936.

South African Torbanite Mining and Refining Company, Ltd.—Issue to shareholders on register July 13th 295,000 10s. ordinary shares at 15s. each in proportion of one new for each five shares held. Funds required to increase company's refinery facilities and to acquire participations in other interests.

United Sua Betong Rubber Estates.—50,000 shares of £1 are offered to stockholders at 45s. per share, in the proportion of one new share for every complete multiple of £15 of stock held on May 18th.

Webb's Crystal Glass.—97,880 ordinary shares of 5s. are offered to ordinary shareholders registered on June 9th at par in the proportion of one new share for every five ordinary shares held.

Fisher and Ludlow.—Issue of 160,000 ordinary shares 10s. each at 34s. 6d. each in order to provide capital required for extensions to the works. These shares will rank for dividend from April 1, 1936, and are offered to the ordinary holders registered on June 9th in the proportion of one for every five shares then held.

OFFER ABROAD

Federated Malay States Loan.—A loan for \$15,000,000 (£1,750,000) is to be raised locally by the Government of the Federated Malay States, the title of the loan to be "Federated Malay States Government 3 per cent. Loan 1936-66." It will be in the form of bonds to bearer and will carry interest at 3 per cent.; the issue price to be par. Interest will be payable December 15th and June 15th.

FORTHCOMING ISSUES

Foster Yates and Thom.—An issue will be made early next week of 780,000 5s. ordinary shares at par under the auspices of the London Industrial Finance Trust.

South Durham Steel.—An issue, at par, of £750,000 4 per cent. mortgage debenture stock will be made next week.

Tunnel Cement.—A public issue of 500,000 5 per cent. "A" cumulative £1 preference shares at 22s. each is expected to be made next week.

Patons and Baldwins, Ltd.—The Board has under consideration an issue of ordinary shares at a premium to be offered in the first instance pro rata to ordinary stockholders.

LONDON NEW ISSUE PRICES

Stock or Share	Issue price	Amt. paid	Price, June 17, 1936	Price, June 24, 1936
Alpine (Barborton) Gold 5/-	5/-	5/-	3/9-4/3	3/9-4/3
Australia 2½%, 1941-43	99	99	1½ dis-1½ pm	1½ dis-1½ pm
Birmingham 3%	99	99	1½-1½ pm	1½-1½ pm
C.N.A. Inv. 5% Pref. £1	21/-	21/-	21/4-21/10½	21/- 21/6
Greaf Chemicals Ord. 5/-	7/6	7/6	8/7½-8/10½	8/7½-8/10½
Do. 5½% Pref. 10/-	10/6	10/6	10/6-10/9	10/6-10/9
Hopkins (G.) Ord. 2/-	2/6	2/6	2/3-2/9	2/4½-2/7½
Do. 6% Pref. 10/-	10/-	10/-	9/3-9/9	9/3-9/9
Sena Sugar 5½% Debts	100	100	1½ dis-1½ pm	par-1½ pm
Steel Barrel Scammells 5/-	6/3	6/3	6/-6/6	6/-6/6
Do. 5½% Pref. £1	20/-	20/-	19/6-20/-	19/3-19/9
Southern Areas Electric Ord. 20/-	21/-	21/-	1/10½-2/4½	3/-3/6 pm
Stylo Boot 5/-	...	...	6/7½-7/1½	6/7½-7/1½
Thompson (J.) Engineering 5/-	...	...	20/1½-20/7½	20/1½-20/7½
Titanine Ord. 2/-	4/3	4/3	...	6/-6/3
Vokes 2/-	...	...	3/7½-4/1½	4/1½-4/4½
Williamson Manufacturing 4/-	5/6	5/6	6/4½-6/7½	6/10½-7/1½

REPORTS AND NOTICES
RUBBER

GORDON (MALAYA) RUBBER ESTATES.—Profit for 1935 was £6,354, against £12,049, plus £1,000 from tax reserve. Deduct Pref. dividends £2,925. Dividend 2 per cent. against 4 per cent. on Ordinary, £5,140; forward £9,679, against £10,390. Crop 1,685,488 lbs. (1,745,726 lbs.); gross price London 6.21d. per lb. (same); f.o.b. cost exclusive of depreciation was 4.06d. per lb. (3.56d.). Estate assessments 2,273,320 lbs. for 1936. On present basis of release exportable crop for 1936 should be 1,420,800 lbs. Meeting, 19 Fenchurch Street, E.C., July 3rd, 12.0.

MISCELLANEOUS

THE ARGENTINE NAVIGATION COMPANY MIHANOVICH, LTD.—Gross takings and those of the associated concern, Cia. Uruguaya de Navegacion, Ltd., together amounted to Arg. paper \$2,416,645 for the month of April, and the following is a comparison by month and aggregate with previous figures: Gross takings (both companies) April, 1936, A.P. \$2,416,645; April, 1935, A.P. \$2,344,545; increase, A.P. \$72,100 = 3.1 per cent. Aggregate, January-April, 1936, A.P. \$10,505,125; aggregate, January-April, 1935, A.P. \$10,241,268; increase, A.P. \$26,857 = 2.6 per cent.

RIO TINTO COMPANY, LTD.—The board of the Rio Tinto Company announces that an illegal strike broke out in Spain at the Rio Tinto mines, on the company's railway and at the company's pier at Huelva on June 15th. It is understood that the men are staying at their posts, but refusing to do any work. The board of the Rio Tinto Company is informed that the Spanish Government is taking all reasonable steps and precautions to secure the safety of the company's British staff in Spain, and to safeguard the properties.

WHITEHEAD IRON AND STEEL COMPANY, LTD.—The directors point out in their report for year to March 31, 1936, that net profit has expanded, enabling them to increase the dividend and cash bonus from 30 per cent. to 35 per cent. for the year despite the increase of capital due to last year's capital bonus issue. They have also increased the allocation to reserve and the amount carried forward. A new plant is being put into commission for producing wide hot-rolled strip in heavy coils which, the directors think, should assist materially to future profits. Cash stands at £89,833, compared with £38,915. Debtors stand at £30,013, against £246,076. Total assets £1,386,874, against £1,219,144 a year ago.

SCRIBBANS AND COMPANY, LTD.—Total profit year to April 30, 1936, £211,178, which includes £10,000 from development reserve. Profit a year ago was £228,944. Ordinary dividend, 5½ per cent. against 6½ per cent., absorbing £71,931 against £85,637. Deferred dividend, 15.583 per cent. against 18.42 per cent., absorbing £23,977 against £28,546. Carry-forward increased from £28,681 to £30,714. Meeting, Hotel Victoria, Northumberland Avenue, London, June 24th, at noon.

PAHANG CONSOLIDATED.—Interim dividends paid to date in respect of the current year total 20 per cent. At the present price of 14s. 3d., the yield, on the basis employed in the table on page 616 of last week's *Economist*, is approximately 7 per cent.

CONSOLIDATED GOLDFIELDS OF SOUTH AFRICA, LTD.—We understand that an influential group has acquired the whole unissued ordinary share capital of Consolidated Gold Fields of South Africa, Ltd., amounting to approximately a quarter of a million shares at the price of 82s. 6d. per share. We understand the shares have passed into strong hands.

BEET SUGAR RESULTS.—The accounts for year to March 31, 1936, of the Anglo-Dutch Sugar Beet group of companies show that in each case no credit has been taken in respect of the amount receivable from the Government for capital services under the Sugar Industry (Reorganisation) Act, 1936. The results are tabulated below:—

	Net Profits		Dividends	
	1934	1935	1934	1935
English Beet Sugar Corporation	156,593	100,000 (a)	20½(c)	20½
Ely Beet Sugar	97,505	67,500 (b)	15½(f)	15½
King's Lynn Beet Sugar	53,841	27,000(c)	8½	6½
Ipswich Beet Sugar	37,249	32,000 (d)	7½(g)	8½

† Free of income tax. (a) Includes £4,388 from reserve. (b) £6,812 from reserve. (c) £7,955 from reserve. (d) £3,551 from reserve. (e) Also cash bonus of 60 per cent. from general reserve. (f) Also cash bonus of 66.67 per cent. £270,500 from general reserve and £30,500 from capital reserve. (g) Also cash bonus 35 per cent. £4,000 from capital reserve and £136,000 from general reserve.

At meetings of the companies held on April 24, shareholders approved the transfer of their assets to the British Sugar Corporation, Ltd., which has been incorporated with a nominal capital of £5,000,000, for the purpose of amalgamating fifteen beet sugar manufacturing companies, under the provisions of the Sugar Industry (Reorganisation) Act.

A HIGH YIELDING INDUSTRIAL INVESTMENT

Warner's Radio & Electric is a rapidly developing Company which essentially is not a manufacturer, but a distributor of well diversified and popular products. It has now forty-one retail shops, selling radio apparatus and fittings, cycles and accessories, baby carriages, vacuum cleaners and refrigerators. The branches are well spread throughout London and the provinces, and are operated under a highly organised and efficient control.

When the issue of shares was made last December there were only 19 branches. Profits were equivalent to 30 per cent. on the Ordinary Share capital. The additional branches since acquired have been secured out of the company's cash resources.

The confidence of the directors has been shown by the payment of an interim dividend at the end of May at the rate of 30 per cent. per annum for the three and a half months from mid-December to the end of March. The Ordinary 1s. shares at 2s. 7½d. on the interim dividend at the rate of 30 per cent. show a substantial yield of 11½ per cent.

COMPANY MEETINGS, &c.

BLEACHERS' ASSOCIATION, LIMITED

TRADING CONDITIONS STILL DIFFICULT

FUTURE DEPENDENT UPON EXPORT POLICY EXTENSION

TRADE INCREASES MAINLY DUE TO EMPIRE MARKETS

'MARGIN OF TRADE' AS BARGAINING FACTOR

SIR ALAN SYKES' REVIEW

The annual general meeting of Bleachers' Association, Limited, was held, on June 23, 1936, at Blackfriars House, Manchester, Sir Alan Sykes, Bart. (the chairman), presiding.

After referring to the loss which the Association had sustained through the death of two of the directors—Colonel J. W. Slater and Mr W. H. Carey—the chairman drew attention to a change which had been made in the form of the balance sheet. He pointed out that, for some years, it had been the practice to deal with depreciation by simply writing it off the value of the fixed assets, but the directors had decided that, in future, the amounts set aside for depreciation should be dealt with through a depreciation and obsolescence fund. A sum of £140,000, which was the same amount as that provided last year, had been credited to this account and, in order to strengthen it further, the directors had transferred a sum of £30,000 from the balance of the profit and loss account and a further sum of £9,896, representing the profit on the sale of investments during the year. The fund had been charged with £37,110 in respect of the amount which it had been found necessary to spend on renewals and developments, apart from the normal expenditure on repairs and maintenance.

The balance of the depreciation and obsolescence fund, which appeared as a deduction from the value of the fixed assets in the balance sheet, and which amounted to £142,786, would be available in the future together with other amounts, similarly provided, for the purpose of renewals or writing down the value of any of the assets of the company which might have become redundant through policies of concentration or obsolete by reason of changes in market or fashion.

POLICY OF CONCENTRATION

The value of the fixed assets had been further reduced by adjustments—including the transfer of £50,000 from the general reserve fund—consequent upon the policy of concentration, and now amounted to £7,525,063.

The Chairman said that he could assure stockholders that the condition of the physical assets of the company was being fully and carefully maintained.

Shares in subsidiary companies showed an increase of nearly £60,000 as a result of adjustments following the transfer of business from closed works to other branches, whilst advances to subsidiary companies, which represented the working capital of the branches, were at practically the same level as in the previous year. No important changes were shown in the value of stock-on-hand, sundry debtors, or cash, but investments at £554,952 were somewhat higher than they were a year ago.

On the liabilities side of the balance sheet there was no change in the amount of issued capital or debenture stock, but mortgages, loans and trade creditors were somewhat lower. The general reserve fund was reduced by the transfer of £50,000, and the superannuation fund by allowances paid during the year which amounted to about £20,000. There was no alteration in the investments contingency fund, which, in the opinion of the directors, was more than sufficient to cover the risk of depreciation in the market value of investments.

UNWISE TO IMPAIR FINANCIAL STRENGTH

Trading profit, after payment of central charges and interest, and after charging £150,961 for repairs and maintenance, amounted to £270,154, to which was added £9,896, representing the profit on the sale of investments. After charging directors' fees, depreciation, and debenture interest—which required the same amounts as last year—there was a balance of £36,452, which, with the amount brought forward from the previous year's accounts, made a total available balance in the profit and loss account of £214,565.

The chairman explained that the directors had transferred from this account to the depreciation and obsolescence fund a sum of £39,896, which included the profit on the sale of investments, and he added: "You will realise from the figures before you that, after payment of interest on the debenture stock, there remains only a small balance of the profit earned in the past year. In the absence of any certainty of improvement in our foreign trade, and in view of the difficult times which the future still seems to hold, your directors feel strongly that it would be unwise to impair the strength of our position by any depletion of our available reserves. They, therefore, recommend that the remaining balance—£174,669—should be carried forward to next year's accounts, and they regret that they do not feel justified in recommending the payment of a dividend on the preference stock."

The past year has been as difficult as that which preceded it, and conditions have called for economy and sacrifice in every direction. Every member of our salaried staff, including the chairman and managing directors, is continuing to make a practical contribution to economy by the maintenance of the voluntary reduction in salaries.

GROWTH OF SANFORIZING

The Chairman said that he presumed the stockholders would like him to tell them what progress had been made in the production of cotton goods guaranteed within small limits, under the process of Sanforizing, against shrinkage—a subject to which he had referred in his speech last year. Several works had been equipped with the necessary plant, and the trade had shown a steady and continuous increase. The directors were satisfied with the results obtained, and they looked forward with confidence to a continuation of the increase, but they had always recognised that some time would elapse before the full benefits of the expenditure incurred were realised.

Progress was dependent upon the demand of the consumer, and an extensive campaign of advertising had been undertaken to acquaint the public with the advantages which they could obtain by insisting that their purchases of cotton goods should be guaranteed Bleacraft Sanforized-Shrunk. The Chairman expressed the hope that all stockholders would exercise their prerogative as consumers by demanding Bleacraft Sanforized-Shrunk Cotton Goods to the advantage of themselves and of the company.

In referring to the trade in the past year, the Chairman said that there had been practically no variation in the volume of exports of bleached goods—the figures for 1935 being only one-half of one per cent. below those for 1934, and he expressed the hope that this stability indicated the end of a decline which, apart from the recovery after the depression of 1931, had been continuous since 1928.

Losses of trade had been experienced in South and Central America, the Dutch East Indies, Egypt, Morocco and the French Colonies in West Africa, mainly by reason of the intensive competition of low priced Japanese cloth, but the Chairman said he was glad to know that, in Egypt at least, steps were being taken to control the situation.

TRADE INCREASES MAINLY EMPIRE

The increases in trade which had offset these losses had been confined almost entirely to the markets of the British Empire, and especially to those markets in which the importation of foreign cloth had been limited by quota restrictions. The effect of these regulations, and particularly of those imposed by the British Government, constituted the most satisfactory feature of the past year's trading.

Excluding India, exports of bleached goods to British Colonies and other possessions where quotas were imposed increased from

45 million square yards in 1934 to 85 million square yards last year and now accounted for no less than 14 per cent. of our total exports of bleached cloth—nearly as much as was taken by the remainder of the British Empire (excluding India) and one-half as much as was taken by all foreign markets. For this improvement the Government was entitled to the thanks of the Trade, and the results were so encouraging that they should vigorously prosecute the protection of our export trade by legislation where they had the power or by negotiated agreements where they had not.

In India the volume of trade during 1935 had been barely maintained at the low level reached in 1934, and, unfortunately, conditions had become much more unsatisfactory since the end of the year. In the autumn the Government of India set up a Tariff Board to report on the level of duties necessary to equate the price of British cotton piece-goods with the fair selling value of Indian products, and it was expected that the Board would report in time for its recommendations to be implemented in the Indian Budget.

INDIA TARIFF DELAY

Unfortunately this was not done, and although the report of the Tariff Board was in the hands of the Government of India, it had not yet been published, with the result that a position of great uncertainty had been created, which was making trade very difficult and was likely to have a very injurious effect upon exports during the present year. The damage to our trade was so serious that the Government of India should be urged to deal with the matter without further delay.

The Chairman then referred to the results which had accrued from the Trade Agreements which had been made by the Government during the past two years with a number of countries in Europe—principally in Scandinavia and the Baltic regions—and with Argentina. Our trade with each of these countries had one common feature—that we bought much more from them than they bought from us; but, as the immediate result of these agreements, the unfavourable merchandise trade balance had been reduced from £95 millions in 1932 to £69 millions in 1935. Although the most important contribution to the reduction of the trade balance was an increase of practically 50 per cent. in our exports to these countries, the advantages were mutual and our imports from each country had increased, except those from Norway, where there had been no change, and from Denmark and Argentina, where they had been reduced by the restrictions, expressly provided for in the agreements, which were necessary to conform to our agricultural policy.

A BARGAINING FACTOR

Nevertheless, we were still buying nearly three times as much in value from Denmark and Argentina as they bought from us. The revision of these agreements was due to take place during the next twelve months, and it appeared that, after allowing for our invisible exports, there must still remain a considerable margin of trade which could be used, and should be used, as a bargaining factor in the negotiations.

We were a creditor nation—a fact frankly admitted in all our negotiations—but it could not be denied that, in many cases, we were not getting the full advantage to which we were entitled as the largest buyers of agricultural and pastoral products in the world.

The Chairman added that an examination of the figures upon which his remarks were based seemed to lead to two definite conclusions. In the first place, it was clear that the policy adopted by the Government was proving of value to the export trade, and it was also clear that there was ample room for this policy to be carried further, for the Trade Agreements to be improved upon, and a considerable increase in our export figures obtained in return for the valuable, and largely free, market which this country offered.

COTTON AND COAL

The agreements had another feature which had proved to be a real value, as, in a number of cases, a specific provision was included that not less than a certain percentage of the imports of coal should be obtained from the United Kingdom. In every case this condition had been observed, and the volume of our exports of coal to the countries in question had increased by more than 50 per cent. between 1933 and 1935. There appeared to be no reason why, without in any way detracting from the advantages which had accrued to the coal mining industry, similar specific provisions should not be made for cotton goods, the exports of which, after all, were still twice as great in value as those of coal. It was recognised that the cotton trade had received

some benefit from these agreements, but it was a significant fact that the exports of cotton piece-goods to this group of Trade Agreement countries had decreased by some 35 million yards between 1934 and 1935.

If arrangements had been made for cotton similar to those made, in some cases, for coal, this diminution in trade might have been avoided. The greater part of this decrease in the exports of cotton goods to the Trade Agreement countries was attributable to the reduction in exports to Argentina. The United Kingdom takes nearly 40 per cent. of Argentina's total exports—a substantially larger share than we used to take—and, to that extent the United Kingdom, relatively to other countries, is a better customer of Argentina than she was. In those circumstances, we should be entitled to a larger share of her import trade, and this is especially true of our exports of cotton goods.

In this connection, it was worthy of note that the exports of cotton piece goods from Japan to Argentina had increased from less than eight million square yards in 1930 to more than 103 million square yards in 1935. These facts would appear to merit full consideration in the negotiations which would doubtless follow the decision to terminate the existing agreement.

EXTEND THE NEGOTIATION POLICY

The Chairman concluded: "I have purposely dealt at some length with the conditions obtaining in those markets where efforts—and successful efforts—have been made to improve British trade by regulation or negotiation. It appears to me that, apart from a general increase in world purchasing power, and apart from such reorganisation as may be necessary in the structure of our industry at home, any improvement in that section of our own trade which is confined to export markets must be dependent upon a continuation and extension of that policy which has already been proved to be capable of achieving the desired end.

"In the meanwhile our plant is being kept in a high state of efficiency, and advantage is being taken of every improvement that can be introduced to enable us to obtain the maximum benefit from any increase in the volume of trade. You may rest assured that these efforts will be continuously maintained."

The resolution approving the report and the accounts was moved by the Chairman, seconded by Sir William Clare Lees, and carried unanimously.

On the motion of Mr A. L. Arnold, seconded by Mr George Lee, the retiring directors were re-elected, and the election of Messrs C. H. V. Elliott, A. M. Hamilton, W. H. Clare Lees, H. B. McCance and R. C. Reynolds as directors of the Association was confirmed.

NEW DIRECTORS

With regard to the new directors, Mr Arnold explained that Mr Elliott was in charge of a branch of the Association in the Nottinghamshire area, Mr Hamilton in Scotland, Mr Clare Lees in England and Mr. McCance in Northern Ireland, whilst Mr Reynolds, as executive officer, had held a position of responsibility and importance in connection with the central organisation of the Association. He was informed that the election of these gentlemen to the board would involve no added cost to the Association, as they were already serving in managerial positions for which they were remunerated. Their election to the board was a recognition of their services and would give them an added status in representing the interests of the Association in their various spheres.

The re-election of the joint auditors, Messrs Jones Crewdson and Youatt and Messrs P. and J. Kevan, was proposed by Mr W. B. Morison, seconded by Mr J. Rosbottom, and carried unanimously, and the meeting terminated with a vote of thanks to the Chairman, proposed by Mr S. S. Nightingale, seconded by Mr H. H. Feather, and carried unanimously.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to:—

*The Reporting Manager,
THE ECONOMIST,
8 Bouverie Street,
Fleet Street,
London, E.C.4.*

MEXICAN RAILWAY COMPANY, LIMITED

INCREASE IN GROSS RECEIPTS

INCESSANT DEMANDS OF LABOUR

FINAL RESULT UNSATISFACTORY

MR VINCENT W. YORKE'S ADDRESS

The one hundred and forty-second ordinary general meeting of the Mexican Railway Company, Limited, was held, on the 24th instant, at Winchester House, London, E.C.

Mr Vincent W. Yorke (the chairman) said:—Gentlemen, I fear that those of you who attended our last general meeting must have left it in a despondent mood, and I regret that I cannot hold out any hope that any of my remarks to-day will be of a cheerful or more encouraging nature.

I should perhaps in the first place apologise for the absence from the report of the usual statistics, which I, and I expect many of you, always study with interest. The excuse given for their absence in paragraph 9 of the report is, I can assure you, no empty one. I know from personal observation of the very great difficulties which beset those responsible for our office work in Mexico City to-day. I trust, however, that there will be no recurrence of these omissions in the future.

There is no fault to be found with our gross receipts for the half-year under review, which have reached the high figure of over 6½ million pesos, an increase of over 11 per cent. compared with the corresponding half-year of 1934. This increase is well spread over passenger traffic and both foreign and national goods traffic, the only decrease shown being in fuel oil. This latter traffic, however, has made a good recovery during the current half-year. The average rate received per ton, which has increased from \$9.55 to \$10.18 per ton, owing to a substantial increase in foreign goods traffic, our best paying traffic, is also satisfactory. The increase in our gross takings in the last few years has been really remarkable. In the corresponding half-year of 1932 they were as low as \$3,900,000, compared with the figure I have just mentioned of \$6½ millions, or in other words there has been an average increase of \$440,900 for each of the last six half-years.

GROWTH OF EXPENSES

Under ordinary circumstances it would have been possible to retain a material portion of this remarkable increase in the form of net earnings, but incessant agitation on the part of our employees under the aegis of the labour law, and supported so far as we can judge by the Government, has diverted the earnings which should have emerged into the pockets of the company's servants. Expenses in every department have been enormously swollen by the payment for the seventh day, which is now the law of the land, and by many other privileges which we have been forced to concede.

Thus, dealing with the results of the last half-year, while gross receipts have increased by 11.18 per cent., expenses have increased by no less than 20.45 per cent. It is true that a large part of the increase in expenses is due to the additional allocation of 4 per cent. of the gross receipts to renewals account, the reasons for which I gave you at some length at our last meeting, but if the figures for the two half-years are placed on a strictly comparable basis, net earnings have been reduced by \$145,000, in spite of an increase in gross earnings of \$662,000, which can only be described as a most lamentable showing.

After making the necessary adjustments for exchange there is left in sterling the paltry sum of £4,566 towards payment of debenture and other interest accrued during the half-year of £88,000.

THE CURRENT HALF-YEAR

The results of the current half-year show that the tendencies of both receipts and expenses remain the same as I have already indicated, receipts showing an increase for the four months to April 30th of \$340,000 and expenses an increase of \$688,000, with the result that net receipts for the four months are only \$96,000, as compared with \$450,000 in 1935. We shall, therefore, probably not earn more than \$150,000 for the whole of the current half-year in spite of an increase in gross receipts of about \$500,000.

I am glad, however, to be able to state that we were successful for the second time in succession in disposing of the coupons of the 40-year non-interest-bearing bonds which we hold in respect of compensation, at a very reasonable discount—that is, about 2½ per cent. This is equivalent to the receipt in pesos of \$351,223, which will in due course be added to the net revenue for the half-year.

STRAIN ON ROLLING STOCK

The increase in traffic means necessarily a greater strain on our already over-strained equipment, and we are finding it more and more difficult to cope with the business offering. The 50 new freight cars ordered a year ago are already insufficient, and we are being urged by the management to purchase another 70 at once. The number of motor cars and trucks carried last half-year was 1,711, nearly a thousand more units than in the corresponding half-year, and it is estimated that the number may rise to 200 per week in the near future. As only three units can be carried in one box car, it is clear that a number of cars will be absorbed by this traffic alone. At the same time, road competition which is steadily increasing, as a motor road from Mexico City has now reached Vera Cruz, calls for prompt delivery, which can only be effected by a sufficient supply of freight cars.

Our locomotives are also suffering under the increased strain, which necessitates their remaining in service when they should be under repair in the shops, a situation not only dangerous but leading in the end to inordinate expense. They are also in many cases obsolete by age and of inadequate capacity to deal with modern train loads. Small wonder, therefore, if we are also being pressed by the management to acquire a number of new modern locomotives. Unfortunately, the only money that we earn is in depreciated pesos, and it takes a vast number of these to pay for cars and locomotives which can only be bought with American dollars or English pounds. While we in London sympathise with the management in Mexico, we must cut our coat according to our cloth, and shall find it very difficult to accede to their demands, however well justified we may know them to be.

It is satisfactory to be able to point to a steady development of tourist traffic to Mexico which is being fostered by the continuance of tranquil conditions and the low rate of exchange as compared with the American dollar. Our own share of this traffic showed a marked falling off after the disasters to the vessels of the Ward Line some eighteen months ago, but is now showing a healthy recovery.

BALANCE-SHEET ITEMS

If I may now turn to the balance sheet, there are certain items which appear for the first time and which you may think call for some explanation.

You may have noticed that for several half-years past there has been a note in the account of receipts and expenditure on capital account to the effect that the Pachuca-Tampico Line had been abandoned with the consent of the Mexican Government, and that the necessary adjustments in the capital account would be made at a later date. These adjustments have now been made, and you will see that the cost of the line, less the salvage, appears as a loss on the debtor side of the balance sheet.

The salvage, which is equivalent to nearly £20,000, consists of rails which have been or will be applied to the relaying of the Puebla Branch. The loss, of course, is a serious one, but looking back it is difficult to criticise ourselves seriously for having incurred it. At the time when the purchase was made we, in common with the other railways of the country, were making good profits, and it seemed to offer a good opportunity for extending our operations, which were then, as they are now, somewhat narrowly circumscribed. It was difficult also to realise the danger of road competition, which has been the real reason for its abandonment.

LATEST CABLEGRAM

I will now read a cablegram just received from the general manager:—"Tourist bookings from United States increasing and outlook promising; import traffic continues upward. Local traffic heavy. Stocks of staples at storage points on line increasing. Crops Upper Division fairly good but rain required. Lower Division crops abundant. Factories working on satisfactory scale. Generally speaking, prospects next half-year very encouraging if stable conditions continue. Political and general situation unchanged. To June 14th traffic shows the following increases: Passengers 16 per cent., sleeping cars 17 per cent., local freight 9 per cent., foreign 5 per cent., pulque 8 per cent. Only decreases express traffic 6 per cent. and oil fuel 5 per cent."

It is evident from what he says that the prospects of increased traffic are highly encouraging, but I can hold out little, if any, hope to you of a corresponding increase in net earnings. In the present spirit of the labouring classes in Mexico, supported as it seems to be by the Government, any increase in our prosperity is only likely to encourage demands for fresh concessions. The only effectual remedy to apply to the situation would be a substantial increase in our rates, but I cannot hold out any hope to you at present that such an increase will be granted to us.

The report and accounts were unanimously adopted.

"SHELL" TRANSPORT AND TRADING COMPANY, LIMITED

LARGER PROFITS AND DIVIDEND

BURDEN OF TAXATION ON OIL INDUSTRY

The annual general meeting of the "Shell" Transport and Trading Company, Limited, was held, on the 23rd instant, in London, the Right. Hon. Viscount Bearsted, M.C., the chairman, presiding.

The Chairman, in the course of his speech, said: Whilst the company's assets amount to upwards of £49,300,000, the creditors amount to £63,000. The profits available for distribution, including the carry-forward from last year, are upwards of £1,200,000 greater than those available for distribution in 1934. This very gratifying increase enables us to increase the dividend of 12½ per cent. free of tax in 1934 to 17½ per cent., also free of tax, for 1935 without drawing on the amount brought forward, the carry-forward to the credit of 1936 amounting to £381,691.

The question of an interim dividend will again receive the most serious consideration of your directors, but in the distressed and distressing state of world affairs I am in no position to make any definite statement. All I can say is that the declaration or non-declaration of such dividend must not be taken as any indication of the state of the Group's profits.

Our profits are trading profits and do not include such obvious credits to capital account as the repayment of part of the capital invested in the Venezuelan Oil Concessions, Limited. Their increase is sufficiently explained if you look at the figures of our turnover. Our production increased from 24,000,000 tons to over 26,500,000, and the tonnage of our fleet increased by 100,000 tons carrying capacity. Whereas the world production figures show an increase of about 7 per cent., we showed 10 per cent. As consumption rose in somewhat similar proportion, the increase was absorbed without disturbance of the markets.

TAXATION BURDEN

A factor limiting the expansion of demand in the United Kingdom is the enormous and ever-growing weight of special taxation borne by the oil industry. Special taxation of petroleum products, which was non-existent in the United Kingdom in 1928, amounted to £12,982,000 in 1929 and £42,323,000 in 1935, for 5.9 per cent. of the total national revenue (other than self-balancing revenue) of £716,441,000. Total taxation imposed on users of petroleum products is much greater, and for the financial year ended March, 1929, amounted to £38,000,000, whilst for the year ended March, 1935, it amounted to £74,000,000, or over 10 per cent. of the total national revenue. The sums contributed directly by the Group to various Governments throughout the world are even more striking. The gross figure paid by all the companies in which the Group is interested was £89,000,000, exclusive of income tax.

CONTRIBUTION TO GENERAL PROSPERITY

In the United Kingdom 8d. of the cost of every gallon of petrol or heavy oil used as motor fuel represents tax; the retail price of petrol is 1s. 6d. a gallon, which, after deducting tax, leaves only 10d. to meet both the c.i.f. cost of the petrol and also all the marketing and transport costs, leakage, and evaporation, together with the retailer's profit. A great deal of nonsense is often talked about the cost of "imported" oil, but of the price of 1s. 6d. a gallon paid by the motorist only 22 per cent., or 4d. per gallon, goes in payment for the imported product, while no less than 44 per cent. is collected by the Government in taxation. The import cost includes the cost of ocean freight, and the existence of this carrying trade in oil constitutes an immense asset for the British mercantile marine. In addition the oil-distributing companies last year paid the British railways some £2,000,000 for the carriage of their merchandise, and the oil industry is one of the chief customers of the engineering and iron and steel trades, and, through setting up a demand for steel, greatly benefits the coal industry also.

Apart from the direct purchases of British industrial products, many British industries could not possibly have been developed at all without the help and active co-operation of the oil industry, as, for instance, motors and aircraft.

NEED FOR PROGRESSIVE ROAD POLICY

Nothing will stimulate the present industrial revival on better and sounder lines than a progressive road policy. There is still room, or, I would rather say, need for road development on a

very wide scale. We need new roads and better roads in place of those existing. A bold policy of road development will provide, directly and indirectly, employment in a variety of forms. The motor industry—with all its important ramifications—has reached a stage when it requires much greater elbow room in the shape of new roads if it is to continue to expand. As things stand to-day petroleum users in this country get a very inadequate return for their annual payment of over £74,000,000.

You will not have failed to notice the comparative success attendant on progressive industries such as our own and those which I have just mentioned, in contrast with some other commercial interests that cannot offer the service required to-day. In face of this and of the enormous sums of money invested in these industries by prudent British shareholders—who in the case of your company alone number well over 100,000—I cannot forbear from a passing reference to the policy exercised by recent Governments. This policy aims at penalising by taxation the successful and expanding industries such as motors, oil and diesel engines, and the numerous light industries connected with or dependent on road transport, in an endeavour to bolster up declining industries. The detrimental effects of this on employment need no elaboration. I suggest that the more statesmanlike policy would be to encourage the expanding industries, which give some hope of increasing the total amount of employment available, to expand still further, while helping the contracting industries to adjust themselves to present world conditions with as little friction as possible.

IMPROVEMENT IN U.S.A.

The prosperity of the oil industry generally throughout the world depends largely on conditions of the industry in the United States. I am very glad, therefore, to report that the year 1935 saw an improvement in American oil affairs. Although the N.R.A. was declared invalid by the Supreme Court curtailment of crude production was continued by those States which had their own laws for that purpose, and co-operation between most of the oil-producing States was secured by the so-called inter-State compact.

There are, however, two flaws in this picture. The first is that Louisiana, which is assuming more importance as an oil producer, did not subscribe to the inter-State compact, and the second is that California, one of the largest oil-producing States, has no curtailment law, and, although towards the end of the year strenuous efforts on the part of the leading oil companies were successful in bringing about a scheme of voluntary curtailment, obviously, so long as Californian curtailment is not properly regulated, a state of uncertainty exists. The benefit of a return to reasonable petrol and fuel oil prices is shown by the fact that the Shell Union Company are now resuming payment of preference dividends and have been able to refund their debentures on a 3½ per cent. basis.

STRICT COMMERCIAL POLICY

With regard to Japan and Manchuria, negotiations between the Government of Japan and our company with regard to the provisions of the new petroleum law are still proceeding, and I am still hoping that a mutually satisfactory settlement can be reached. We, as a trading concern, have found it necessary—not only in Japan but in every other country where we do business—to conduct our affairs strictly on a commercial basis, paying attention to economics and avoiding politics. Although we are being pressed in many countries towards a line of action which is quite at variance with our position as bona-fide traders, it must in the long run be to the advantage of the public, whom it is our duty to serve, that the company should keep itself entirely clear of political issues.

As a result of recent conversations with the Mexican Government the Mexican Eagle Company's relations with the Government are on more satisfactory terms, and there is a very definite indication that co-operation between the Government and the company has improved.

The development of aviation throughout the world continues apace, and, as we foresaw, is becoming more and more an important means of transport. By general accord amongst those interested in aviation the Shell organisation has been an important contributing factor to its successful growth.

For all purposes for which they are in demand it is our definite policy—successfully carried out over a long period of years—to supply our customers with a range of petroleum products second to none.

The report and accounts were unanimously adopted.

BRISTOL AEROPLANE COMPANY, LIMITED

INCREASE OF CAPITAL APPROVED

EXPANSION OF OPERATIONS

The first annual general meeting of the Bristol Aeroplane Company, Limited, was held, on the 23rd instant, at Bristol.

Mr W. G. Verdon Smith, C.B.E., who presided, said that although the company had behind it a record of 26 years of aircraft manufacture this was the first ordinary general meeting since the company was converted to a public company. The past year had been one of considerable activity and they would see from the accounts that the net income for the year, including £4,097 from the sale of Treasury bonds, amounted to £306,724. After deduction of directors' fees and provision for income-tax, the balance remaining was £237,224, which, with the balance of £29,757 brought forward from the previous year, gave a total net revenue available for appropriation of £266,982. The directors considered that ample reserve should be provided against any contingency and they have therefore placed £100,000 to a general reserve account. After allowing for the dividends which had been paid during the year, viz., 5 per cent. on the cumulative preference shares and an interim dividend of 7½ per cent. on the ordinary shares, there remained a balance of £108,857. The board recommended that this sum be appropriated to the payment of a final dividend on the ordinary shares of 15 per cent. (making a total distribution to the ordinary shareholders of 22½ per cent. for the year) and that the remaining balance of £40,232 be carried forward to the credit of the next account.

FACTORY ADDITIONS

The board had had to provide as a matter of urgent necessity for extensive additions to the factories, machinery and equipment and for that purpose the cash resources had had to be utilised together with a further sum of £258,747 obtained from the company's bankers by way of loan.

In view of this position, and to provide for substantial outlays during the current year, new capital was required. A resolution would therefore be submitted for increasing the ordinary capital by the creation of 1,200,000 new ordinary shares of 10s. each. These new shares would be offered forthwith to the ordinary shareholders at 25s. per share at the rate of one new share for every ordinary share now held. The new shares would rank equally in all respects with the existing ordinary capital as from January 1st last.

The company's works, both aircraft and engine, had been engaged to capacity throughout the year.

The demand for the company's products, both at home and abroad, were greater than could be supplied with their various resources at the beginning of last year. It was then evident that greatly increased aircraft equipment would be required by the Royal Air Force, and, without waiting for definite information as to such requirements, the company entered upon a considerable scheme of building and plant so as to cope with demands as they arose.

AN UP-TO-DATE ORGANISATION

With the rapid growth of the company's business, the office accommodation had become unsuitable and insufficient. A new block of offices had, therefore, been erected, and its occupation by the administrative staff had released a considerable amount of accommodation for other purposes connected with production. These new offices, embodying the latest practice in office design and arrangement, should result in a maximum efficiency.

As they could well imagine, the gradual change-over to new types of aircraft and engines, together with the greatly increased demand for their products, had involved numerous difficulties arising from the reorganisation and extension of premises and plant. Those difficulties had been overcome, and the company had been able to fulfil all commitments to its customers without interruption or delay in deliveries.

To state the position in general terms, the company had now succeeded in providing an organisation in which was combined factories for the construction of aircraft and of aeroplane engines, an aerodrome at Filton fully equipped for the testing of machines and the training of pilots, and, in addition, the new flying school at Yatesbury. Taken altogether, the organisation formed a complete manufacturing unit for the construction of aircraft and engines and their flight testing on a scale which made the whole concern a national asset of the highest value for both civil and military purposes.

SUCCESS OF NEW AIRCRAFT DESIGN

The urgent requirement for aircraft of very high speed led the company to concentrate on experiments for the development of

a design of aircraft into which was introduced the company's new form of "stressed skin" construction. These and other important features embodying the latest patents in aircraft design were incorporated in a new type of aircraft ordered by Lord Rothermere, and that machine, on being tested at the Government station at Martlesham, showed such outstanding merits as to justify its adoption, with certain modifications, as a standard military machine for the Air Ministry. The aircraft was ordered by Lord Rothermere for his own use and paid for in full by him. It was on the proof of its high qualities for military purposes that Lord Rothermere presented the machine to the Government, and this type of aircraft was now being constructed in considerable numbers for the British Government.

It was anticipated that the company's factories would continue to work at full pressure at any rate for the duration of the Government expansion period. Further, as stated in Parliament, national requirements for air defence purposes were of such magnitude that the Government had decided to supplement the existing manufacturing resources of the country by the creation of a shadow industry which they were informed was not intended to supply normal requirements, but was for the special purpose of supplying demand under the expansion scheme and afterwards for providing manufacturing capacity available in a time of national emergency. The company's aircraft and engines had been chosen for manufacture under the proposed shadow industry, and various questions affecting the company which arose in connection with this scheme were now the subject of discussion with the Air Ministry.

In view of the probable future normal requirements and the insistent demand for the company's products from foreign countries, they believed there would be full and remunerative occupation for the whole of the enlarged organisation.

FOREIGN SALES

The position with regard to foreign sales was still encouraging. The company's engines continued to be constructed under licence in several foreign countries, and there had been an increase in the sales of their products in the Dominions and other parts of the world. During the past year engines had been supplied to Australia, Finland, Iraq, Poland, Persia, Denmark, Latvia, Lithuania and China. Further substantial foreign orders for engines were being executed and others were being negotiated. Their latest aircraft, known as the "Blenheim," was not yet released by the Government for sale, but it had already attracted an enormous amount of interest in many countries. At a time when they were fulfilling large orders for the British Government they were endeavouring not only to maintain but to extend their foreign trade which had been built up by their sales organisation over a long period of years.

The company's engines continued to operate successfully in the large fleet of aircraft of Imperial Airways in Europe and in the Mediterranean, and were also giving complete satisfaction in civil aircraft in commercial use on the Continent. The company had recently entered into a contract with Imperial Airways for the supply of further engines, the contract being the largest ever placed by a British company for engines for civil purposes. Those engines were of the "Bristol Pegasus" type, and were being installed in the fleet of flying boats now under construction for the new Empire services. The company was not permitting production on a large scale to delay new design and technical developments, and new types of aircraft engines were being developed, the details of which could not be divulged.

It would doubtless be of interest to shareholders to know that the development of the new "Bristol" sleeve-valve air-cooled series of engine, upon which the experimental department had been working for some years past, was well advanced. Their engineers were of the opinion that this sleeve-valve engine would provide higher power and greater efficiency than had been obtained with any previous series of "Bristol" engines.

The board, added the Chairman, recognise that the staff and body of employees—7,700 in number—whether engaged in testing or production, took the keenest possible interest in their individual work and craftsmanship, making in that way their full contribution to the outstanding success attained by "Bristol" products.

The report and accounts were unanimously adopted, and the increase of capital approved.

GEORGE NEWNES, LIMITED

A PROSPEROUS YEAR

DIVIDEND OF 15 PER CENT.

The thirty-ninth annual general meeting of George Newnes, Limited, was held, on the 25th instant, at 8 Southampton Street, Strand, London, W.C.2.

Sir Frank Newnes, Bart., the Chairman, presiding, congratulated the shareholders on another successful year and on the very sound financial position of the company. A dividend of 15 per cent. for the year was declared. The Chairman, after a reference to the company's new buildings nearing completion, and to other matters of interest, including the acquisition of all the ordinary shares of The National Trade Press, Limited, a prosperous publishing house, and to the termination on December 31st next of the B.B.C. contract for printing and publishing "The Radio Times," continued:—

"It has been customary for me to say something about the company's publications. They are an ever-growing number, and, if I am to be brief, I can only mention a very few of them. It has always been the policy of your directors to take advantage of every modern printing improvement and to keep abreast with every new development in magazine production. "The Strand Magazine" to-day, both in its contents and its production, and its circulation, is second to none. During the year its page-size has been enlarged a little, with a view of getting larger and more striking colour illustrations and otherwise enhancing its attractiveness to reader as well as to advertiser. The magazine remains just as popular as ever and with an increased circulation this year. Advertisers have welcomed the enlarged size, and their support is undiminished. The consistent popularity of "The Wide World Magazine" is very gratifying and shows no falling off. "The Grand Magazine" and "The Happy Magazine" hold their own and have a leading place among English fiction magazines. I am glad to say that "Tit-Bits" is prosperous and full of vigour. No literary weekly has anything like the circulation of our "John o' London's Weekly." It remains unsurpassed both in interest and circulation. "The Humorist" is as humorous as ever and continues to gain ground in circulation. "Practical Motorist," one of our newcomers, is doing well, and our latest newcomer, "The Cyclist," met with instant success.

The women's journals and magazines published by the subsidiary company, Leach's Publications, Limited, and which are owned jointly by ourselves and C. Arthur Pearson, Limited, now hold an important place in our many activities. I shall name five which show very gratifying results for the year, "Modern Woman," "Modern Home," "Miss Modern," "Lady's Companion," and "Woman's Own." The demand for advertising space in these journals has exceeded that of any previous year. Considering the quality and circulation of these journals, that is just what we would expect. "Home Notes," which, of course, is the property of C. Arthur Pearson, Limited, has also had a good year. It is in the very front rank of women's papers and continues its successful career undiminished. It is of particular interest to know that a recent issue was a record issue in advertisements during the whole of its 42 years' existence.

Amongst other publications of C. Arthur Pearson, Ltd., besides "Home Notes," are "Pearson's Magazine," "Pearson's Weekly," "Home Gardening" and "The Smallholder," and there have been three newcomers during the year, one a shilling monthly, "Men Only," one a sixpenny monthly, "Woman's Sphere," and the other, "Lucky Star," a popular weekly. Pearson's have also acquired during the year a controlling interest in "Popular Flying," which appeals to a large and growing public interested in aviation. These four new publications have every prospect of adding to the company's profits.

I must mention two other of our subsidiary companies, Country Life, Limited, and W. H. & L. Collingridge, Limited. The former company has had a good year with the beautifully produced paper, "Country Life," and also with "Homes and Gardens." Both of these magnificent papers continue to add to their fine reputations. "Amateur Gardening," owned by the Collingridge subsidiary company, is, as I have said before, the widest read gardening paper in the country, and, I may add, its prosperity continues.

The proof that advertisers are alive to the value of our various publications to sell their goods is evidenced by the increased advertising revenue during the year. It is the highest for a good many years. This is very gratifying, for advertisers, being experts, know what they are about.

The directors again warmly thank the staff for their valued work during the year. It has been highly appreciated. We thank them for their energy, their resource, and loyal service.

GENERAL ELECTRIC COMPANY, LIMITED

DISTRIBUTION OF 15 PER CENT.

RECORD VOLUME OF EXPORT BUSINESS

The annual general meeting of the General Electric Company, Limited, was held, on the 25th instant, at Magnet House, Kingsway, London.

The Rt. Hon. Lord Hirst of Witton (chairman and managing director), in the course of his speech, said: As regards the profit and loss account, the outstanding feature is the figure denoting profit on trading and income from investments, which is about £300,000 more than last year.

We thought a cash bonus of 5 per cent., in addition to our usual 10 per cent. dividend, is a reasonable and satisfactory distribution of profits, more especially as shareholders reap additional benefit this year through the bonus issue which we have announced in connection with a moderate increase of our capital.

Our main activities have, of course, been concentrated on the supply to the home market, but we have made considerable progress during the last year in the supply to our Dominions Overseas and to our Colonies and also to foreign countries, mainly those which can be described as being within the sterling area. The steady growth of our export business has continued, our increase over the previous year being in the neighbourhood of 20 per cent. The volume of our total exports constitutes a record in the company's history, though the actual money value falls a little short of the year 1929-30, when prices were considerably higher. I am pleased to say that the increase we have achieved is mainly due to exports to the British Empire, which now absorbs over 75 per cent. of our overseas shipments.

The increased activity reported last year in the heavy engineering workshops at Witton has been well maintained, and the number of employees at our Witton works has risen to 8,000. Striking advances have been achieved in several directions, two outstanding examples of which are the introduction of the pumpless air-cooled mercury arc rectifier and the completion of the high-power test laboratories. In putting the pumpless air-cooled mercury arc rectifier on the market, we lead, not only in this country, but in the world.

Among the many orders for Turbo alternators received during the year, a third 62,000 K.V.A. generator for the Birmingham Hams Hall Power Station may be mentioned. This is the sixth set supplied by the G.E.C. to this station, making a total of 300,000 k.v.a. in all.

A further large Turbo set of 30,000 k.v.a. has been ordered by the Johannesburg Municipality, bringing the total capacity in this power station to 120,000 k.v.a. It is interesting to note that this new set will generate at 20,000 volts.

Our position in connection with railway electrification has been well maintained, and a number of orders have been received from the London Passenger Transport Board.

EQUIPMENT FOR THE "QUEEN MARY"

The field of communication has seen further development and expansion. Our telephone works have received their full share of all this work, and have kept busy throughout the year for contracts at home and abroad. The telephone equipment for the Cunard-White Star liner "Queen Mary" was installed by our Coventry works, and incidentally we were responsible also for the lighting of practically all the public rooms in that magnificent ship.

You will, I know, expect me to make some reference to the advent of television. The recommendations of the Selsdon Committee have been very largely adopted by the Postmaster-General, and the public is now awaiting the announcement of public transmissions. Your company is ready with its receivers immediately these transmissions commence, and you may rest assured that we shall be able to take our place in the arena when the moment arrives.

We have also made great progress in the field of illumination. Floodlighting, colour lighting, neon lighting, architectural lighting all have their special uses. But the most important development during the year has been the study of aerodrome lighting, and to show our success I may mention that during the last twelve months we have received contracts for the lighting of aerodromes at Gravesend, Gatwick, Leicester, Leeds, Brussels, Penang, Singapore, Durban, Rhodesia and Jodhpur. The Indian Government alone have entrusted us with the lighting of twelve aerodromes from Karachi to Rangoon.

The report and accounts were unanimously adopted, and at a subsequent extraordinary general meeting resolutions were passed removing the restrictions on British ordinary shares and authorising the conversion of all shares into stock.

ASSOCIATED TIN MINES OF NIGERIA, LIMITED

BENEFITS OF INTERNATIONAL CONTROL

The ninth ordinary general meeting of the Associated Tin Mines of Nigeria, Limited, was held, on the 24th instant, at 20 Aldermanbury, London.

Mr Douglas Christopherson (the chairman) presided, and in the course of his speech said: A profit of £207,311 is shown, compared with £144,020 last year, but this greatly increased profit is not entirely due to sale of tin concentrates won during the year, as £29,144 was received from our participation in the Buffer Stock, and the total sales were further assisted by the absorption into output of some 400 tons of reserve stocks, in respect of which tonnage the costs charged are those relative to dressing, bagging and realisation only.

We propose to pay a final dividend of 7½ per cent., less tax, making a total distribution for the year of 17½ per cent. With regard to the current year, we have decided to pay a first interim dividend of 5 per cent. at the same time.

Our ore reserves now stand at 50,666 tons, of 70 per cent. concentrates, compared with 47,324 tons at the end of 1934. That position, you will agree, is extremely satisfactory, especially as there is still a considerable acreage totally unprospected, or only partially prospected.

TIN PRODUCTION AND CONSUMPTION

In view of the fact, so well known to all of you, that negotiations are now proceeding for the renewal of the International Tin Control Scheme, it is, I believe, an opportune moment to emphasise the benefit derived by all sides of our industry from this scheme.

The year 1935 proved to be a year of active expansion in both consumption and production of tin. World production amounted to 139,120 tons, and world consumption to 142,531 tons. These figures show how closely production has been kept parallel with consumption. I may remind you that in previous years when increased demand occurred, increased supplies have been forthcoming to such an extent that markets became glutted with unwanted stocks and prices fell to ruinous levels.

The average price of spot tin over the whole year was £226, the daily price during the whole year having been always within £20 of that average. As a matter of fact from the middle of 1933 to the end of 1935, price fluctuations have been kept within those limits, and again it must be borne in mind that period was when potential production had been enormously developed. The maintenance of a price within such reasonable limits would obviously have been utterly impossible without careful control of production.

This in itself proves the benefits of the international control scheme to both the producer and the consumer of the metal, while the dealer is able to carry on his business with reasonable margins. The only person who suffers by control is the pure gambler who has no stake whatever in the industry and prefers to see large fluctuations in price.

With regard to the recent decline in tin prices, in my opinion this illustrates the point that control of output alone is not sufficient, and I hope that the International Tin Committee will give this matter their earnest consideration. I would suggest that the international delegates should propose to the Governments concerned that a reasonable stock of metal should be held in the Straits and in London and New York to be released, or not, in sufficient quantities to keep the price at a reasonably level figure. This would strengthen the position as regards the maintenance of an average price. The price, of course, could and would fluctuate within reasonable but not excessive limits, according to supply and demand. This reserve of metal to be controlled by one man or a small committee. If it were found possible to do this, and the renewed tin control agreement were for not less than five years, it would, I feel certain, be of very great benefit to all producers, to all consumers, and to the dealers in the metal.

It has been argued that the maintenance of the price of tin metal at £200 or over, would stimulate outside production, and would lead to the introduction of substitutes. The answer to the former is that production from sources outside the signatory and adhering countries has since 1933 shown a steady decline. As regards substitution, so far from being displaced by other materials, there is considerable development in the use of tinplate as a container in fields where it has not been previously considered. I venture to say that the maintenance of the price of tin at £200 to £220 is a fair and reasonable price to both consumer and producer.

The report and accounts were unanimously adopted.

BANGRIN TIN DREDGING COMPANY, LIMITED

SIAM AND RESTRICTION

The sixteenth ordinary general meeting of this company was held, on the 22nd instant, at Winchester House, E.C.

Mr Kenneth O. Hunter presided in the absence, through indisposition, of Sir Cyril K. Butler, the chairman of the company, and read his speech, in which it was stated that the operations during 1935 showed some contraction when compared with those of 1934, and whereas they were enabled by purchase of quota to produce 68 per cent. of their restriction assessment in 1934, they had only been able to produce 48 per cent. of the assessment during 1935. The output in 1935 was 430 tons of tin ore, compared with 668 tons in 1934.

Mining revenue amounted to £68,621, against £102,342 in the previous year, the fall being due to the smaller output.

The profit from mining operations amounted to £13,770, compared with £23,272 in the previous year, and after adding £2,884 as interest earnings and providing for the writing off of prospecting expenses, general administration and other expenses in London, there remained a credit balance for the year of £12,915. It was proposed to pay a dividend of 5 per cent. for the year and to carry forward £7,327. The balance sheet showed the strong liquid position of the company, cash and gilt-edged securities totalling £136,686 out of capital and reserves amounting to £336,118.

Since the beginning of 1935 the amount of quota available for the company's working in Siam had continued to shrink. The quota available for the first six months of the year was 48.7 per cent. of assessment and the last six months 46.6 per cent. of assessment, as against 58 per cent., 55 per cent. and 53 per cent. of assessment in 1934. The quota for the first six months of 1936 was raised slightly to 54.6 per cent. of assessment, and in May last was further increased by 8.3 per cent. The assessment of this company had remained unaltered.

Some doubt appeared to exist as to whether the present restriction agreement would survive after the end of 1936. Should the efforts to renew the agreement after 1936 unfortunately fail, then they must be prepared to face a period of falling prices and bad conditions in the tin mining industry, but, should this happen, their company could face the position with confidence as their production costs are low and their operating plants efficient.

The report and accounts were adopted.

SIAMESE TIN SYNDICATE, LIMITED

SIAM'S QUOTA UNDER RESTRICTION

The twenty-ninth ordinary general meeting of this company was held, on the 22nd instant, at Winchester House, London.

Mr Kenneth O. Hunter presided in the absence, through indisposition, of Sir Cyril K. Butler, the chairman of the company, and read his speech, in which it was stated that in November last he paid a visit to the East, where he went carefully into questions affecting the future policy of the company, particularly with regard to prospecting and the position that had arisen in Siam in connection with the proposed renewal of restriction. He brought before the responsible Minister the difficult position that tin producers in Siam were encountering, and emphasised the necessity for the Government to obtain a larger tonnage of permitted output. At the same time he pointed out how important it was that all the signatory Powers to the restriction scheme should hang together for the well-being of the industry generally.

The total mining revenue for the past year amounted to £163,117, and after deducting the cost of mining operations and the provision made for amortisation of properties and depreciation of plant, there was a net mining revenue of £47,114. Two dividends of 10 per cent. each had been paid during 1935. It was regretted that results obtained in the later months of the year were not up to our anticipations.

The total yardage of payable ground at present held by the company, including the unworked remainder of the original areas, plus additions thereto in the East, amounted to approximately 154,000,000 cubic yards, the average value of which was higher than 1s. 2d. per pound per cubic yard, a position which could be considered highly satisfactory.

Since the beginning of 1935 the amount of quota available for the company's working in Siam had continued to shrink. The quota for the first six months of 1936 was raised slightly to 54.6 per cent. of assessment, and in May last was further increased by 8.3 per cent. The assessments for this company's various mines had remained unaltered.

Some doubt appeared to exist as to whether the present restriction agreement would survive after the end of 1936, but the company could face the position with confidence.

The report and accounts were unanimously adopted.

THE STRAITS PLANTATIONS, LIMITED

DIVIDEND OF SIX PER CENT

Presiding at the annual general meeting of the Straits Plantations, Limited, held on the 19th instant in London, Mr Eric Macfadyen said:—The late Mr H. J. Gillespie was manager of our largest estate and visiting agent to the others for many years before he came home and joined the board. We held him in high esteem as a friend and as a director the shareholders owe him much. We have also suffered another great loss by the death of Mr W. H. Watson, our senior manager.

Mr Maguire and myself have visited the estates at different times during the year. They are situated in what I believe to be the best coconut-growing district in the East; they have an unbroken record of good management, and I have never seen them in better condition. The product of the coconut palm, although perhaps the most valuable of the vegetable oils, has to compete with many others, and of late years we have had to reckon with political complications—tariffs, exchange movements and economic—more properly uneconomic—nationalism. The market for oils has in consequence experienced extreme fluctuations of late.

In the last four years the net prices we have received for our copra, after deducting the heavy item of freight and other selling expenses, have been respectively £10 8s., £6 18s. 4d., £6 4s. 4d. and £8 14s. 6d. At our last meeting I suggested that prices had touched bottom, and the tendency has, in fact, been upwards. The United States Supreme Court decision outlawing the N.R.A. Code produced a temporary reaction, but that was counter-balanced by a rather steep rise, culminating last January, associated with Italian activities in Ethiopia. We may hope for some further improvement in average price in 1936-37, nor do I foresee any reduction in crop.

After two years of dividends at 4 per cent., the lowest rate ever paid by the company, your directors are glad to be able to recommend a distribution of 6 per cent.

Mr F. E. Maguire said that during his recent visit he had been exceedingly glad to find the estates in such an admirable state of cultivation. In several places he had observed a decided improvement, and he had received a very definite impression that the company had a notably capable and loyal staff.

The report and accounts were unanimously adopted.

SCRIBBANS AND COMPANY, LIMITED

EXPANSION OF BUSINESS

The ninth annual general meeting of Scribbans and Company, Limited, was held, on the 24th instant, at the Hotel Victoria, London, W.C.

Mr Philip E. Hill (the chairman) said that, in common with other concerns engaged in their industry, they found themselves in the position of having increased business and less profits. The reduction in their case amounted to some £25,000 less than the comparable figure for the previous year. It was naturally disappointing at a time when industry in this country was so prosperous to show a fall in profits, but the true importance of that was, in his opinion, quite insignificant when compared with the actual expansion of the company's business during the period under review.

The increased prices of raw materials paid by the company and its subsidiary were over £63,000 in excess of those of the previous year. Under normal conditions they should have been able to show an increase in net profits of something in excess of £38,000. During the period under review the company had opened many thousands of new accounts, and its output for the present year showed a steady increase. As far as actual trade was concerned, he was anticipating that 1936 would be an excellent year for sales, but it was quite impossible to make any accurate forecast with regard to the price of raw materials. He personally thought they would see a further rise. They did know they were maintaining the quality of their products. They were manufacturing economically and pursuing an energetic sales policy.

He felt quite confident that when they met next year he would be able to report a still further expansion of business. He personally saw no cause for concern at the setback they had experienced, but genuine grounds for satisfaction on the expansion results they had so far achieved and the further progress so strongly indicated.

The Chairman then referred to the retirement of Mr Hathaway as managing director, but he was glad to say he had agreed to sacrifice some of his well-earned retirement by acting in an advisory capacity on the board.

The report was unanimously adopted, and the proceedings terminated with a vote of thanks to the chairman, directors, and staff.

BANK OF BRITISH WEST AFRICA, LIMITED

IMPROVED CONDITIONS—INCREASED DIVIDEND

The forty-second annual general meeting of the Bank of British West Africa, Limited, was held, on the 23rd instant, at the office of the company, 37 Gracechurch Street, London.

The Right Hon. the Earl of Selborne, K.G., G.C.M.G., the chairman, said:—It is now seven years since I was last able to give you an encouraging or moderately cheerful account of business in West Africa, which has had even more than its full share of the world depression of trade.

In the year, the report and accounts of which are now presented to you, we have done better than for some years past, and it is a great satisfaction to your board that the improvement which there has been in trade, combined with the rigorous economies made in the lean years, have enabled them to recommend a little better return to our shareholders and to our staff.

There has been a real improvement in your business during the past year, as part of the national improvement for which we are all so thankful.

Current, deposit, and other accounts at £7,370,000 are almost £700,000 higher, while drafts issued are down by £29,000. Bills for collection show an increase of £13,000, and the liability on acceptances for customers is up by £36,000. There is an increase of £968,000 in cash, which is largely accounted for by the rise in current and deposit accounts. Investments, which stood at an unusually high figure last year, are down by £533,000, whereas there are increases of £143,000 under the heading of "other bills," and of £232,000 for loans, advances, and other accounts.

The net profit is £85,298 9s. 3d., which is rather more than £20,000 in excess of 1935, and after allocating £25,000 to writing down premises and furniture, as compared with £15,000, it is proposed to increase the dividend from 4 per cent. to 5 per cent. per annum, which will absorb £60,000 and will leave £54,972 12s. to be carried forward.

During the greater part of our financial year there was a noticeable improvement in West African trade conditions, and this was accompanied by substantial increases in the Government revenues—increases which were all the more welcome because of the years of stringency which had been experienced by our four Colonies.

The report and accounts were unanimously adopted.

W. J. BUSH & COMPANY, LIMITED

A PROSPEROUS YEAR

The thirty-ninth annual general meeting of this company was held, on the 22nd instant, in London, Mr J. M. Bush (chairman and one of the managing directors) presiding.

The Chairman, in moving the adoption of the report and accounts, said: The accounts for the past year are very gratifying.

The policy of the Government in recommending Parliament to extend the key industry duties for another ten years, encourages us to feel that the large expenditure of capital we have incurred in past years on plant and machinery will not have been in vain. On the other hand, there are signs of increasing competition in some of the most important chemicals we manufacture, and the numerous obstacles in the way of carrying on export business in foreign countries still remain.

The accounts of our subsidiary companies all show satisfactory profits for the past year.

As is shown by the scientific Press, new processes for the manufacture of organic chemicals are constantly being devised. Our own research chemists are also continually working with a view to initiating new or improving existing processes of manufacture, increasing yields, and cutting down costs. Such changes sometimes necessitate considerable modifications of the plant, or the installation of completely fresh units, rendering the old obsolescent. It is for this reason that your directors recommend the creation of a reserve against this contingency.

In view of the substantial increase in the company's freehold premises over a period of years, your directors consider it prudent to increase the reserve against this asset.

After providing for the amount required for the dividends on the Preference shares, income tax, and exchange, there remains a balance of £174,633 4s. 6d. Your directors recommend that this balance be dealt with as follows:—

By the payment of a final dividend of 8 per cent. on the ordinary shares, making with the interim dividend already paid 13 per cent. for the year, £32,500; by writing down goodwill, £20,000; by creating a reserve against possible plant obsolescence, £10,000; by adding to reserve against freehold works, £10,000; and carrying forward a balance of £102,133 4s. 6d.

The report and accounts were unanimously adopted.

LISBON ELECTRIC TRAMWAYS, LIMITED

INCREASED PASSENGER TRAFFIC

The thirty-eighth ordinary general meeting of Lisbon Electric Tramways, Limited, was held, on the 24th instant, at the company's offices, 4 London Wall Buildings, London.

Lieut.-Colonel V. Vivian, C.M.G., D.S.O., M.V.O., presided in the absence of Mr F. W. Kerr (chairman), who was attending to the affairs of the company in Lisbon. He read the speech prepared by Mr. Kerr, which stated:

You will first be interested to hear the result of our operations. The traffic returns show that during the period under review 121,810,659 passengers were carried, as compared with 120,534,321 in the preceding year, an increase of 1,276,338 passengers.

The receipts from all sources show an increase of £3,686 10s. 3d. On the other hand, the expenses have increased by £20,234 6s. 3d. The resulting profit of £178,574 12s. 4d. shows a decrease of £16,547 16s. on the preceding year. The directors recommend the declaration of a final dividend of 4½ per cent. net on the ordinary shares in respect of the year 1935, which makes 7½ per cent. for the year, being the same rate as the previous year. This will absorb £42,796, and will leave a balance of £47,627 to be carried forward to the credit of next year's profit and loss account.

In spite of the extremely bad weather which has been experienced in Lisbon during the first few months of this year in common with many other parts of the world, I have found that the passenger traffic has been well maintained. This I consider was due to a certain extent to the 15 new passenger cars put into service in the current year. These form part of the construction programme for 30 new cars which was commenced last year.

The capital expenditure programme at present in view still involves about £100,000, which covers the new rolling stock before mentioned and further car shed accommodation, extensions of track, etc. The work entailed will be undertaken as far as possible in the current year.

I trust you will agree with me that the results obtained for the period under review are quite satisfactory under the circumstances.

The report was unanimously adopted.

EAST RAND CONSOLIDATED, LIMITED

STRONG FINANCIAL POSITION

The annual general meeting of East Rand Consolidated, Limited, was held, on the 24th instant, at River Plate House, London.

Captain H. B. Jameson (the chairman), in the course of his speech, said:—The book cost of the investments is £596,259, whereas at December 31st the market value amounted to £1,714,684. This is, I feel sure you will agree with me, a highly satisfactory position. Further, I think you will like to know that your shareholding is to-day substantially the same. The net profit for the year was £16,685, mainly derived from the realisation of some of our investments.

I want to emphasise the importance of the developments on the properties of the two subsidiaries which your company has already formed—Spaarwater Gold Mining Company, Limited, and West Spaarwater, Limited. With regard to the former, I emphasised at our meeting last year the advantage that company derived from its position adjoining the Sub Nigel. From the progress that has been made during the last year, you can visualise what an enormous area will be available when regular development commences from the shaft. Of the values encountered in the haulages their excellence must be apparent to everybody.

West Spaarwater, Limited, was formed in June, 1935. We know of nothing to prevent good progress being made and the company has plenty of funds available for the development of the property.

You hold a large interest in both Witwatersrand Nigel and West Spaarwater, and you own one-third of the issued capital of Spaarwater Gold Mining Company. I do not think I am exaggerating when I say that yours is the controlling interest in this district on the south and west of Sub Nigel.

One word about Vlakkfontein No. 65. Remember that it adjoins the Vlakkfontein Gold Mining Company and is on a similar reef plane, hence the reason for our joint borehole. Now consider the value placed on the Vlakkfontein Gold Mining Company at its present market valuation of over nine millions sterling. This should bring home to you the possibilities of your Vlakkfontein property when we decide upon its flotation.

Your liquid cash position is excellent.

The report and accounts were unanimously adopted.

FORSTER'S GLASS COMPANY, LIMITED

STRONGER BALANCE SHEETS

The seventeenth annual general meeting of Forster's Glass Company, Limited, was held, on the 25th instant, at Winchester House, Old Broad Street, London.

Sir Sydney H. H. Benn, K.B.E. (chairman), presided, and, in the course of his address, said the net profit for the year is some £600 higher than last year at £41,842. The actual profit on trading is lower by £2,400, but owing to a saving in bank and debenture interest and income tax of almost £3,000, the above slight increase in profit has been made possible.

Before arriving at the above profit, all trading and managerial expenses have been met and adequate provisions have been made where called for, including provision for income tax.

We are pleased to say that bank interest is now almost a negligible item, and owing to the gradual reduction of outstanding debentures, interest on these is also on the decrease.

Passing to the balance sheet, it will generally be agreed that the position as a whole shows a great improvement over any previous year. The option held by Estates Control, Limited, and referred to in the directors' report for the year ended March 31, 1934, has been exercised, and this accounts for the increase in the issued ordinary shares. The 5 per cent. mortgage debenture stock has been reduced during the year by a further redemption of £7,000. The 6 per cent. second debentures still remain at the same figure, as the time when these fall due for redemption has not yet arrived.

The last balance sheet showed reserve at £60,000. To this has been added the £17,000 agreed to at the last annual meeting, making a total of £77,000. With the present allocation of £18,000 the reserve now stands at £95,000.

We are pleased to say that our sales have maintained the volume of previous years, and, in fact, they are slightly better than during the preceding year. This is not due to a large increase in the number of our customers, but is due to the improved conditions in the country generally and to the fact that our existing customers have mostly taken more than during the previous year.

The report and accounts were adopted, and a dividend on the ordinary shares of 5 per cent. and a cash bonus of 5 per cent., both less income tax, were declared.

AFRICAN AND EUROPEAN INVESTMENT COMPANY

PROGRESSIVE METHODS

The thirty-first ordinary general meeting of this company was held on June 11th at Johannesburg.

Mr Louis Marks (the chairman) said that he was in the happy position once more of being able to submit a satisfactory account. It was gratifying to note that the profit earned had again been a substantial one. Realised profits on the sale of shares and properties, together with interest and dividends, and income received from farming and other activities disclosed a profit of £680,971. Receipts from interest and dividends showed an increase on the previous year, and the farm revenue figures compared favourably with those of 1934. The net profit amounted to £600,006, as compared with £863,167. After providing for dividends totalling 15 per cent., a balance of £83,952 was carried forward, compared with £43,922.

The progressive methods which had been pursued by the company during the past few years had enabled the directors to strengthen the company's financial resources so materially that it had been possible, without prejudicing the shareholders' interests, to adopt a policy which aimed at placing the company on such a sound and permanent financial foundation as would permit of the building up of its revenue-earning capacity in keeping with the functions of an investment and development company such as theirs.

They had given effect to that policy by investing a considerable portion of the company's funds in South African and British industrial investments and in selected dividend-paying gold mining and finance companies in this country, and they hoped from time to time to be in a position to increase considerably their holdings of that nature to maintain an investment fund sufficient in itself to provide a permanent income so that shareholders might be assured of dividends whether markets were good or bad.

With regard to their mining interests, those were principally centred in the East Rand through their holdings in Palmietkuil, Grootvlei, and the East Rand Consolidated. They were also substantially interested in the Far Western Rand through their holdings in New Central Witwatersrand Areas, Limited, New Machavie Gold Mining Company, Limited, and Gold Areas Witwatersrand (East), Limited.

The report was unanimously adopted.

THE TUNNEL PORTLAND CEMENT COMPANY, LIMITED

RECORD DEMAND

CAPITAL INCREASE APPROVED

An extraordinary general meeting of The Tunnel Portland Cement Company, Limited, was held on Tuesday, June 23, at the Company's Office, Horseferry House, London, S.W.1.

The Deputy-Chairman (Mr N. M. Jensen) presided.

The Secretary (Mr S. Hagdrup) having read the notice convening the meeting.

Mr Jensen said:—In the circular letter which has been sent to you, we have pointed out that we are primarily raising additional capital for the purpose of erecting a new manufacturing unit in this country.

The position to-day is that we are unable to cope with the demand for our product and we are having to turn away business, particularly in the export market.

The current demand for Portland Cement throughout the country is undoubtedly a record. There is a possibility that it may slacken off as house-building activities diminish, but against this, civil engineering contracting work is only just getting into its stride and, therefore, my personal opinion is that we can look forward to a good demand for our product for some time to come.

We are fortunate in that our industry is a growing one. If we look back over the past twenty years' records, or more, we find that there is an almost steady increase in the cement consumption amounting to about 5 per cent. per annum. Your directors feel, therefore, that if we are to maintain our relative position in the industry, it is essential for us to increase our manufacturing facilities.

The resolution effecting the necessary increase of capital was passed unanimously.

NORTH ASHANTI MINING COMPANY, LIMITED

SATISFACTORY DEVELOPMENT OPERATIONS

The annual general meeting of this company was held on the 19th instant, at the Abercorn Rooms, London.

Mr W. D. Scott-Scott, the chairman, in moving the adoption of the report and accounts, said that with regard to three of the company's properties, Adowsena No. 1 and Nyafoman No. 1 and No. 2, the directors had continued their conservative policy of assigning them no specific value.

In his speech last year he explained the geographical and geological position of the company's properties and said that the board were negotiating the acquisition of certain areas in the territory intervening between the Nyafoman and Adowsena Concessions. Those negotiations had been concluded and the company had acquired two areas known as Rogers No. 1 and No. 2, which appeared to be the most valuable and through which, it was reported, the Nyafoman reef runs. He reported that the company held 492,000 shares in Ashanti-Adowsena (Banket) Goldfields, Limited, and that their policy was to keep a balance of not less than 500,000 shares in that company.

After dealing with other specific items in the balance-sheet, the Chairman proceeded to speak of the two main assets of the company, first dealing with the shares in the Ashanti-Adowsena Company. He pointed out that that company's progress reports, which appeared fortnightly, had kept the shareholders up to date with the progress made, and stated that the Adowsena Company's plant after passing through a period of trials and adjustments, and even small breakdowns, inseparable from the starting-up of any new plant, had settled down to steady production. The board of that company had approved the extension of the cyanide plant so as to be able to treat 6,000 tons per month.

With regard to the future, the board had made arrangements for the issue of a new company to be known as the Ashanti-Wallis, which would acquire the Nyafoman No. 2 Concession on which the board were continuing to carry out development work. The necessary arrangements for floating the company at any moment that might be deemed advisable had already been made.

He added that the Banket formation has been proved in the Nyafoman Concessions from boundary to boundary, a distance of 2½ miles, and there were seven shafts and five adits on that property. On this level the ore body had an average width of 9 ft. and payable ore up to 12 dw. per ton had been proved. The development work on this concession had been sufficient to prove its high value and, in the opinion of experts, the property should prove at least as important as that now being worked by Ashanti-Adowsena Goldfields.

After this property had been acquired by a producing company the policy of the board would be to develop Rogers No. 2 Concession with a view to proving its value and bringing it to the producing stage.

Mr G. A. Stockfeld, M.Inst.M.M. (director and Superintendent Mining Engineer), in seconding the resolution, said that the work that had been carried out had been mainly confined to Nyafoman No. 2 Concession. The mining operations that had been pursued there had been confined to the No. 3 and No. 7 shafts and the adit level. The result of these operations had been very satisfactory, in so much as the reef had been definitely proved underground for a distance between the two shafts of approximately 2,500 ft. It bore all the characteristics of the reef at the Adowsena Concession, both in width and values. This mine was now in successful operation, and he felt confident, from the developments that had taken place on the Nyafoman Concession, that when it was properly equipped this mine would prove to be equally as good.

The resolution was unanimously adopted.

BRITISH EMPIRE TRUST COMPANY, LIMITED

INCREASED INCOME. STRONG POSITION

The thirty-fifth ordinary general meeting of the British Empire Trust Company, Limited, was held, on the 23rd instant, at the Great Eastern Hotel, London.

Mr J. Davidson (chairman and managing director) said:—The net profit for the year under review is £77,497. This compares with £50,865 rs. 10d. last year—an increase of £26,631. Having regard to the fact that 58 per cent. of your company's investments, i.e. some £800,000, or an amount nearly equal to the whole of the share capital, is of the highest class, we consider that the increase in income must be regarded as satisfactory. After paying dividends of 6 per cent. on the preferred ordinary shares and 8 per cent. on the deferred ordinary shares, the amount to be carried forward will be £59,781, as compared with £31,739 last year.

Some of you may think that we might have recommended an increase in dividends. There are, however, two good reasons for our decision: Firstly, that in the present state of world affairs we must be prepared for the possibility of serious shocks affecting investment values, and secondly, because it is impossible to forecast when the present low interest returns, which are to some extent anyway artificial, but which limit your interest earning capacity, will come to an end. We therefore consider it advisable to safeguard you in every way we can against the risk, under adverse circumstances, of any reduction in the present dividend; further, we venture to think that it is in itself no mean performance to pay dividends of 6 per cent. and 8 per cent. at a time when income on investments generally is showing a steady decline. Our purpose has been, and is, to keep the company strong, and as far as possible in a position to increase its income, and your dividends, when investments generally return to a higher interest-producing level.

Your company for many years devoted its energies and capital almost entirely to the study of, and investment in, Canadian securities. As I explained in 1932, largely as the result of world events about that time, our policy in this respect changed, and the major portion of your capital was transferred from Canadian to British investments. The policy then adopted proved profitable and has not been changed.

At the present time there is every evidence of improving economic conditions in Canada. After giving figures indicating the character and extent of the improvement, the chairman continued: Such encouraging indications of returning prosperity would ere now, especially in view of the low interest rates obtainable in Great Britain, have led to a large demand in this country for Canadian investments giving a higher return than is obtainable here, but this demand, which was coming strongly into evidence 18 months ago, has been retarded by a series of unfortunate events. One of these events to which I referred last year was a proposal by the City of Vancouver in January, 1935, to reduce the interest payments on its bonds and debentures by one-half. This proposal, which was neither reasonable nor just, was rejected by the bondholders and disallowed by the Government of British Columbia.

Another unfortunate and more recent event in that the Province of Alberta, owing to prolonged adverse conditions, has professed embarrassment in meeting its existing obligations in full. It is to the credit of the Dominion of Canada that the Government of the Dominion has expressed its willingness to give assistance subject to the establishment of a Loan Council who will have a voice in the future financial plans of the Province.

In conclusion, the Chairman said it was only by conserving the resources of the company that they could be assured of present safety and future prosperity, and the accounts presented showed clearly the strong financial position which the company enjoyed.

The report and accounts were unanimously adopted.

WEST SPAARWATER, LIMITED

PROGRESS OF PRELIMINARY WORK

The first ordinary general meeting of West Spaarwater, Limited, was held, on the 24th instant, at Johannesburg. Mr T. Marks, who presided, said:—

The directors' report and accounts cover the period from the date of incorporation of your company, namely June 14, 1935, to December 31, 1935. The authorised capital of your company is £2,000,000 in 8,000,000 shares of the nominal value of 5s. each. At December 31st last, 3,601,152 shares had been issued, and the remaining 4,398,848 shares are all reserved to cover options. Of these options 400,000 are exercisable at par and 1,999,411 at 7s. 6d. on or before September 30, 1937, and 1,999,437 are exercisable at 10s. on or before September 30, 1938.

The expenditure during the period under review totalled £210,486 rs. 5d., and is clearly disclosed under appropriate headings on the balance sheet at December 31st. At that date, the balance of cash in hand, allowing for sundry creditors, etc., amounted to £690,015 rs. 14s. 1d.

If and when the options on shares are exercised, the company will be provided with additional cash resources of £1,849,497 rs. 6d.

At the statutory meeting last year I explained the terms of our lease agreement with the Government, and as this is again fully set out in the directors' report, there is no need for me to dilate further on this subject.

The main work carried out by your company has been directed to the establishing of data to permit of the location of the most suitable position for the first vertical shaft. In addition to an aerial survey and a geological examination, a drilling programme was commenced during May, 1935, and details in regard to the two boreholes put down are furnished in the reports of your joint consulting engineers.

No. 1 Borehole has been stopped in the Kimberley Shales, a definite market from which the depth of the underlying Nigel Reef can be estimated.

No. 2 Borehole has already passed through the Kimberley Shales and is being continued to intersect the Nigel Reef.

By March, 1936, sufficient information was available to decide on the site for No. 1 vertical shaft. Preliminary designs were thereupon put in hand, and the position for the shaft was chosen on the northern portion of Klippoortje, in proximity to the Spaarwater and Maraisdrift boundaries. The design of the shaft provides for five compartments, which allows for adequate ventilation arrangements necessary to the subsequent development programme mapped out.

Sinking operations were commenced at the end of May, and it is estimated that the Nigel Reef will be intersected at a depth of about 4,000 ft. below the surface.

The position of No. 2 vertical shaft has also been tentatively fixed, but it is intended to postpone the sinking of this shaft till additional knowledge of the trend of the shoots is revealed by development from No. 1 shaft.

While it is yet early to venture an opinion as to the disposition of payable shoots in your holdings, it is encouraging that the payable shoots disclosed on Poortje, projected parallel to the line of shoots proved in Sub Nigel, Limited, are trending so as to be within your ground. The continuance of payable values in the neighbouring Spaarwater Gold Mining Company may also be regarded as a promising feature.

In conclusion, I wish to take this opportunity of expressing your board's appreciation of the services rendered by the joint consulting engineers, Messrs J. D. Mackenzie and J. L. van Eyssen, and by Mr G. H. Hurtzig, the manager of your company's property, and his staff.

The report was unanimously adopted.

OFFER TO NEW READERS

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

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

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GOVERNMENT RETURNS, &c.

NATIONAL ACCOUNTS

The total ordinary revenue for the week ended June 20, 1936, amounted to £10,261,000, against ordinary expenditure of £9,486,000. After allowing for an increase in Exchequer Balances of £112,328, the operations for the week, as shown below, decreased the gross National Debt by £662,000 to approximately £7,975 millions.*

		(000's omitted)	
Treasury Bills	+ 88	National Savings Certificates	£ 50
		Public Department Advances	£ 700
	+ 88		£ 750

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

A complete analysis of the approximate position of the National Debt at March 31, 1936, appeared in the *Economist* for April 4, 1936.

REVENUE	Total Receipts into the Exchequer			
	April 1, 1935, to June 22, 1935	April 1, 1936, to June 20, 1936	Week ended June 22, 1935	Week ended June 20, 1936
ORDINARY REVENUE				
Inland Revenue—				
Income Tax	£ 12,111,000	£ 10,178,000	£ 189,000	£ 5,000
Sur-tax	3,900,000	4,010,000	210,000	120,000
Estate, etc., Duties	21,820,000	17,850,000	1,380,000	1,600,000
Stamps	2,870,000	2,850,000	140,000	450,000
Excess Profits Duty and Corporation Profits Tax	100,000	80,000	10,000	...
Land Tax and Mineral Rights Duty	...	...	...	...
Total Inland Revenue	40,801,000	34,868,000	1,929,000	2,175,000
Customs and Excise—				
Customs	43,569,000	44,773,000	4,037,000	3,775,000
Excise	23,500,000	24,200,000	5,900,000	5,900,000
Total Customs and Excise	69,069,000	68,973,000	9,937,000	9,675,000
Motor Vehicle Duties (Exchequer Share)	682,000	870,000	Dr. 153,000	Dr. 105,000
Post Office (Net Receipt)	4,400,000	4,300,000	Dr. 180,000	Dr. 160,000
Crown Lands	230,000	250,000	...	...
Receipts from Sundry Loans	262,772	369,380	...	...
Miscellaneous Receipts	4,382,522	1,696,947	467	115,813
Total Ordinary Revenue	119,827,294	111,327,327	9,913,467	10,260,813
SELF-BALANCING REVENUE				
Post Office	12,250,000	13,150,000	2,550,000	2,750,000
Motor Vehicle Duties apportioned to Road Fund	3,637,000	3,750,000	153,000	105,000
Total Self-balancing Revenue	15,887,000	16,900,000	2,703,000	2,855,000
Total	135,714,294	128,227,327	12,616,467	13,115,813

EXPENDITURE	Total Issues out of the Exchequer to meet Payments			
	April 1, 1935, to June 22, 1935	April 1, 1936, to June 20, 1936	Week ended June 22, 1935	Week ended June 20, 1936
ORDINARY EXPENDITURE				
Interest and Management of National Debt	£ 72,507,099	£ 71,700,526	£ 702,019	£ 827,255
Payments to Northern Ireland Exchequer	921,571	993,520	...	...
Other Consolidated Fund Services	372,435	636,608	53,750	309,230
Post Office Fund	...	...	...	...
Total	73,801,105	73,330,654	755,769	1,136,485
Total Supply Services (excluding Post Office)	97,339,000	103,817,500	6,000,000	8,350,000
Total Ordinary Expenditure	171,140,105	177,148,154	6,755,769	9,486,485
SELF-BALANCING EXPENDITURE				
Post Office	12,250,000	13,150,000	2,550,000	2,750,000
Road Fund	3,637,000	3,750,000	153,000	105,000
Total Self-Balancing Expenditure	15,887,000	16,900,000	2,703,000	2,855,000
Total	187,027,105	194,048,154	9,458,769	12,341,485

The aggregate revenue from April 1 to June 20, 1936, is shown below:—

(000's omitted)		Revenue	
Expenditure	Revenue	177,148	111,327
Decrease in balances			150
Gross borrowing		66,864	
Less:			
New Sinking Fund*		1,193	
Net borrowing			65,671
		177,148	177,148

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

POSITION OF THE FLOATING DEBT

Ways and Means Advances Outstanding—	June 22, '35	Mar. 31, '36	June 20, '36	June 20, '36
Advances by Bank of England	£	£	£	£
Advances by Public Departments	17,100,000	19,055,000	30,270,000	+1,300,000
Treasury Bills outstanding	882,750,000	763,115,000	792,720,000*	90,000

Total Floating Debt 899,850,000 782,170,000 822,990,000 — 610,000
* Includes £5,000, the proceeds of which were not carried to the Exchequer within the period of the Account.

TREASURY BILLS BY PUBLIC TENDER

Tenders for £50,000,000 Treasury bills were opened on June 19 1936, and the total amount applied for was £84,185,000. Tenders were accepted for Treasury bills at three months dated Monday to Friday, at £99 15s. 8d., about 61 per cent. and above in full; Saturday, at £99 15s. 9d., and above in full. The average rate per cent. was 17s. 0.83d. The amount allotted was £50,000,000. The following table shows the weekly record at various dates:—

Date	Amount Offered	Total Applications	Amount Allotted	Average Rate %
1934				
January 5	35,000,000	76,260,000	30,000,000	0 18 11.5
April 6	40,000,000	80,390,000	38,000,000	0 17 9.01
July 6	35,000,000	62,745,000	32,000,000	0 16 4.14
October 5	35,000,000	65,260,000	31,510,000	0 15 9.702
1935				
January 4	30,000,000	49,560,000	27,500,000	0 6 1.64
April 5	40,000,000	76,095,000	40,000,000	0 10 2.93
July 5	40,000,000	60,905,000	40,000,000	0 12 4.32
October 4	45,000,000	71,245,000	44,000,000	0 12 8.05
1936				
January 3	35,000,000	68,075,000	35,000,000	0 10 10.72
April 3	40,000,000	76,280,000	40,000,000	0 10 2.78
June 5	50,000,000	70,075,000	50,000,000	0 14 7.12
June 12	50,000,000	72,775,000	50,000,000	0 18 1.04
June 19	50,000,000	84,185,000	50,000,000	0 17 0.83

NATIONAL SAVINGS CERTIFICATES

Total Sales of Savings Certificates	No. of Certificates	Value
Week ended May 30, 1936	626,392	469,794
Week ended June 6, 1936	577,338	433,003
February, 1936, to June 6, 1936	1,261,717,898	992,726,262

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

THE BANKERS' GAZETTE

BANK OF ENGLAND

Return for Week ended Wednesday, June 24, 1936

ISSUE DEPARTMENT

Notes Issued:—	£	Government Debt	£
In Circulation	434,789,125	Other Government Securities	248,124,222
In Banking Department	41,536,536	Other Securities	96,052
		Silver Coin	764,626

Amount of Fiduciary Issue	£
Gold Coin and Bullion	260,000,000
	216,325,661
	476,325,661

BANKING DEPARTMENT

Proprietors' Capital	£	Government Securities	£
Rest	14,533,000	Other Securities:—	99,603,310
Public Deposits	20,046,771	Discounts and Advances	7,640,843
Other Deposits:—		Securities	£16,454,721
Banks	£90,822,163		
Other Accounts	£37,373,542		
	128,195,705		
		Notes	24,095,564
		Gold and Silver Coin	41,536,536
			950,086
			166,185,496
			166,185,496

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

Both Departments	Amount, June 24, 1936	Inc. or Dec. on Last Week	Inc. or Dec. on Last Year
Note circulation	434,789,125	+ 2,768,667	+ 37,929,423
Public deposits	20,046,771	+ 6,096,541	+ 3,883,355
Bankers' deposits	90,822,163	+ 174,338	+ 11,538,598
Other deposits	37,373,542	+ 14,004	+ 1,381,606
Total outside liabilities	583,031,601	+ 8,704,874	+ 28,892,574
Capital and rest	17,943,020	+ 47,063	+ 17,335
Government debt and securities	358,742,632	+ 1,285,334	+ 4,611,337
Discounts and advances	7,640,843	+ 2,830,519	+ 2,524,383
Other securities	16,550,773	+ 161,458	+ 3,864,452
Silver coin in issue department	764,626	+ 653	+ 1,029,457
Coin and bullion (bank's reserves)	217,275,747	+ 4,473,973	+ 23,953,290
Reserves of notes and coin in banking department	42,486,622	+ 1,705,306	+ 13,976,133
Proportion of reserve to outside liabilities			7.2%
(a) Banking Department only ("proportion")	28.6%	No change	7.2%
(b) Gold stocks to deposits and notes ("reserve ratio")	37.2%	+ 0.1%	+ 2.3%

(000's omitted)		Issue Department		Banking Department			Gold in or out of Bank	Bank Rate
Date	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits			
1936								
June 3	467,282	433,452	8,217	89,718	37,096	88s in		
" 10	468,497	433,004	13,481	86,500	37,064	1,215 in.		
" 17	471,859	432,020	13,950	90,996	37,360	3,361 in		
" 24	476,326	434,789	20,047	90,822	37,374	4,467 in		

(000's omitted)		Issue Department		Both Depts.		Banking Department			Reserve and the "Proportion"
Date	Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Dis- counts & Advances	Other Securities			
1936									
June 3	258,978	225	208,170	36s	98,543	6,243	13,351	34,718	25s
" 10	258,996	239	209,401	36s	97,788	6,166	14,571	36,397	25s
" 17	259,179	57	212,802	37s	98,278	4,810	16,332	40,781	28s
" 24	259,139	96	217,276	37s	99,603	7,641	16,455	42,487	28s

BANKERS' CLEARING RETURNS

LONDON

(000's omitted)

	Town	Metropolitan	Country	Total
1936				
January 1 to June 10	14,638,441	902,058	1,554,792	17,095,291
Week ended June 17	668,972	36,973	65,821	771,766
Week ended June 24	629,194	34,659	59,413	723,266
Total to date, 1936	15,936,607	973,690	1,680,026	18,590,323
Total to date, 1935	15,940,567	914,719	1,546,534	18,401,820
Increase or decrease in 1936	+ 3,960	+ 58,971	+ 133,492	+ 188,558
	= 0.02%	= 6.4%	= 8.6%	= 1.0%
Total for year 1935	32,443,575	1,887,112	3,229,064	37,559,751
Total for year 1934	30,740,117	1,759,528	2,984,512	35,484,157
Increase or decrease in 1935	+ 1,703,458	+ 127,584	+ 244,552	+ 2,075,594
	= 5.5%	= 7.2%	= 8.1%	= 5.8%

PROVINCIAL

(000's omitted).

No. of working days :	Week ended June 20		Month of May				Aggregate Totals January 1 to June 20	
	1935	1936	1935	1936	Inc. or Dec.	1935	1936	
	£	£	£	£	%	£	£	
BIRMINGHAM	2,450	2,399	9,888	11,023	+ 11.4	58,001	62,783	
BRADFORD	622	597	3,552	3,991	+ 12.3	21,633	24,295	
BRISTOL	1,351	1,165	5,584	5,653	+ 1.2	28,762	30,866	
DUBLIN	6,139	5,059				134,134	142,851	
HULL	631	722	3,066	3,616	+ 17.9	18,025	20,124	
LEEDS	918	845	3,536	3,910	+ 10.5	22,203	22,833	
LEICESTER	588	661	2,710	3,204	+ 18.2	16,425	18,066	
LIVERPOOL	5,218	5,366	22,900	24,994	+ 9.1	143,005	147,278	
MANCHESTER	7,756	9,085	40,782	43,384	+ 6.3	241,933	245,393	
NEWCASTLE	1,622	1,379	5,560	5,816	+ 4.6	33,715	31,693	
NOTTINGHAM	439	378	2,005	2,129	+ 6.1	11,497	12,465	
SHEFFIELD	750	862	3,372	4,044	+ 19.9	20,813	23,888	
	28,464	28,518	102,955	111,764	+ 8.5	750,146	782,565	

* Restricted area from April 1, 1935

OVERSEAS BANK RETURNS

NOTE—The latest return of the Bank of Italy appeared in the *Economist* for November 9. Argentina, Denmark, International Settlements, in June 13. Bulgaria, Estonia, Greece, Java, Latvia, Norway, Portugal, Reichsbank, South Africa, Switzerland, in June 20.

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

U.S.F.R. BANKS	June 27, 1935	June 3, 1936	June 10, 1936	June 18, 1936	June 25, 1936
RESOURCES					
Gold Certificates on hand and due from the Treasury	6,126,490	7,840,040	7,939,040	7,938,540	7,958,040
Total reserves	6,388,690	8,143,990	8,247,870	8,237,330	8,243,250
Total cash reserves	239,610	290,690	295,570	276,270	272,840
Total bills discounted	7,140	5,850	5,400	6,540	6,190
Bills bought in open market	4,900	3,080	3,080	3,080	3,080
Total bills on hand	11,830	8,930	8,480	9,620	9,270
Industrial advances	27,520	30,170	30,060	30,060	29,940
Total U.S. Govt. securities	2,430,230	2,430,240	2,430,250	2,430,250	2,430,230
Total bills and securities	2,469,570	2,469,520	2,469,570	2,470,110	2,469,620
Total resources	9,437,140	11,338,320	11,362,830	11,504,060	11,366,920
LIABILITIES					
Federal Reserve notes in actual circulation	3,197,900	3,793,960	3,785,980	3,872,980	3,980,020
Aggregate of excess member bank reserves over requirements	...	2,840,000	2,950,000	2,040,000	2,440,000
Deposits—Member bank—					
reserve account	5,029,490	5,713,310	5,833,390	4,899,670	5,307,950
Government deposits	80,300	504,730	516,400	1,421,480	929,070
Total deposits	5,415,390	6,867,060	6,655,420	6,597,090	6,488,960
Capital paid in and surplus	311,960	302,810	302,880	302,830	302,860
Total liabilities	9,437,140	11,338,320	11,362,830	11,504,060	11,366,920
Ratio of total reserves to deposit and F.R. note liabilities combined	74.2%	78.6%	79.0%	78.6%	78.7%
U.S.F.R. BANKS AND TREASURY COMBINED					
RESOURCES					
Monetary Gold Stock	9,109,000	10,409,000	10,480,000	10,543,000	10,600,000
Treasury and National Bank Currency	2,508,000	2,493,000	2,489,000	2,490,000	2,500,000
LIABILITIES					
Money in Circulation	5,498,000	5,953,000	5,937,000	6,048,000	6,173,000
Treasury Cash and Deposit with Federal Reserve Banks	2,991,000	3,084,000	3,064,000	4,028,000	3,577,000

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

	June 27, 1935	June 3, 1936	June 10, 1936	June 18, 1936	June 25, 1936
Total gold reserves	2,449,340	3,135,990	3,201,440	3,086,190	3,064,650
Total bills discounted	3,780	3,550	3,690	4,300	3,600
Bills bought in open market	1,800	1,000	1,000	1,000	1,000
Total U.S. Govt. securities	744,320	729,380	729,380	729,380	729,380
Total bills and securities	756,620	741,390	741,550	742,140	741,440
Deposits—Member bank—					
reserve account	2,163,460	2,580,350	2,678,430	2,087,820	2,235,580
Ratio of total res. to dep. and Federal Res. note liabilities combined	78.4%	82.5%	83.1%	82.0%	82.2%

FEDERAL RESERVE REPORTING MEMBER BANKS†

	In \$'s (000,000's omitted)						
	June 12, 1935	May 13, 1936	May 20, 1936	May 27, 1936	June 3, 1936	June 10, 1936	
Loans	8,063	8,358	8,353	8,299	8,626	8,577	
Investments	11,771	13,462	13,446	13,515	13,514	13,586	
Reserve with Federal Reserve Bank	4,114	4,537	4,623	4,690	4,594	4,744	
Due from banks	2,047	2,250	2,319	2,319	2,363	2,359	
Demand deposits	12,872	14,272	14,390	14,582	14,580	14,677	
Time deposits	4,975	5,056	5,043	5,023	5,035	5,033	
Government deposits	782	752	754	747	746	742	
Due to banks	4,895	5,874	5,856	5,827	5,992	6,093	

BANK OF POLAND.—In zloty (000's omitted).					
Assets	June 10, 1935	May 10, 1935	May 20, 1935	May 31, 1935	June 10, 1935
Gold	509,379	381,395	381,590	374,504	374,838
Foreign exchange and balances	16,534	15,647	6,895	6,533	5,579
Bills discounted	634,971	651,786	656,653	659,399	653,776
Loans against securities	54,691	99,864	106,644	134,413	118,254
Treasury bonds discounted	54,201	64,412	54,085	57,308	49,834
Securities	41,676	91,274	91,393	91,394	91,538
LIABILITIES					
Notes in circulation	946,687	1,010,149	1,000,752	1,061,112	1,017,273
Sight liabilities	209,848	163,623	175,234	123,118	153,094

BANK OF FINLAND.—In F. Marks (000's omitted).					
Assets	June 15, 1935	May 23, 1935	May 30, 1935	June 8, 1935	June 15, 1935
Gold	323,627	501,330	501,327	507,538	513,755
Balance abroad and foreign bills	1,475,363	1,374,448	1,336,265	1,272,362	1,248,378
Finland and Foreign bonds	399,795	389,906	394,468	396,005	401,877
Discounts and loans	855,104	1,004,928	993,979	983,425	974,815
LIABILITIES					
Notes in circulation	1,332,912	1,434,553	1,500,884	1,485,379	1,464,625
Deposits at notice	542,922	731,031	597,918	650,323	657,211

BANK OF LITHUANIA.—In lit. (000's omitted).					
Assets	June 15, 1935	Apr. 15, 1935	Apr. 30, 1935	May 15, 1935	June 15, 1935
Gold	43,397	51,395	52,903	53,496	58,938
Silver and other coins	3,626	4,781	4,911	4,933	4,736
Foreign currency	7,221	14,101	15,063	14,772	14,739
Discounts	85,216	76,472	73,175	69,870	68,109
Advances	11,411	13,275	12,765	12,831	12,479
LIABILITIES					
Bank notes in circulation	92,608	107,005	107,325	103,250	107,715
Current accounts	29,300	29,669	31,396	32,405	32,923
Deposits	22,290	20,928	18,388	17,761	15,837

BANK OF DANZIG.—In Danzig gulder (000's omitted).					
Assets	June 15, 1935	Mar. 31, 1935	Apr. 15, 1935	Apr. 30, 1935	May 29, 1935
Gold coin and bullion	15,441	20,776	19,336	20,783	20,785
Danzig subsidiary	3,552	4,481	4,623	4,305	4,339
Balance abroad and foreign bills	2,444	8,190	7,500	8,343	8,581
Advances	1,871	271	321	321	501
Discounts	27,546	15,822	15,108	14,718	14,419
LIABILITIES					
Notes in circulation	28,833	28,274	26,350	28,869	29,298
Deposits on demand	2,938	3,879	4,969	4,393	3,480

BANK OF JAPAN.—In yen (000's omitted).					
Assets	June 1, 1935	May 9, 1935	May 16, 1935	May 23, 1935	May 30, 1935
Gold coin and bullion	477,882	517,224	517,985	518,387	519,936
Other coin and bullion	44,333	50,023	54,913	57,756	59,311
Discounts	574,013	548,207	544,314	544,605	568,836
Advances	110,902	170,024	171,714	171,705	174,050
Government bonds	80,695	65,703	59,481	36,455	108,173
LIABILITIES					
Notes	1,271,183	1,232,240	1,189,938	1,234,246	1,371,255
Government deposits	285,191	438,101	445,967	437,468	357,557
Other deposits	82,672	54,259	54,255	51,710	86,641

NATIONAL BANK OF EGYPT.—In £E (000's omitted).					
Banking Department	May 31, 1935	Mar. 31, 1935	Apr. 30, 1935	May 31, 1935	May 31, 1935
Capital	2,925	2,925	2,925	2,925	2,925
Reserves	2,925	2,925	2,925	2,925	2,925
Government deposits	7,587	6,310	6,755	6,755	6,755
Other deposits	16,007	22,593	22,075	22,465	22,465
Other accounts	2,616	3,495	3,628	3,476	3,476
Assets					
Cash: Notes	1,049	1,161	954	971	971
Gold, silver, etc.	677	682	633	663	663
Money at call and short notice	1,267	1,994	1,521	1,472	1,472
Investments	22,583	24,736	26,058	27,702	27,702
Advances	3,363	5,197	4,826	3,296	3,296
Bills	996	1,464	1,227	1,301	1,301
Other accounts	2,124	3,015	2,519	2,656	2,656
Note Issue Department					
Notes issued	19,600	22,800	22,200	21,500	21,500
Assets					
Gold	6,241	6,241	6,241	6,241	6,241
British Treasury Bills	4,130	7,347	6,744	6,044	6,044
British War Loan at par	7,730	7,713	7,715	7,715	7,715
Egyptian Government securities at market price	1,500	1,500	1,500	1,500	1,500

MONEY AND EXCHANGE RATES

LONDON MONEY RATES

	June 18, 1936	June 19, 1936	June 20, 1936	June 22, 1936	June 23, 1936	June 24, 1936	June 25, 1936
Bank rate (changed from 2½% June 30, 1932).....	2	2	2	2	2	2	2
Market rates of discount—							
60 days' bankers' drafts.....	2-11	2-11	2-11	2-11	2-11	2-11	2-11
3 months' do.....	2-11	2-11	2-11	2-11	2-11	2-11	2-11
4 months' do.....	2-11	2-11	2-11	2-11	2-11	2-11	2-11
6 months' do.....	2-11	2-11	2-11	2-11	2-11	2-11	2-11
Discount Treasury Bills—							
2 months'.....	2-11	2-11	2-11	2-11	2-11	2-11	2-11
3 months'.....	2-11	2-11	2-11	2-11	2-11	2-11	2-11
Loans—Day-to-day.....	2-11	2-11	2-11	2-11	2-11	2-11	2-11
Short.....	2-11	2-11	2-11	2-11	2-11	2-11	2-11
Deposit allowances: Bank							
Discount houses at call.....	2-11	2-11	2-11	2-11	2-11	2-11	2-11
At notice.....	2-11	2-11	2-11	2-11	2-11	2-11	2-11

Comparison with previous weeks—						
Short Loans	Bank Bills			Trade Bills		
	3 Months	4 Months	6 Months	3 Months	4 Months	6 Months
1936						
May 21	2-11	2-11	2-11	2-11	2-11	2-11
" 28	2-11	2-11	2-11	2-11	2-11	2-11
June 4	2-11	2-11	2-11	2-11	2-11	2-11
" 11	2-11	2-11	2-11	2-11	2-11	2-11
" 18	2-11	2-11	2-11	2-11	2-11	2-11
" 25	2-11	2-11	2-11	2-11	2-11	2-11

LONDON RATES OF EXCHANGE

I.—Spot Rates (Range of the day's business)

London on	Par of £	June 19, 1936	June 20, 1936	June 22, 1936	June 23, 1936	June 24, 1936	June 25, 1936
New York, \$	4-80	5-01½-03	5-01½-02½	5-01½-01	5-01½-02	5-02-02½	5-01½-02½
Montreal, \$	4-80	5-02½-04	5-02½-03½	5-02½-03	5-02½-03½	5-03-03½	5-02½-04
Paris, Fr.	124-21	75½-76	75½-76	75½-76	75½-76	76-76½	76-76½
Brussels, Bel.	35-00(a)	29-70-76	29-62-72	29-60-68	29-63-68	29-67-76	29-72-76
Amst'dm, Fl.	92-46	63½-64	63½-64	63½-64	63½-64	63½-64	63½-64
Milan, L.	92-46	63½-64	63½-64	63½-64	63½-64	63½-64	63½-64
Zurich, Fr.	25-22	15-45-57	15-39-47	15-38-43	15-39-44	15-41-44	15-40-45
Athens, Dr.	375	536*	534*	533*	533*	533*	533*
Hels'fors, M.	193-23	226½-227	226½-227	226½-227	226½-227	226½-227	226½-227
Madrid, P.	25-22	36½-38	36½-38	36½-38	36½-38	36½-38	36½-38
Lisbon, Esc.	110	109½-110	109½-110	109½-110	109½-110	109½-110	109½-110
Amst'dm, Fl.	12-107	7-41-45	7-39-42	7-38-41	7-39-42	7-41-43	7-41-43
Berlin, Mk.	20-43	12-45-51	12-41-46	12-40-45	12-43-47	12-45-50	12-45-50
Registered Marks—							
Vienna, Sch.	34-58	25½-27	25½-27	25½-27	25½-27	25½-27	25½-27
Bu'pest, Pen.	27-82	16½*	16½*	16½*	16½*	16½*	16½*
Prague, Kc.	164½	121½	120½-121	120½-121	120½-121	120½-121	120½-121
Danzig, Gul.	25-00	26½	26½	26½	26½	26½	26½
Warsaw, Zl.	43-38	26½-27	26½	26½	26½	26½	26½
Riga, Lat.	25-22	15-16	15-16	14½-15	15-16	15-16	15-16
Buchar'st, Lel	813-8	680*	677*	676*	676*	677*	677*
Const'ple, Pst.	110	627*	626*	626*	626*	627*	627*
Belgrade, Din.	278-92	217-227	217-227	217-227	217-227	217-227	217-227
Kovno, Lit.	43-66	29½-30	29½-30	29½-30	29½-30	29½-30	29½-30
Sofia, Lev.	673-66	390-420	390-420	390-420	390-420	390-420	390-420
Tallinn, E. Kr.	18-159	17½-18	17½-18	17½-18	17½-18	17½-18	17½-18
Oslo, Kr.	18-159	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95	19-85-95
St'holm, Kr.	18-159	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45	19-35-45
Cop'h'gen, Kr.	18-159	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45	22-35-45
Alex'dria, Pst.	97½	97½	97½	97½	97½	97½	97½
Br. India Rup	184	18½	18½	18½	18½	18½	18½
Hong Kong, \$	15½	15½	15½	15½	15½	15½	15½
Kobe, Yen.	24-58	14½	14½	14½	14½	14½	14½
Shanghai, \$	14½	14½	14½	14½	14½	14½	14½
Singapore, \$	28½	28½	28½	28½	28½	28½	28½
Batavia, F.	12-11	7-37-41	7-34-38	7-34-37	7-34-39	7-34-39	7-34-39
Rio, Mil.	15-899	2½-1	2½-1	2½-1	2½-1	2½-1	2½-1
B. Aires, \$	11-45	18-05-15	18-05-15	18-10-20	18-10-20	18-10-20	18-10-20
Valparaiso, \$	40	130e	130e	130e	130e	130e	130e
M'video, \$	51d.	23½-24	23½-24	23½-24	23½-24	23½-24	23½-24
Lima, Sol.	17-38	38½	38½	38½	38½	38½	38½
Mexico, Pes.	9-76	17-40	17-40	17-40	17-40	17-40	17-40
Manila, Pes.	24-66d.	23½-24	23½-24	23½-24	23½-24	23½-24	23½-24
Moscow, Rbls.	25½	25½	25½	25½	25½	25½	25½
B'ngkok, Baht	22-22	22-22	22-22	22-22	22-22	22-22	22-22

Usage: T.T., except Alexandria (Sight); Rio de Janeiro, Lima, Valparaiso (90 days).
 † Pence per unit of local currency. ‡ Par 8-23½ since dollar devaluation on February 1, 1934. § Par, 197-10½ since koruna devaluation on February 17, 1934.
 (a) Prior to devaluation on April 2, 1935. (b) Official rate. (c) Per cent. discount.
 (d) Latest "export" rate. (e) Official rate is 4½d. sellers. (f) Official rate is \$15 sellers. (g) Average remittance rate for importers. Rate for payments to the Bank of England:—(i) For account Controller of Anglo-Italian debts; (j) Under Anglo-Spanish Agreement; (k) under Anglo-Turkish Agreement. (l) Nominal. (m) As from April 2, 1936, 1 Rouble equals 3 French francs. * Sellers.

II.—Forward Rates (Closing quotations)

London on		June 19, 1936	June 20, 1936	June 22, 1936	June 23, 1936	June 24, 1936	June 25, 1936
		Per £	Per £	Per £	Per £	Per £	Per £
		(a)	(a)	(a)	(a)	(a)	(a)
New York, cent.	1 Month	1-1 ¹ / ₂	1-3 ¹ / ₄	1-3 ¹ / ₄	1-1 ¹ / ₂	1-1 ¹ / ₂	1-1 ¹ / ₂
	2 "	1-1 ¹ / ₂	1-1 ¹ / ₂	1-1 ¹ / ₂	1-1 ¹ / ₂	1-1 ¹ / ₂	1-1 ¹ / ₂
	3 "	1-1 ¹ / ₂	1-1 ¹ / ₂	1-1 ¹ / ₂	1-1 ¹ / ₂	1-1 ¹ / ₂	1-1 ¹ / ₂
Paris, frs.	1 Month	(b) 2-2	(b) 1-1 ¹ / ₂	(b) 1-1 ¹ / ₂	(b) 2-1	(b) 2-1	(b) 2-2
	2 "	3-3 ¹ / ₂	2-3	2-2 ¹ / ₂	2-2 ¹ / ₂	2-2 ¹ / ₂	2-2 ¹ / ₂
	3 "	5-6	4-4 ¹ / ₂	3-3 ¹ / ₂	3-3 ¹ / ₂	3-4	3-3 ¹ / ₂
Amsterdam, cent.	1 Month	(b) 3-4 ¹ / ₂	(b) 3-4 ¹ / ₂	(b) 2-3	(b) 2-3	(b) 2-3 ¹ / ₂	(b) 2-3
	2 "	7-8 ¹ / ₂	6-8	5-6	5-6 ¹ / ₂	5-7	5-6 ¹ / ₂
	3 "	13-14 ¹ / ₂	12-13 ¹ / ₂	9-10 ¹ / ₂	9-10 ¹ / ₂	10-11	9-10 ¹ / ₂
Brussels, cent....	1 Month	(a) 4-3	(a) 4-3	(a) 3-2	(a) 3-2	(a) 3-2 ¹ / ₂	(a) 3-2 ¹ / ₂
	2 "	7-5 ¹ / ₂	7-5	6-4	6-4	6-4	6-4
	3 "	11-9	9-7	8-6	8-6	9-7	8 ¹ / ₂ -6 ¹ / ₂
Geneva, cent....	1 Month	(b) 10-12	(b) 10-12	(b) 6-8	(b) 7-9	(b) 7-9	(b) 7-9
	2 "	21-23	20-22	13-15	16-18	16-18	18-20
	3 "	36-38	35-37	24-26	27-29	28-30	28-30
Milan, lire ----	1 Month	...	...	...	...	...	...
	2 "	...	...	...	...	...	...
	3 "	...	...	...	...	...	...

Quotations during the week :—

	Per fine ounce.	Equivalent value of £ sterling.
June 18.....	138s. 7d.	12s. 3.12d.
" 19.....	138s. 6d.	12s. 3.21d.
" 20.....	138s. 9d.	12s. 2.95d.
" 22.....	138s. 9d.	12s. 2.95d.
" 23.....	138s. 9d.	12s. 2.95d.
" 24.....	138s. 7½d.	12s. 3.08d.
Average.....	138s. 7.92d.	12s. 3.04d.
June 25.....	138s. 7d.	12s. 3.12d.

The s.s. "Narkunda," which sailed from Bombay on the 20th instant, carries gold to the value of about £503,000 consigned to London.

SILVER MARKET

Mainly owing to poor support, prices had eased to 19½d. for cash and 19½d. for two months delivery by the 19th instant, but with a revival of Indian demand and hesitation on the part of sellers, there was a recovery, the quotation on June 20th being ½d. higher at 19½d. and 19½d. for the respective deliveries. A slight reaction followed, but today, further demand from India caused prices to be fixed at 19½d. for both deliveries—a rise of ½d. over the quotations of yesterday.

There have been some speculative operations, both buying and selling, but the market has been quiet and for the time being prices may continue to move within narrow limits.

Quotations during the week :—

	IN LONDON	IN NEW YORK.	Cents per Ounce
	Bar silver per oz. std.	Two Months' delivery	•999 fine
June 18.....	19½d.	19½d.	45
" 19.....	19½d.	19½d.	45
" 20.....	19½d.	19½d.	45
" 22.....	19½d.	19½d.	45
" 23.....	19½d.	19½d.	45
" 24.....	19½d.	19½d.	45
Average.....	19.625d.	19.667d.	
June 25.....	19½d.	19½d.	45

The highest rate of exchange on New York recorded during the period from the 18th instant to the 24th instant was \$5.03½, and the lowest \$5.01.

COMPANY NEWS

WEEKLY TRAFFIC RETURNS
RAILWAYS OF GREAT BRITAIN AND IRELAND

		Gross Receipts, week ended June 21, 1936 (£'000)						Aggregate Gross Receipts 1936 compared with 1935 (25 weeks) (£'000)					
(b) Week ended June 19, 1936.	(c) Week ended June 20, 1936.	Miles Open	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- ger, &c.	Merchan- dise, &c.	Coal and Coke	Total Goods	Total Receipts	
Great Western	1936 3,748	219	196	93	289	508		4,492	4,662	2,561	7,223	11,715	
(c) L. & N.	1935 3,748	213	191	94	285	498		4,469	4,468	2,506	6,974	11,443	
(b) Eastern	1936 6,332	344	323	218	541	885		7,036	8,017	5,917	13,934	20,970	
L. M. & Scottish	1935 6,336	341	316	204	520	861		7,016	7,734	5,663	13,397	20,413	
(b) Southern	1936 6,917	528	496	219	715	1,243		10,769	11,796	6,213	18,009	28,778	
(c) Southern	1935 6,925	517	454	213	667	1,184		10,706	11,144	5,977	17,121	27,827	
	1936 2,154	351	67	26	93	444		6,786	1,517	810	2,327	9,113	
	1935 2,171	339	64	24	88	427		6,747	1,506	759	2,265	9,012	
Total	1936 19,149	1,442	1,082	556	1,638	3,080		29,083	25,992	15,501	41,493	70,576	
	1935 19,181	1,410	1,025	535	1,606	2,970		28,938	24,852	14,905	39,757	68,695	
(b) Belfast & Co. Down	1938 80	3-1	...	...	0-6	3-7	49-8	...	...	...	13-6	63-4	
(c) Great Northern	1935 543	10-2	...	...	5-5	3-2	50-7	...	...	...	12-3	63-6	
(b) Great Northern	1936 543	11-5	...	...	8-6	19-8	211-1	...	...	...	223-8	444-6	
(b) Great Southern	1936 2,078	37-2	...	...	8-0	18-5	204-9	...	...	...	230-0	437-9	
(c) Southern	1935 2,124	37-5	...	...	37-2	74-4	726-8	...	...	...	985-9	1716-7	
			...	...	36-5	74-0	718-8	...	...	...	939-0	1653-8	

DIVIDEND ANNOUNCEMENTS

Name of Company	Rate % per Annum, except where marked % or Stated in Cash		Dividend for Whole Years	Latest Year	Previous Year
	Interim	Final			
BANKS					
P. and O. Banking	...	...	...	5	5
TEA AND RUBBER					
Banir Rubber	...	...	...	1½	2
Bordubi Tea	10%†	July 7	...	15	10
Borelli Tea	15%†	July 7	...	20	10
Bukit Rajah Rubber	...	July 24	...	20	5
Deamoolie Tea	15%†	July 10	7½†	20	7½
Java Para Rubber	...	July 9	5%†	10	5
Jorhaut Tea	7½%†	July 16	...	3½	...
Kapowas Rubber	7½%†	July 7	...	10	5
Kosong Tea	7½%†	July 7	...	10	5
Limbuguri Tea	7½%†	June 30	(Paid to June 30, 1936)	10	5
Majuli Tea 6% Pref.	27%	...	...	...	...
Merlimau Pegoh	...	July 27	...	7½	7½
North Hummock (Selangor) Rub.	...	...	...	2	3
Rupai Tea	10%†	July 10	...	15	...
Romai Tea	20%†	July 7	...	30	25
Sarawak Rubber	...	Aug. 1	...	4	...
Selangor United Rubber	...	July 13	...	5	7½
Southern India Tea	...	July 1	...	10	8
Sumatra Tea	...	...	...	2½	Nil
Sungei Tiram Rubber	...	...	...	2½	Nil
MINING					
Apex Mines	5%*	...	Same	...	...
De Beers Consolidated Mines 40% Pref.	20/- p.s.	...	(Paid to June 30, '32)	...	...
Lake View and Star	12½%*	Aug. 6	...	...	...
Mexican Corporation	5%*	July 16	Nil*	...	...
Mount Morgan Gold (2/6)	4½d. p.s.	July 20	...	...	...
Vereeniging Estates	2½%*	...	Same	...	...
OTHER COMPANIES					
Amalgamated Roadstone	...	...	...	5	...
Amalgamated Dental (Deferred)	...	...	...	5	Nil
Aristoc	7½%*	July 20	...	...	...
Armstrong (A.) and Co.	2½%*	...	Same	...	...
Asprey and Co.	...	...	...	5	4
Associated Belting	...	...	...	2½	Nil
Associated Chocolate	12½%*	July 17	Same	3/- p.s.†	3/- p.s.†
Australian Agricultural	10%†	...	...	15	8
Avery (W. & T.)	5½%†	...	Same	8	5
Barclay Perkins and Co.	13½%†	...	12½%†	18½	17½
Bassett (George) and Co.	3%*	June 29	First	...	...
Bedford Brick	...	...	...	8	6
Bland (John) and Co.	...	...	...	...	...
Bovril Ord.	7½%*	July 31	Same	...	...
Bowater (W. V.) and Sons	5%*	June 30	Same	...	...
British Plaster Board	30%†	...	...	50	40
Brooke Bond and Co. (A and B)	5%†	...	Same	10	10
Carlton Main Colliery	...	Aug. 29	First	4	3
Cellulose Acetate Silk	2%*	July 1	Same	2½	Nil
Cornbrook Brewery	...	...	...	...	...
Clyde and Mersey Investment	1/- p.s.*	July 31	...	4½	3
Crossley (John) and Sons	2%†	June 23	...	5	10
Downing (G. H.) and Co.	...	...	...	Nil	2½
Dutch Steamship Co.	...	...	...	15	14
Eastwoods Flettons (Pref.)	...	...	...	2/- p.s.	1/8 p.s.
Do. do. Deferred (1/-)	...	...	...	...	...
Finlay and Co. (Tobaccoists)	5%*	June 30	Same	...	...
Gas Consolidated	...	...	...	5	4
Greenwood and Bailey	...	...	...	4½	4
Hall Telephone Accessories	5%*	July 8	Same	...	...
Hammond Lane Foundry	5%*	...	...	...	...
Hardy's Crown Brewery	3½%†	...	3%†	7	6
Hovis, Ltd.	...	...	...	20	20
Ismay (John) and Sons	...	June 27	...	45	27½
Lancashire & Yorkshire Waggon	...	...	...	6	5
Light Production	15%†	July 13	First year	25	...
London & Southern Super Cinemas	3%†	July 4	3½%†	6	6
Mence Smith's Stores (Proprietors)	...	July 11	...	15	15
Metal Box	...	...	...	12½	10
New South Wales Land & Agency	...	...	...	8	10
O'Carroll Ltd., A. and B. Ord.	...	July 15	...	10	10
Patons and Baldwins	...	...	...	12½	10
Peel River Land and Mineral	11½%*	July 21	Same	...	...
Range Boilers	5%*	July 1	...	...	...
Rio Claro Investment Trust	2%*	June 24	Same	...	...
Roberts (J. F. and H.)	31%*	...	Same	...	...
Standeven and Co.	...	...	...	10	...
Steel Developments	2½%*	...	Same	...	...
Sterling Securities Investment	...	July 18	...	2½	1½
Stuttaford and Co.	4½%*	July 16	Same	...	...
Tamplin & Sons Brewery, Brighton	6½%†	July 17	Same	10	10
Trust Houses	(s) 3½%†	...	...	(s) 6	6
Union Castle Mail Steamship	...	...	...	...	...
4½% Pref.	21%	July 1	(6 months to June 30, '36)	...	...
6% "A" Pref.	3%	July 1	(6 months to end of 1934)	...	...
Wallis and Co. (Costumiers)	5%*	June 30	...	...	...
Whitworth, Son and Nephew	13%*	...	Same	...	...
Workshop and Retford Brewery	2½%*	...	Same	...	...

(c) Also capital bonus 20 per cent. (s) Paid on a larger capital. † Free of income tax.

CANADIAN EAGLE OIL COMPANY, LTD.—The directors will recommend to the annual meeting to be held in Toronto early in July next the declaration of dividends of (a) 23.88 cents Canadian per share on the participating preference shares and (b) 9d. per share on the ordinary shares. The profits available for 1935, after charging 7 per cent. cumulative first preference dividend of £152,541 and including £60,348 brought forward from 1934, amount to £533,687.

CENTRAL ARGENTINE RAILWAY, LTD.—The directors regret that the dividend due on July 1st of the 6 per cent. cumulative convertible preference stock has not been earned and cannot therefore be paid.

FIRST BRITISH FIXED TRUST.—Coupon No. 10, payable June 15, 1936, 7½d. per sub-unit, free of tax.

GENERAL ELECTRIC CO.—Profits show an expansion of £300,670 to £1,485,153 for year ended March 31, 1936. Ordinary dividend 10 per cent. as before, but a cash bonus of 5 per cent. is also paid against nil.

PROVINCE OF BUENOS AIRES 3 PER CENT. EXTERNAL.—Erlangers, Limited, 4 Moorgate, London, E.C.2, announce that they have received instructions to pay coupons of the Province of Buenos Aires 3 per cent. External Sinking Fund Dollar Bonds of 1936, due July 1, 1936, on and after that date.

LYSAGHT (JOHN).—Net profits £32,488 higher at £521,718. Dividend raised from 16 per cent. free of income tax to 20 per cent. free of income tax.

RICHARD THOMAS AND COMPANY, LTD.—Combined trading profits year to March 31, 1936, £1,275,000, against £883,500. Total dividend 12½ per cent. for year against 6 per cent. Transfer to general reserve £91,293, increasing it to £300,000. Carry forward increased from £424,000 to £440,000.

THE BENGLA COAL COMPANY, LTD.—Messrs. Yule, Catto and Company, Ltd., announce the receipt of a cable from Calcutta, giving the figures for the half-year ended April 30, 1936, of this company. After allowing Rs. 1,000,000 for depreciation, profit and loss account shows credit of Rs. 3,54,000, which includes the balance carried forward from the previous half-year. Dividends, Rs. 2,40,000; commission, Rs. 17,400; carry forward, Rs. 97,000; dividend for the half-year, 6 per cent.

THE MEXICAN EAGLE OIL COMPANY, LTD.—The directors will recommend to the annual meeting in Mexico City early in July next the declaration of dividends of 10d. per share on the 8 per cent. participating preference shares and on the ordinary shares. These dividends will be subject to a deduction of 2 per cent. Mexican absentee tax. The profits available for 1935, after crediting reserves not required and after providing for depreciation and the disposal of the Amatlan lawsuit and all other charges and including £11,180 brought forward from 1934 and after deducting £93,113 7 per cent. first preference dividend, amount to £630,488.

THE TECKA (ARGENTINA) LAND COMPANY, LTD.—Following the sale of certain securities during the past three years, a profit extraneous to the company's ordinary business has been realised. The directors are of opinion that they are justified in making a special payment to shareholders from such profit, and have made an immediate distribution of 10 per cent., not subject to income tax, to shareholders registered on the books on June 11, 1936.

TRANSVAAL GOLD OUTPUT IN MAY 1936

Month of	1930	1931	1932	1933	1934	1935	1936
January ...	Fine Ozs. 882,801	Fine Ozs. 914,576	Fine Ozs. 936,784	Fine Ozs. 967,457	Fine Ozs. 907,641	Fine Ozs. 890,875	Fine Ozs. 924,081
February ...	818,188	839,937	883,145	826,363	821,246	894,624	894,624
March ...	889,370	910,998	960,035	946,863	874,112	882,309	933,776
April ...	868,606	882,337	949,796	895,097	865,822	869,956	912,639
May ...	916,213	910,279	965,644	944,604	898,418	916,035	938,050
June ...	887,887	897,750	939,011	918,633	868,129	989,026	...
July ...	912,652	916,843	981,169	923,671	876,094	827,803	...
August ...	921,081	916,425	931,322	934,714	881,861	929,331	...
September ...	903,176	916,024	981,501	901,799	857,442	902,333	...
October ...	926,561	945,113	974,965	908,888	885,627	931,724	...
November ...	884,753	900,510	978,716	898,468	878,847	909,550	...
December ...	908,492	923,353	989,618	894,156	866,037	906,496	...
Total ...	10,719,760	10,874,145	11,553,564	11,017,485	10,486,393	10,776,684	4,603,170

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

	Sept., 1935	Oct., 1935	Nov., 1935	Dec., 1935	Jan., 1936	Feb., 1936	Mar., 1936	April, 1936	May, 1936
Gold mines	269,775	271,416	271,926	276,687	284,084	286,913	288,610	290,690	290,125
Coal mines	14,247	14,131	14,136	14,017	14,026	14,203	14,365	14,596	14,944
Total ...	284,022	285,547	286,062	290,704	298,110	301,116	302,975	305,286	305,069

The following statistics show the outputs, &c. of the individual mines:—

Note.—Value of gold calculated at £6 19s. 6d. per ounce in all cases.

The Johannesburg Group	Tons milled, May, 1936	Estimated Value, May, 1936		Estimated Costs per ton, May, 1936	Estimated Profit, including Sundry Revenue, May, 1936	April, 1936 Profit at £7/0/6 per fine ounce
		Gross	Per ton			
Government Areas (Modderfontein)	215,000	£459,040	s. d. 42 8	s. d. 17 5	£275,054	£270,158
Langlaagte Estate	94,000	107,498	22 10	17 4	27,065	22,021
New State Areas	123,000	264,713	43 1	18 3	154,067	140,068
Randfontein Estates	393,000	474,670	24 2	16 6	153,111	148,180
Van Ryn Deep	103,000	140,194	27 3	18 2	47,204	46,122
Witwatersrand	84,000	93,705	22 4	19 8	12,566	12,662
Totals	1,012,000	1,539,820	...	17 5	669,067	651,249

Anglo-American Corporation Group	Tons Milled, May, 1936	Total Revenue, May, 1936	Working Costs, May, 1936	Profit, March, 1936	Profit, April, 1936	Profit, May, 1936
Brakpan Mines, Ltd.	132,000	£240,266	136,136	105,775	104,025	104,130
Daggafontein Mines, Ltd.	127,500	260,404	134,403	120,121	122,335	126,001
Springs Mines, Ltd.	138,800	295,762	128,460	162,084	166,016	167,302
West Springs, Ltd.	103,000	106,551	73,433	33,009	33,016	33,118

The Central Mining Company Rand Mines Group	Tons Crushed, May, 1936	Yield in Fine Gold Ounces, May, 1936	Value, May, 1936	Profit, May, 1936	Working Cost per ton, May, 1936
City Deep, Ltd.	108,000	20,211	£141,208	£21,057	s. d. 22 3-0
Consolidated Main Reef Mines and Estate, Ltd.	155,000	31,056	216,387	57,336	20 6-3
Crown Mines, Ltd.	363,000	85,495	597,066	267,507	18 1-9
Durban Roodepoort Deep, Ltd.	82,000	17,471	121,954	21,702	24 5-4
East Rand Proprietary Mines, Ltd.	210,000	46,403	323,984	100,918	21 2-9
Geldenhuis Deep, Ltd.	68,500	10,041	70,130	7,550	18 3-2
Modderfontein B. Gold Mines, Ltd.	88,000	15,399	107,163	45,020	14 1-5
Modderfontein East, Ltd.	101,000	20,928	146,026	50,071	19 0-0
New Modderfontein Gold Mining Co., Ltd.	197,000	42,656	298,887	158,201	14 1-0
Nourse Mines, Ltd.	82,500	17,171	119,894	28,098	22 3-0
Rose Deep, Ltd.	68,000	12,164	84,957	14,101	20 10-1

Geldenhuis Deep, Ltd.—The decreases in tonnage and profit are due to the collapse of No. 2 Shaft as reported in the Press on May 14th.

General Mining Group	Tons Milled, May, 1936	Total Revenue, May, 1936	Estimated Costs per ton, May, 1936	Profit, March, 1936	Profit, April, 1936	Profit, May, 1936
Van Ryn Gold Mines	63,000	£65,775	s. d. 16 7	£14,213	£14,093	£14,012
West Rand Consolidated	169,000	231,046	16 0	96,091	98,000	98,011

Goldfields Group	Tons crushed May, 1936	Yield, May, 1936	Value, May, 1936	Profit, April, 1936	Profit, May, 1936	Working Cost per ton May, 1936
Simmer and Jack Mines	84,000	Fine ozs. 19,520	£135,513	£38,703a	£23,062b	s. d. 26 10-1
Robinson Deep	103,500	26,184	£182,630	74,581	77,940	20 3
Sub Nigel	56,000	41,278	£287,754	191,527	195,248	33 0-5

(a) The decrease in profit is due to the loss of tonnage as a result of a winding accident which occurred in the Milner Main Incline Shaft during the month.

(b) The decrease in profit is due to the loss of tonnage as a result of a severe pressure burst which occurred in the Rhodes Vertical Shaft during the month and which, as previously announced, has necessitated milling at a reduced crushing rate.

COMMERCE AND TRADE

SURVEY OF COMMODITY MARKETS

THE firmer tendency of prices on the principal commodity markets, noted a week ago, has continued. In the vanguard of the upward movement, wheat rose sharply in response to unfavourable crop reports from the United States and Russia. Further damage to the spring wheat crop is anticipated unless a good rainfall occurs in the immediate future. Maize also registered a rise, partly in sympathy with wheat, partly owing to short supplies. Linseed and other grains were also strong.

Among industrial raw materials, cotton scored a sharp improvement, consumption being well maintained and crop news rather unfavourable. Wool was steady after its recent weakness and other textile raw materials were generally firmer. Following a period of stagnation, the rubber market showed a better tone and prices were marked up in response to an improved trade demand, a further fall in stocks and the impression that the devaluation of the gold *bloc* currencies can be staved off for the time being. A firmer tendency in copper was attributable to a slight clarification of the international political outlook, while tin moved upwards in anticipation of a "bullish" quota decision at Thursday's meeting of the International Tin Committee. In the event, however, the Committee decided to increase the quotas from 85 to 90 per cent. of the basic tonnages, and the market registered a reaction. Meanwhile, industrial grades of coal remain in active demand and some rise of prices is anticipated when the selling schemes, discussed in the House of Commons on Wednesday, come into force on August 1st.

Prices of foodstuffs showed no general tendency. At the Mining Lane tea auctions, the sagging tendency of prices, which has been apparent in recent weeks, was checked. Sugar, however, was a shade easier. At the London Provision Exchange, bacon was a firm market, but butter and cheese were barely steady. The influence of the hot weather in checking the demand for certain foodstuffs was apparent in falling prices for eggs and meat during the past week.

In the United States a considerable rise of prices has taken place—grains, cotton, rubber and metals being mainly concerned in this movement. Moody's index of the dollar prices of staple commodities advanced from 165.0 (December 31, 1931 = 100) to 168.4 during the week ended last Wednesday, against 164.7 a month ago and 156.5 on the corresponding day last year.

COAL

SHEFFIELD.—Demand for industrial coal continues steady. Best hards are firm and well taken up. There is but limited activity in the export trade, mainly due to the shortage of the chief shipping qualities, which restricts the activities of exporters. Demand for household coal is very poor, and stocks are accumulating, prices remaining in most cases at the winter level. It is expected that these will be reduced in the course of a week or two, with a view to encourage stocking. The coke market is very strong, and coking

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there is an increasing tendency amongst manufacturers to concentrate upon working off some of the heavy tonnages they have in hand.

Business in pig iron is limited by the reluctance of producers to commit themselves, although consumers would be prepared to cover their requirements up to the end of the year and beyond. Producers, however, are disinclined to book so far ahead, except on the understanding that deliveries after December shall be subject to any revision in prices which may occur.

Producers of semi-finished steel are still in arrears with deliveries, although works are operating at capacity. The output is passing immediately into consumption; but most consumers are better situated with regard to supplies than a few weeks ago.

Demand for finished steel in both the light and heavy departments has become more active; but new business is somewhat restricted, as most of the manufacturers are only in a position to accept orders for extended delivery. Export inquiry has improved; but orders have so far been disappointing.

MIDDLESBROUGH.—The market for iron and steel continues strong. The additional furnace to be started at Messrs. Dorman Long & Co.'s plant at Cleveland will be blown in towards the end of this week on basic pig iron, but this will all be required by that concern.

Although the official minimum price of Cleveland No. 3 pig iron remains at 70s. per ton until June 30th, new business is for forward delivery at the new price of 75s. per ton, which comes into force on July 1st. East Coast hematite is in good demand by home users, but business for export develops slowly owing to the limited supply. A further parcel of about 1,000 tons of hematite pig iron is being shipped this week to America. Total shipments of pig iron from the Tees between June 1st and 22nd amounted to 8,056 tons, compared with 2,333 tons in the corresponding period in May.

The steel departments are very busy. Makers now have good order books for shipbuilding material and constructional steel, whilst orders for sheets have improved, and contracts already on books for railway material will take some time to complete. Heavy steel melting scrap is quoted at 57s. 6d. per ton, but steel makers, having received good supplies from abroad, are not keen to purchase. Blast furnace coke is firm at 25s. per ton delivered at the furnaces.

WORKINGTON.—Business in the North-West Coast hematite pig iron market has been very brisk since prices were raised by 3s. 6d. per ton. As soon as uncertainty concerning a possible increase of 5s. per ton was removed, Midland, South Walian and Scottish consumers entered the market for all the iron they can get. It is expected that producers will soon have on their books orders representing a tonnage equivalent to the smelting capacity of the eight furnaces in blast during the next six months. Buying for immediate or early delivery is at the moment of rather a wild character, but it will settle down in the course of a few weeks. Prices are firm, with Bessemer mixed numbers £4 0s. 6d. per ton at Glasgow; £4 6s. at Sheffield; £4 8s. 6d. at Manchester, and £4 12s. at Birmingham. Special qualities are from 2s. 6d. to 6s. per ton dearer. Malleable iron, the price of which was raised by 5s. per ton, is in lively request at £6 5s. delivered at Birmingham. Ferro-manganese is a steady trade at £11 5s. home. Steelmakers are so well sold that they can keep their mills running at capacity for another twelve months. Workington is rolling rails, billets, bars and slabs, and Barrow is on rails, hoops and strip. Native ore is in short supply, despite the fact that two mines have been reopened, and is in big demand at from 16s. to 17s. 6d. per ton. Imports of foreign ore are heavy.

SHEFFIELD.—With the majority of consumers covered for the next three months and a good many until the end of the year, business in both forge and foundry iron relates chiefly to limited parcels for immediate delivery. Makers, indeed, are not in a position to accept additional business of any weight, deliveries under contract accounting for virtually the whole output. Consumers in this area rely chiefly upon Derbyshire iron, Lincolnshire production being almost wholly consumed at source, and makers are not in the market. There is considerable pressure for hematite, quoted here at 85s. for East Coast mixed numbers and 90s. 6d. for West Coast mixed numbers, but producers have little for disposal, and are in arrears with deliveries. Consumers are anxious to accumulate a certain amount of stock, but so heavy are requirements that this is hardly possible. In finished iron interest is displayed principally in common bars. There is a slightly better call for South Yorkshire Crown bars at £10 2s. 6d. per ton, f.o.t. Buying in nearly every section of the steel market remains at a high level, and there is no easing of the pressure for basic billets. Acid billets show further improvements. There is a persistent demand for wire rods, and bright drawn steel is another good feature, while it is not easy to cope with the call for stainless steel sheets. Steel scrap shows an easier tendency, and 56s. is now regarded as the top price for heavy basic steel for melting. Heavy steelworks cast iron is quieter at 54s. per ton, but there are plenty of buyers of foundry cast iron at up to 62s. 6d. delivered. Heavy wrought shearing iron remains at 62s. 6d. to 65s. per ton.

GLASGOW.—Steelmakers in Glasgow and district are overwhelmed with work and are being hard pressed to meet the demands of users of all classes of material. The requirements of shipbuilders are steadily increasing, while structural and other engineers and re-rollers are all making heavy demands. Sheet makers are maintaining a large output and bookings both of black and galvanised sheets of light and medium gauges are satisfactory. While tube makers are still finding business dull, there is a better market at the moment for boiler tubes. Structural firms in the West of Scotland are all busy now, the greater part of the work being on home account and much of it for erection in their own districts, but some fairly large export contracts are in hand. Demand for wrought iron is also showing some improvement, but here again the bulk of the business is for the home trade.

CARDIFF.—The tinplate industry is better employed than for some time, and current production is at the rate of a little over 60 per cent. of allotted capacity. Inland and export demands have contributed to the improvement, but prices are unchanged on the basis of 18s. 9d. per box, f.o.b. for export and 18s. 4½d. f.o.t. for home consumers. The heavier branches of the iron and steel industry are relatively more active, but the pure steel makers are complaining of recent increases in the prices of pig iron and are making representations with a view to some relief either in the form of concessions from blast furnace owners in respect of exported products or of a reduction in the present additional duty of 33½ per cent. Galvanised sheets continue depressed but are still quoted at the minimum of £11 15s. per ton. Steel sheet and tinplate bars are ruling at their recently enhanced level of £6 per ton. Shipments of tinplates at Swansea last week totalled 53,163 boxes, compared with 46,127 boxes in the corresponding period last year, while stocks in warehouse and in vans totalled 86,727 as against 101,198 boxes.

OTHER METALS

COPPER.—Prices were again slightly higher. Despite the obscure political and economic outlook on the Continent, consumers' demand is now running on a fair level. Exports of copper from Ontario amounted to 36,480 short tons during the first quarter of this year, against only 29,528 short tons in the corresponding period of 1935, but there is no selling pressure from that quarter, for the Canadians remain anxious not to hamper the activities of the restrictionists. A further improvement in prices is anticipated if the general outlook becomes more settled.

Sales on the London Metal Exchange: 425 tons on Monday, against 625 tons last week; 800 tons on Tuesday, against 950 tons last week; 875 tons on Wednesday, against 750 last week. Domestic spot was quoted at 8.95 cents per lb. in New York on Wednesday, against 8.87½ cents a week ago and 8.92½ cents a month ago. Wednesday's official closing price for standard cash in London was £36 11s. 3d. to £36 13s. 9d., compared with £36 5s. to £36 6s. 3d. a week ago. Stocks of refined copper in British official warehouses at the end of last week, at 58,544 tons, show an increase of 176 tons, while stocks of rough copper, at 5,517 tons, show a decrease of 200 tons on the week.

LEAD AND SELLER.—In sympathy with the general tendency of the metal market, lead prices showed a slight improvement and the basic position of the market remains strong. United States lead stocks at the end of May are estimated at 229,400 short tons—according to reports from New York—an increase of 8,400 short tons on the month. But this movement is of little significance outside the United States, since the country is not a large importer of lead. Spelter suffered a slump, owing to liquidation, in the early part of the period under review and prices dropped to £13 6s. 3d. per ton—the lowest of the year. But quotations subsequently rallied to £13 18s. 9d., which represents a net gain of 10s. on the week. In the absence of news concerning the cartel negotiations, the outlook for spelter is still obscure.

Sales of lead on the London Metal Exchange: 450 tons on Monday, against 750 tons last week; 850 tons on Tuesday, against 750 tons last week; 800 tons on Wednesday, against 550 last week. The New York quotation on Wednesday was 4.60 cents per lb., against 4.60 cents a week ago and 4.60 cents a month ago. The official closing quotation in London for soft foreign for shipment during the current month was £15 5s. per ton, compared with £15 1s. 3d. a week ago.

Sales of spelter on the London Metal Exchange: 525 tons on Monday, against 650 tons last week; 1,000 tons on Tuesday, against 1,200 tons last week; 475 tons on Wednesday, against 1,000 tons last week. Wednesday's quotation in East St. Louis was 4.85 cents per lb., against 4.90 cents the week before and 4.90 cents a month earlier. Wednesday's official closing quotation in London for "good ordinary brands" for shipment during the current month was £13 18s. 9d. per ton, against £13 8s. 9d. last week.

TIN.—Prices showed a sharp recovery during the past week in anticipation of Thursday's meeting of the International Tin Committee. But when it became known on Thursday afternoon that the Committee had recommended an increase in the output quota from 85 per cent. of the standard tonnage to 90 per cent. in the third quarter of 1936, quotations declined sharply. The price of "spot" tin was marked down by £4 5s. per ton to £181 15s. per ton, but despite this fall "three months" tin was still £3 5s. per ton cheaper than "spot" tin, an indication that a further decline in prices is not improbable.

Sales of tin on the London Metal Exchange: 165 tons on Monday, against 325 tons last week; 295 tons on Tuesday, against 340 tons last week; 225 tons on Wednesday, against 200 last week. The New York quotation on Wednesday was 42.75 cents per lb., against 41.37½ cents a week ago and 45.87½ cents a month ago. Wednesday's official closing quotation in London for standard cash was £185 10s. to £185 15s. per ton, compared with £180 to £180 15s. a week ago. Stocks of tin in London and Liverpool at the end of last week totalled 708 tons, a decrease of 29 tons on the week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, aluminium ingots and bars for home delivery were again quoted at £100 per ton, and rolling billets at £102 per ton. Nickel, for home and export, at £200 to £205 per ton, remains unchanged. Quicksilver, on the spot, was again quoted at £12 2s. 6d. per flask of 76 lb. as against £12 7s. 6d. per flask last week. Chinese antimony was quoted at £55 to £56 per ton ex warehouse, duty paid, the same as last week. Chinese wolfram for June-July shipment was quoted at 30s. 3d. to 30s. 9d. per unit, c.i.f., the same as last week. Platinum (refined) was quoted at £7 10s. per ounce, as against £7 last week.

TEXTILES

COTTON.—Manchester. —Owing to the further rise of raw cotton prices, yarn and cloth quotations have had to be advanced. Spinners and manufacturers have experienced much difficulty in getting buyers to pay more. Bullish advices have been received from the United States with regard to the progress of the new crop. Unsatisfactory conditions are prevailing, but demand for raw cotton remains active. From the statistical point of view, a distinct change has come over the situation during the last month or two. Over 1,000,000 bales of Loan cotton and 1,000,000 bales from the Producers' Pool have been absorbed.

The increase in the price of raw cotton has forced out a bigger inquiry in yarn and piece goods. Numerous buyers have refused to pay advanced rates, but in certain quarters a larger business has been done. In the cloth section the response of shippers to India to the dearer prices has so far been poor. On the other hand, freer operations have taken place for several smaller markets, including Egypt, South America, the Continent, the Dominions and the home trade. In the yarn market demand has been more active, some fair weights being put down in coarse American counts. Inquiry in Egyptian qualities has improved and some spinners have sold more freely.

COTTON PRICES

	1936				Corresponding Date	
	June 3	June 10	June 17	June 24	1934	1935
Raw Cotton—Midd. American per lb.	6.72	6.71	6.88	7.11	6.78	6.73
Sakellaridis Fully Good Fair	6.75	6.78	6.97	7.08	6.87	7.96
Yarns—32's twist per lb.	10½	10½	10½	10½	10½	10½
" 40's twist per lb.	10½	10½	10½	10½	10½	10½
" 60's twist (Egyptian) per lb.	15½	15½	15½	16	16½	15
32 in. Printers 116 yds., 16 by 16, 32's and 50's	s. d. 17 4	s. d. 17 4	s. d. 17 6	s. d. 17 7½	s. d. 18 7½	s. d. 17 4½
36 in. Shirtings, 75 yds., 19 by 19, 32's and 40's	24 6	24 6	24 9	25 0	23 6	24 0
39 in. ditto, 38 yds., 18 by 16, 10 lb.	10 2	10 2	10 3	10 4	10 11	10 4
39 in. ditto, 37½ yds., 16 by 15, 8½ lb.	9 2	9 2	9 3	9 4	9 9	9 2

COTTON TRADE WAGES.—It seems probable that all the trade unions in the Lancashire cotton industry will demand an increase in wages within the next few weeks. A claim for an advance of 15 per cent. on current earnings and a minimum wage of 7½d. per hour equal to 30s. for a 48-hour week has already been made by the Operative Weavers' Amalgamation. The position was considered at a meeting of the Central Committee of the Cotton Spinners' and Manufacturers' Association held in Manchester on Tuesday last. Reports were received from the several local employers' associations, and it was decided to have a joint meeting with the representatives of the Weavers' Amalgamation next Tuesday. It is understood that on that occasion, on behalf of the employers, it will be stated that the demand cannot be considered as the trade in its present position cannot pay higher wages. There is considerable resistance against the minimum wage proposal, but such an innovation will not establish a precedent, as a minimum wage for six-loom weavers has been in operation for some time. At a meeting of the General Council of the Operative Spinners' Amalgamation at the end of last week, a resolution was passed unanimously in favour of taking immediate steps to terminate the wages agreement of November, 1932, and to press for the restoration of the reduction of 14 per cent. in wages which then took place. This reduction was equal to about 1s. 6d. in the £ on the earnings of the operatives. So far, the Card Room Operatives' Amalgamation has not taken any action, but it is likely that they will join hands with the Operative Spinners and make a united claim to the employers. The action of the trade union leaders is probably due to pressure from their members in view of the wage advances which have recently been obtained in other trades.

WOOL.—Bradford. —Although the wool market cannot be regarded as active, there is a remarkable feeling of confidence. Business in manufacturing circles is difficult. There is here and there evidence of a slowing down of consumption, but in general the industry is working well considering this is between seasons. There have been no outstanding developments during the past fortnight; but a series of sales is taking place this week and next at Brisbane, where 80,000 bales are being catalogued, which can be regarded as a fairly good test of prices. All cables are to the effect that prices are very good for warp combing wools, but faulty descriptions are irregular, with considerable withdrawals. This is not surprising, for no support is forthcoming from Japan, and Continental countries are only buying from hand to mouth. It is some satisfaction to know that there is a fair measure of activity on behalf of the home trade, which is helping to maintain prices for the best wools. The Australian Government has this week clearly defined its policy and has refused to accede to the requests of Japan regarding imports. If Japanese mills refrain from buying Australian merinos, they will be faced with serious difficulties. No doubt South African wools are good, but they will not produce exactly the same class of fabric as that made from Australian merinos. The Australian market, too, is so near at hand, and furnishes a much wider range of wools than South Africa. The latter country is benefiting at the moment by increased Japanese buying, and French houses holding stocks of unshipped wool at the Cape will be glad of this unexpected competition.

Home markets are fairly steady, but spinners in Yorkshire are not disposed to book new contracts for tops. The trade is now

looking forward to the opening of the next series of London Sales which begins on July 7th. In the meantime, business actually passing is of a hand-to-mouth order.

GRAIN MARKETS

WHEAT.—A sharp upward movement of prices occurred on the wheat markets during the past week. This was again traceable to crop news from North America. The United States spring wheat crop has suffered serious damage from hot, dry weather, and is expected to deteriorate further unless heavy precipitation occurs immediately. On the other hand, prospects in Canada are reported to be good. Russia has fared little better than the United States, but the outlook in other parts of Europe has undergone little change. On Wednesday last, "July" futures were quoted in Chicago at 95½ cents per bushel, against 88½ cents the week before and 83½ cents a month ago. Quotations in London, Wednesday: No. 1 Northern Manitoba, ex ship, 33s. 3d. per 496 lbs., against 31s. 9d. a week ago; No. 2 Northern Manitoba, ex ship, 32s. 9d., against 31s. a week ago. According to the *Corn Trade News*, total shipments of wheat and flour last week totalled 951,000 quarters, against 1,226,000 in the previous week and 943,000 quarters in the corresponding week a year ago.

FLOUR.—The improvement in demand, noted a week ago, has continued, and prices have begun to rise. Wednesday's London quotations (excluding quota payments) were: Straight run, delivered Home Counties, 28s. per 280 lbs., against 27s. a week ago; delivered inner London, 27s. 6d., as compared with 26s. 6d. a week ago. Manitoba patents, ex store, 26s. 6d. to 28s. 3d., against 25s. 3d. to 27s. a week ago. Australian, ex store, 22s. 3d. to 22s. 9d., against 22s. to 22s. 6d. a week ago.

BARLEY.—Little change in the position of the market has occurred during the past week. "July" futures were quoted at 39½ cents per bushel in Winnipeg on Wednesday, against 37½ cents a week ago and 36½ cents a month ago. Quotations per 448 lbs. in London on Wednesday were: "English feed" at farm, 22s. 6d., as against 22s. 6d. a week ago; "English malting" at farm, 25s. to 40s., against 25s. to 40s. a week ago.

OATS.—Prices remain firm. On Wednesday, "July" futures were quoted at 29½ cents a bushel in Chicago, against 26½ cents a week ago and 24½ cents last month. Quotations in London, Wednesday: "English Black," at farm, 19s. per 336 lbs., against 19s. a week ago; "English White," at farm, 19s., against 19s. a week earlier.

MAIZE.—The market has been strong this week owing to unfavourable weather reports from Argentina, and the strength of wheat. There is now a shortage of maize in some parts of Europe, but the movement of Argentine supplies has been hampered by the prolonged spell of wet weather in that country. "July" futures were quoted on Wednesday at 67 cents per bushel in Chicago, against 62½ cents a week ago, and 60½ cents last month. Quotations in London, Wednesday: "Plate," landed, 20s. 9d. per 480 lbs., compared with 20s. 6d. a week ago; "Plate," ex ship, 19s. 6d. to 19s. 9d., as against 19s. 6d. a week ago; "Plate," "June," 19s. 3d., as against 19s. a week ago; yellow maize meal, ex wharf, was quoted at £5 5s. to £5 7s. 6d. per ton, as against £5 5s. to £5 7s. 6d. last week.

SALES AND PRICES OF BRITISH CEREALS.—The following table gives the estimated sale of home-grown wheat during the harvest years 1932-33 to 1935-36:—

	1932-1933	1933-1934	1934-1935	1935-1936
Estimated sales of home grown wheat—	Cwts.	Cwts.	Cwts.	Cwts.
1 week to June 20	49,891	83,862	116,452	81,355
42 weeks to June 20	8,418,871	10,439,385	12,893,545	12,890,108
Average price of English wheat per cwt.	s. d. 6 5	s. d. 5 6	s. d. 5 6	s. d. 6 8

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

Week ended	QUANTITIES SOLD			AVERAGE PRICE PER CWT.		
	Wheat	Barley	Oats	Wheat	Barley	Oats
June 18, 1932	Cwts. 68,107	Cwts. 3,081	Cwts. 11,941	s. d. 6 5	s. d. 6 9	s. d. 8 1
June 17, 1933	49,891	19,588	9,807	6 5	7 0	5 10
June 23, 1934	83,862	6,564	21,935	5 6	7 6	6 3
June 22, 1935	116,452	18,432	11,719	5 6	7 0	7 5
June 13, 1936	98,800	5,022	14,699	6 9	6 11	6 2
June 20, 1936	81,355	6,541	23,268	6 8	7 7	6 3

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

NEAREST FUTURE	Jan. 3, 1934	Jan. 2, 1935	June 26, 1935	Dec. 31, 1935	June 17, 1936	June 24, 1936
Winnipeg (No. 1, Manitoba) —Cents per 60 lb.	65½	82½	81½	84½	78½	83½
Chicago (No. 2 Winter) —Cents per 60 lb.	84½	98½	80½	75½	88½	95½

The visible supply of wheat in Canada amounts to 82,589,000 bushels, against 85,222,000 bushels last week, and 110,998,000 bushels in the corresponding week last year.

OTHER FOODS

BACON.—Bacon has been in steady request at firm rates. The official quotations (per cwt. for No. 1 Sizable) which formed the basis for dealings on the London Provision Exchange this week were: English, 92s. to 94s.; Canadian, 85s.; Danish, 93s., as against 92s. to 94s., 85s. and 93s. last week. Arrivals in London last week included Danish, 13,341 bales; Canadian, 4,078; Dutch, 2,498; Lithuanian, 1,762; and Polish, 2,409, as against 14,393, 3,876, 2,453, 1,749, and 2,244, respectively, in the previous week.

BUTTER.—Demand was again quiet, with prices generally tending lower. Quotations (per cwt.) on the London Provision Exchange on Wednesday were: New Zealand, finest salted, 106s.; Australian, choicest salted, 105s.; Danish, 114s. to 115s., compared with 108s. 107s., and 118s., respectively, a week ago.

CHEESE.—The market was again quiet, with New Zealand rather easier on the week. Quotations (per cwt.) on the London Provision Exchange on Wednesday were as follows: English, factory, 56s. to 58s.; Canadian, finest coloured, 64s. to 68s.; and New Zealand, finest coloured, 58s.; against 56s. to 60s., 64s. to 68s., and 60s., respectively, a week ago.

COCOA.—The spot quotation in New York on Wednesday was 6½ cents per lb., as against 6½ cents per lb. last week. In London, on Wednesday last, good fermented new crop "October-December" was quoted 28s. 3d. per 250 kilos, c.i.f. Continent, against 28s. 6d. a week ago. Last week's movements of cocoa in London were as follows: Landed, 6,758 bags; delivered, for home consumption, 4,810 bags; exported, 623 bags; stocks, 171,234 bags, against 185,612 bags a year ago.

COFFEE.—The London spot market has had a quiet tone, while prices in New York have been steady. On Wednesday, Rio No. 7 (cash) was quoted at 6½ cents per lb. in New York, as compared with 6½ cents per lb. last week and 6½ cents per lb. a month ago. Movements of coffee in London last week were as follows: Brazilian, landed, nil; delivered, for home consumption, 76 cwt.; exported, nil; stocks, 10,363 cwt., against 16,631 bags a year ago. Central and South American, landed, 2,133 cwt.; delivered, for home consumption, 2,205 cwt.; exported, 1,145 cwt.; stocks, 121,542 cwt., against 115,346 packages last year. Other kinds, landed, 670 cwt.; delivered, for home consumption, 3,434 cwt.; exported, 1,114 cwt.; stocks, 169,814 cwt., against 120,375 packages last year.

EGGS.—The hot weather is reflected in the weakness of this market. Supplies have increased, and demand has flagged, with a consequent general easiness of quotations. At Smithfield on Wednesday, English (ordinary packing, Grade I, about 15-15½ lb.) realised 11s. to 11s. 6d. per 120, as against 10s. 9d. to 11s. 6d. last week, while Danish (15½ lb.) made 8s. 9d. to 9s. 3d. per 120, against 9s. to 9s. 6d. last week.

FRUIT.—The Covent Garden market has been dominated by strawberries during the past week and prices of most other lines have suffered in consequence. But, according to *The Fruitgrower*, general business was well maintained. Kent cherries were marketed in larger quantities, but the total crop is not expected to be heavy. Green gooseberries have received rather more attention, good quality produce fetching satisfactory prices. Quotations for French red and black currants are well maintained, supplies being limited, but Spanish apricots are cheaper. Hothouse grapes, in heavier supply, have eased in price, while melons have sold steadily at firm rates. The abundant supplies of grapefruit are cheaper and oranges have also eased. Prices for lemons remain steady for the time being, but are expected to decline in the near future.

MEAT.—In response to the warm weather, demand at Smithfield has been slow, with beef substantially lower in price. On Wednesday last, Argentine chilled hindquarters were quoted at 3s. to 3s. 8d. per 8 lbs., as compared with 3s. 10d. to 4s. 2d. a week ago. New Zealand frozen mutton was 3s. to 3s. 8d. per 8 lbs., against 3s. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies during last week amounted to 8,498 tons, a decrease of 769 tons on the corresponding week last year. Beef and veal accounted for 4,885 tons, mutton and lamb 2,526 tons, and pork and bacon 640 tons, as compared with 4,682, 3,396 and 744 tons, respectively, in the same week of 1935.

PEPPER.—Wednesday's spot price for black Lampung (in bond) was 2½d. per lb., against 2½d. a week ago. Movements of pepper in London during the past week were as follows: Black, landed, 3 tons; delivered, 5 tons; stocks, 1,756 tons, against 2,143 tons a year ago. White, landed, 13 tons; delivered, 32 tons; stocks, 12,076 tons, against 18,775 tons a year ago.

RICE.—The spot price of Burma No. 2, cleaned, new crop, was 8s. 6d. per cwt. ex warehouse on Wednesday, as compared with 8s. 9d. per cwt. a week ago. "June-July" in singles to Continent and U.K. was quoted at 7s. 7½d. per cwt., against 7s. 9d. last week. Movements in London during the past week were as follows: Landed, 98 tons; delivered, 152 tons; stocks, 1,668 tons, against 9,835 tons a year ago.

SUGAR.—The New York spot market developed an easier tone this week and part of the recent price rise was lost. In London, raw sugar was again a quiet market, prices being a shade easier. The spot price in New York on Wednesday was 3.75 cents per lb., as compared with 3.80 cents per lb. last week and 3.72 cents per lb. a month ago. Wednesday's sales of raw sugar in London included "August delivery" at 4s. 6d. to 4s. 6½d., against 4s. 7½d. a week ago. The movements of raw sugar at public warehouses in London and Liverpool last week were as follows: Imports, 11,832 tons, against 7,273 tons last week and 15,426 tons in the same week of last year; deliveries, 21,976 tons, against 20,048 tons last week and 14,826 tons last year; stocks, 140,705 tons, against 150,849 tons last week and 108,159 tons last year.

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

Week ending	Northern India	Southern India	Ceylon	Java	Sumatra	Africa	Total
June 20, 1935	d. 11-59	d. 11-82	d. 13-11	d. 10-05	d. 8-82	d. 10-15	d. 11-84
May 7, 1936	d. 12-79	d. 14-09	d. 15-67	d. 11-02	d. 10-54	d. 11-69	d. 13-65
May 14, "	d. 12-59	d. 13-66	d. 15-08	d. 10-89	d. 10-36	d. 11-86	d. 13-19
May 21, "	d. 12-41	d. 13-00	d. 14-21	d. 10-81	d. 10-21	d. 11-75	d. 12-81
June 11, "	d. 12-24	d. 12-73	d. 13-30	d. 10-22	d. 10-15	d. 11-48	d. 12-40
June 18, "	d. 12-20	d. 12-26	d. 13-13	d. 10-17	d. 9-95	d. 11-44	d. 12-25

This week's offerings at the public auctions in Mincing Lane comprised 49,040 packages of Indian and 25,184 packages of Ceylon tea. The easiness which has characterised the market in recent weeks appears to have been temporarily checked. Quotations for Indian descriptions were well maintained, while some Ceylon grades showed a slight advance under the influence of a strong demand.

VEGETABLES.—Green peas have been a prominent feature in the vegetable section at Covent Garden, states *The Fruitgrower*, and prices have eased this week. Asparagus, although finishing, continues to sell well at good prices. Tomatoes are now increasing in supply with prices tending lower. Despite the warm weather, business in cucumbers has been poor. Good cabbage holds its price and cauliflower remains dear. Demand for forced marrows has improved, and spring onions are in request, but mushrooms are easier. Meanwhile, supplies of new potatoes at the various London markets have continued to increase, with a consequent drop in quotations. At the Borough on Tuesday Jerseys ranged from 12s. to 14s. per cwt., against 21s. to 23s. per cwt. a week earlier, and no Spanish were quoted. Old crop English, best silt-land King Edward, were firmly held at 8s. to 9s. a cwt.

MISCELLANEOUS COMMODITIES

VEGETABLE OILS AND OILSEEDS.—A steady tone is maintained and in most sections prices have an upward tendency. Linseed is dearer on adverse reports concerning weather conditions in the United States and on the possibility that the yield will fall below expectations and that the U.S.A. will have to rely on Argentina to supplement domestic supplies. The statistical position remains sound as supplies are 200,000 tons below the actual shipments in the remainder of 1935. Argentine exports tend to increase. The quantity now afloat for Europe is 116,700 tons (including 26,700 tons from India) or 6,500 tons less than last week, and that for America and Canada 7,500 tons, against 30,000 tons a year ago. Crushers here are buying sparingly, while continental demand is restricted owing to the unsatisfactory situation in France and elsewhere. In sympathy with the firmness of seed, wheat and other commodities, linseed oil has advanced further, and is a firm market. Raw oil ex Hull mill for July-August delivery is now quoted at £26 per ton, with the last four months at a small discount.

Old crop Egyptian cottonseed is about exhausted and is held for 77 7s. 6d. A fair trade is reported in new crop, £6 13s. 9d. having been paid at Hull for September loading and up to £6 10s. for October. Trade in cotton oil is quiet and export demand almost negligible. Refined oil is held for full prices. Oilcakes are quiet but steady for home makes, and a good trade is reported in imported cakes.

TIMBER.—Imports of building and joinery woods, although still above last year's level, were comparatively light in May, and London dock stocks show a fall on the year. There has been activity in all spot departments of the soft wood market, and prices have risen; but, since European shippers' rates have also been marked up, the forward market has been slow. Demand on the Continent has shown little improvement, but it would, nevertheless, appear that the modest unsold balances of the smaller European cut available for export will be readily absorbed, especially in view of the fact that prices are still reasonable. Meanwhile, the demand for building purposes in this country remains active, and shows no signs of an immediate recession.

In the hardwood section, too, shippers' prices remain firm—especially for teak. Good auction clearances of mahogany logs of the lower grade timbers have been made in recent weeks; brokers are advising their shippers to send moderate consignments of British W. African and Honduras logs of good size and character—which can be disposed of at satisfactory rates. Large quantities of plywood continue to come forward.

RUBBER.—After a period of stagnation, the market was noticeably stronger this week and prices show a significant rise. The revival is traceable to a good trade demand, the belief that the devaluation of the gold bloc currencies has been staved off, the continued fall in stocks and the feeling that the removal of "sanctions" will ease the international political outlook. While some of the factors

contributing to the improvement of sentiment this week may possibly prove illusory, there has undoubtedly been an improvement recently in the statistical and technical position of the market. The spot price in New York on Wednesday was 15½ cents per lb., compared with 15½ cents per lb. a week ago and 15½ cents a month earlier. Wednesday's official buyers' price for standard ribbed smoked sheet on the spot in London was 7½d. per lb., as against 7½d. on the corresponding day a week ago. In forward positions, business has been done at 7½d. to 7½d. for "October-December" shipment, as against 7½d. a week ago. Stocks in London and Liverpool at the end of last week totalled 124,261 tons, against 127,366 tons a week earlier. A year ago stocks amounted to 170,954 tons.

WHOLESALE COMMODITY PRICES

UNITED KINGDOM

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

LONDON, June 24th							
CEREALS AND MEAT							
GRAIN, Etc.—	s. d. s. d.			POTATOES—	s. d. s. d.		
Wheat—				King Edward per cwt.	8 0 9 0		
No. 2, N. Man. 496 lb.	32 9			Jersey new "	12 0 14 0		
Eng. Gaz. av., per cwt.	6 8			SPICES—			
Barley, Eng. Gaz. av. "	7 7			Pepper, per lb.—			
Oats, "	6 3			Black Lampung	0 2½		
Maize, La Plata, landed,				White Muntok	0 4½		
480 lb.	20 9			Cinnamon—1st sort, per lb.	0 8		
Flour, Lon. stan. ex mill,				Cloves—Zanzibar per lb.	0 7½		
280 lb.	26 3			Ginger—per cwt.—			
Rice, No. 2 Burma, per cwt.	7 7½			African	60 0		
MEAT—				Jamaica, ord. to good	60 0 90 0		
Beef, per 8 lbs.—				Mace	1 2 2 2		
English long sides	3 8 4 8			Nutmegs, 65's	1 0		
Argentine chilled hinds	3 0 3 8			SUGAR—			
Mutton, per 8 lbs.—				(Duty, 11/8 per cwt.)			
English wethers	5 0 6 0			Centrifugals, 96%, prpt.			
N.Z. frozen	3 0 3 8			shipm., c.i.f. U.K./Cont.	4 7½		
Lamb, per 8 lbs.—				B.W.I., crystallised	17 0 18 6		
N.Z. frozen	4 6 5 4			Java, white, c. & f. India			
Pork, English, per 8 lbs.	4 4 4 8			Oct.-Dec.	Nominal.		
OTHER FOODS				IRON AND STEEL—			
English	92 0 94 0			Pig, Cleveland No. 3, d/d.			
Irish	89 0 95 0			ton 70 0			
Danish	93 0			Bars, M'brough	202 6		
Dutch	89 0			Steel rails, heavy	170 0		
HAMS—				Tin plates	18 9		
Canadian	98 0 100 0			Crushed	19 9 20 3		
American	98 0 100 0			Granulated	18 11 19 0		
BUTTER—				Home Grown	17 10½ 18 3		
Australian	105 0			TEA—			
New Zealand	106 0			Indian—per lb.—			
Danish	114 0 115 0			Pekoe	0 11½ 1 0½		
CHEESE—				Broken Pekoe	0 11½ 1 1½		
Canadian	64 0 68 0			Orange Pekoe	0 11½ 1 4½		
New Zealand	58 0			Broken Orange Pekoe	0 11½ 1 8½		
English Cheddars	...			Ceilon—per lb.—			
English factory	56 0 58 0			Pekoe	0 11½ 1 10½		
Dutch	42 0 48 0			Broken Pekoe	0 11½ 1 2		
COCOA—				Orange Pekoe	1 ½ 1 6½		
(Duty, British grown,				Broken Orange	0 11½ 1 3½		
11/8; foreign, 14/- cwt.)				TOBACCO—			
Accra, f.f.	28 9 29 0			(Duty, 9/8-10/8½ per lb.,			
Trinidad	45 0 50 0			Empire growth, 7/5½			
Grenada	44 0 45 0			8/3½ per lb.)			
COFFEE—				Virginia leaf—			
(Duty, British grown				Common to fine	0 8 2 6		
4/8; foreign, 14/- cwt.)				Rhodesian leaf	0 8 1 10		
Santos sup. c. & f. cwt.	39 0			Nyasaland leaf	0 7 4		
Colombian, good	46 0 55 0			Sulphate	7/6 0		
Costa Rica, med. to good	52 0 72 0			Arsenic, lump	35 0		
East India, " " "	42 0 62 0			Bleaching powder, per ton	8 15 9 0		
Kenya, medium	44 0 56 0			" "	s. d. s. d.		
EGGS—				Borax, gran.	per cwt. 13 0		
English	11 0 11 6			Do., powder	14 6		
Danish	8 9 9 3			Nitrate of soda	per cwt. 7 9		
FRUIT—				Potash—Chlorate, net	0 4 0 4½		
Oranges—				Sulphate	per cwt. 9 6 10 0		
Valencia	4 0 8 0			Soda Bicarb.	per cwt. 10 0 11 0		
Brazilian	9 6 14 0			Crystals	per cwt. 5 0 5 3		
Lemons, Malaga	...			Sulphate of Copper, per ton	15 0 15 10		
Sicilian	21 0 26 0			CEMENT, best Eng. Portland, d.d. site,			
Apples: Amer. (var.) bris.	...			London, area, jute sacks, 11 to ton			
(var.) boxes	...			(charged and credited at 1/6d. each) or			
" Australian	6 0 10 0			paper bags 20 to ton (free, non-return-			
Onions—				able)			
Valencia, case	...			4-ton loads and upwards 39/- per ton			
Egyptian, bags	8 0 9 0			1 and up to 4-ton loads 41/- per ton			
Grapes, Almeria, barrels	...			COPRA—			
Grapefruit, S. African	10 0 16 0			S.D. Straits c.i.f., per ton	13/16/3		
" Amer.	13 0 16 0			Smoked South Sea	Nominal		
LARD—				DRUGS—			
Irish bladders	56 0 64 0			Camphor—			
U.S.	54 6 57 0			Japan, refined	per lb. 2 3		
				Ipecacuanha	per lb. 5 3 5 6		
				HIDES—			
				Wet salted—Australian			
				per lb. 0 4½ 0 5½			
				West Indian	0 3½ 0 3½		

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

UNITED STATES

(New York quotations unless otherwise stated)

June 26, May 27, June 17, June 24,							
1935	1936	1936	1936	1935	1936	1936	1936
Wheat, No. 2, Winter, nearest	Cents 80½	Cents 83½	Cents 88½	Sugar, Cuban Centrifugals, 96	Cents 3-29	Cents 3-72	Cents 3-80
future, Chicago, per bushel...				deg., spot, per lb.	11-95	11-74	11-98
Maize, nearest future, Chicago,	82	60½	62½	Cotton, middling, spot, per lb.	12½	15½	15½
per bushel				Rubber, smoked sheet, spot,			
Oats, nearest future, Chicago,	36½	24½	26½	per lb.			
per bushel				Petroleum, Mid-Continent crude			
Rye, nearest future, Chicago,	46½	53	57½	33 deg., to 33-90, at well, per	94	104	104
per bushel				barrel			
Barley, nearest future, Chicago,	(a)	(a)	(a)	Copper, "Electrolytic," Do-	7-07½	8-92½	8-87½
per bushel				mestic, spot, per lb.			
Coffee, Rio No. 7, cash, per lb...	6½	6½	6½	Copper, "Electrolytic," Export	7-30	9-15	9-10
" Santos No. 4, cash, per lb.	8½	8½	8½	prompt, per lb.			
Cocoa, Accra, nearest future,	4-34	5-33	5-94	Spelter, East St. Louis, spot,	4-30	4-90	4-90
per lb.				per lb.	4-60	4-60	4-60
				Lead, spot, per lb.	51-62½	45-87½	41-37½
				Tin, "Straits," spot, per lb.			

(a) Nominal.

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SPECIAL SURVEY

SATURDAY, APRIL 11, 1936

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THE FINANCIAL NEWS

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Page of THE FINANCIAL NEWS are as follows:

MONDAY, JUNE 29—THE TREND OF COMMODITY PRICES.—Primary produce prices, both here and in America, have not shown more than a negligible upward movement over the past year, despite the fact that it is the avowed policy of the two economically most important Governments in the world, to raise prices. This article discusses the background of this seemingly strange contradiction.

TUESDAY, JUNE 30—AMALGAMATED BANKET AREAS.—Our special Mining Correspondent, "MINOTAUR," this week takes for analysis the position and possibilities of the Company which might reasonably be described as the "West Wits" of the Jungle. This article enquires whether the large developing areas under this Company's control might at any time justify anything resembling the enthusiasm which the great Rand development company has elicited in the market.

WEDNESDAY, JULY 1—COMPANIES AND THEIR PROFIT-EARNING CAPACITY, No. 18—BRITISH OXYGEN.—This Company has been chosen as the subject this week, of this further addition to our series of penetrating analyses of the business layout and prospects of leading industrial companies.

THURSDAY, JULY 2—CHILEAN BONDS.—This article analyses the recent improvement in the economic position of Chile, and discusses the prospects for the Bondholders under the current agreement, which received the tacit approval of the British Bondholders' representatives.

FRIDAY, JULY 3—THE OUTLOOK FOR WOOL.—The bullish viewpoint on wool prospects taken by "The Financial News" in a special article almost exactly a year ago, proved well enough justified. The weaker tendency during the last month or two, however, justifies a further consideration of the position in the light of the high price levels established during the past year, and the new factors which have come into existence.

SATURDAY, JULY 4—CHANGES IN BRITISH INDUSTRY.—This article provides a short and simplified survey of the changes in the relative and absolute importance of the different industries in this Country, as shown by the various volumes of the latest Census of Production.

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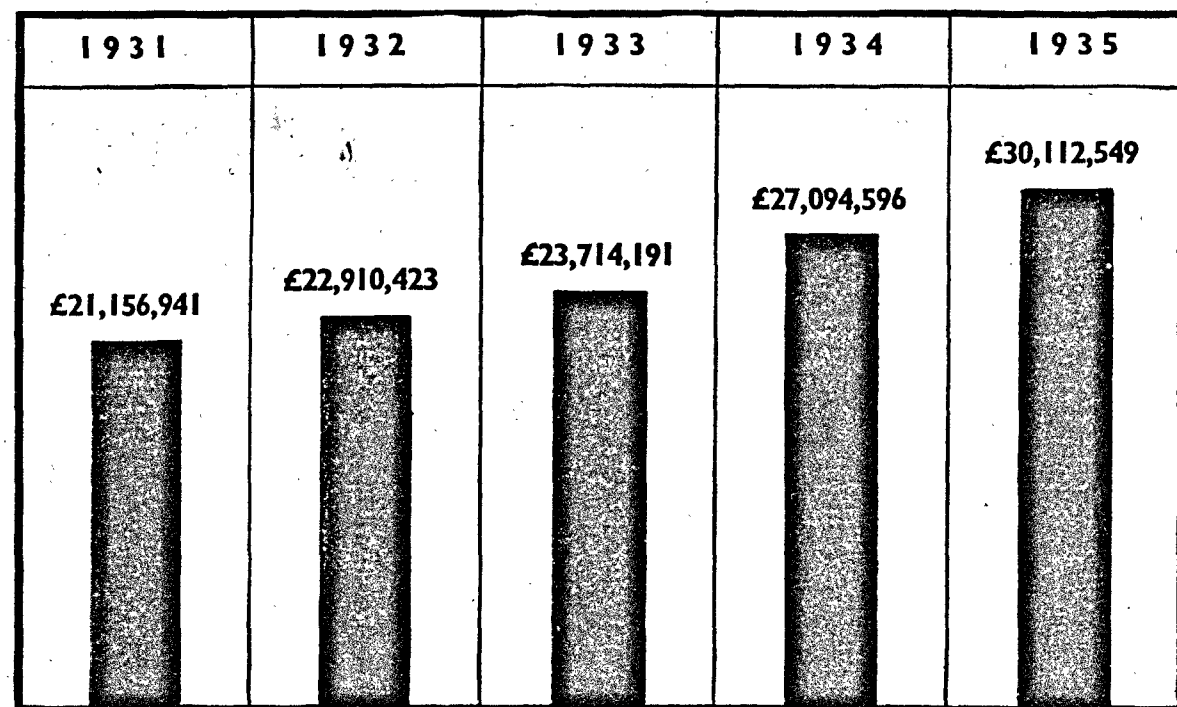
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Year Ended	Share Capital	Advances	Reserve Funds	Total Assets
30th September, 1931	£17,940,524	£6,362,102	£785,000	£21,156,941
30th September, 1932	£18,841,138	£2,446,124	£830,000	£22,910,423
30th September, 1933	£18,059,543	£3,912,805	£935,000	£23,714,191
30th September, 1934	£20,003,823	£6,403,957	£1,040,000	£27,094,596
30th September, 1935	£21,633,676	£7,158,855	£1,200,000	£30,112,549

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BUILDING SOCIETIES

SPECIAL SURVEY

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HISTORICAL DEVELOPMENT OF THE MOVEMENT

The first transaction in real property on borrowed money lies beyond the mists of antiquity and the Book of Genesis. The earliest "Society for Building" in Great Britain, however, of which contemporary records have survived, was founded on December 3, 1781, in Birmingham. It was a co-operative effort, and its object was indicated by its title. Its proprietors subscribed for shares, balloted for plots of land, and were entitled to have houses built for themselves according to the total value of their shares, for which they subscribed by instalments.

This society probably was not the earliest to be formed. The language of its initial announcement is not that of a pioneer enterprise, but rather of a new exemplar of a procedure with which readers were already familiar; and the advertisement of another Birmingham society, issued little over two months later, described its own method as "an improved and more advantageous plan than any hitherto established." That building societies—engaged, as their name suggests, in *building* and not merely in its finance—were fairly numerous in the North of England, early in the nineteenth century, is indicated by the tenor of isolated conveyances, legal decisions, etc., extant to-day. The first complete set of rules, however, which so eminent an historian as Sir Harold Bellman has been able to discover, does not relate to an earlier date than 1825.* The first Act of Parliament relating specifically to building societies was passed on July 14, 1836.

The present year is memorable, therefore, as the centenary of the movement's attainment of a comprehensive legal status. The Act's preamble admirably describes the objects and methods of the contemporary societies, which, it declares, had "been established in different parts of the Kingdom, principally among the industrious classes, for the purpose of raising by small periodical subscriptions a fund to assist the members thereof in obtaining a small freehold or leasehold property." The movement was evidently well regarded by the authorities, for the Act was specifically designed to afford the societies "encouragement and protection." It is clear that the movement was closely associated, from the outset, with the friendly society movement, whose development in the later years of the eighteenth and the early years of the nineteenth centuries, among the "industrious classes," was phenomenally rapid. By the same token, most of the early building societies were formed in the manufacturing towns in the North of England. The movement has always been particularly

strong in the textile districts of the West Riding of Yorkshire.

Shortly after the middle of the last century some 1,200 societies were in existence, with an estimated income of a little under £2½ millions a year. By that time, however, the movement was imperceptibly changing its character. The majority of societies were still localised "friendly" bodies, but a small number, with annual incomes running up to £50,000, were obviously of wider scope, financially and geographically. The original conception of a building society as a "society for building" had already been dropped, and the societies had restricted themselves largely to their present-day function of making advances for house purchasing, undertaken on the initiative of individual members.

Finally, the "terminating" society, whose duration was specifically limited to a fixed period of time or a defined objective, was giving place to the "permanent" institution. The latter was not only unlimited as regards its possible life; it also embodied the fundamental principle of differentiation between investing and borrowing members. An opportunity was afforded for the attraction of funds from a wider range of investors than those immediately interested in house purchase. This development marked a crucial stage in the movement's evolution. It gave the societies the distinctive character of "savings banking" institutions. It enormously increased the range of the movement's public appeal. Incidentally, it also opened the door to possible abuses. To check this possibility, a Building Societies' Protection Association was formed, and a Royal Commission appointed early in the 'seventies. The Report of that body was followed by the passing of the Building Societies Act of 1874, on which the present legal status of the movement largely rests.

When the Commissioners made their report, in 1872, they estimated that approximately 2,000 societies had total assets of over £17 millions and mortgage advances of over £16 millions. The statistical basis of these estimates is somewhat doubtful, but the broad impression they convey is probably reliable. In the northern industrial towns the bulk of the societies' members were "working men," but in London the movement had attracted greater middle-class support. Many societies, like their successors in the last few years, had found it advisable to protect themselves against a plethora of unwanted funds by much the same expedients as are in force to-day—reduced interest payments and other "braking" devices.

The Act of 1874 applied the basic principles of limited

* "The Thrifty Three Millions," page 13

liability and perpetual corporate succession to building society organisation. Recognition was given both to terminating and permanent societies, but the subsequent development of the latter has altogether outstripped that of the former, whose total assets to-day represent less than 1 per cent. of those of the entire movement.

From 1890 onwards, comprehensive building society statistics have been compiled officially by the Chief Registrar of Friendly Societies. Between that year and the last pre-war year, 1913, the number of societies had decreased from 2,795 to 1,550. The decline, however, was a reflection merely of the movement's closer organisation, on the disappearance of many terminating societies. Financially, the movement, during this period, made perceptible though undramatic progress. The total assets of all societies were £55 millions in 1895 and £65 millions in 1913. Outstanding mortgages showed a net rise, during the same years, from £44 millions to nearly £61 millions. New mortgage business was steady rather than progressive. In 1901, when the figures of new advances were first compiled, the year's total was £8,900,000. In 1913 it was £9,100,000. The number of members suffered a small net decline from 631,000 in 1895 to 617,000 in 1913.

During these years the movement's activity attained several minor peaks and suffered two unfortunate and undeserved setbacks. The Liberator Building Society failed in 1892 and the Birkbeck Building Society in 1911. Neither reflected the slightest discredit on the building society movement proper. The Liberator had abandoned legitimate building society business long before its failure. The Birkbeck had never been a building society except in name, and at the time of its failure its mortgage assets were under three-quarters of a million out of total assets of £12 millions. The effect of public misunderstanding, however, was damaging. Between 1891 and 1893 the number of building society members declined from 639,000 to 588,000, and the movement's total assets dropped from nearly £51 millions to under £44 millions. The strain imposed by the Birkbeck failure was even more severe, for between the end of 1910 and of 1911 the movement's total assets, which had reached a then "record" figure of £76½ millions, fell

by 23½ per cent. to £58½ millions. The Liberator failure was, indirectly, of positive value to the movement, for it resulted in the passing of the Building Societies Act of 1894, which conferred on the Registrar wide regulatory powers, including prescription of the form of building society accounts and the right to call for specified and detailed information regarding mortgage assets. The Act went far to reassure public opinion, and the years from 1896 onwards were years of steady development until 1910. Before the movement, however, had time to resume its accustomed rhythm, after the Birkbeck failure, the outbreak of the Great War completely changed the immediate outlook.

The post-war development of the movement will be discussed in detail in succeeding chapters. A tribute may be paid to the constructive part played, through the critical years of the movement's history, by the National Association. This representative body was the direct successor of the Protection Association to which reference has already been made. Its constitution, membership and policy are discussed in a subsequent section of this Survey (see page 23). Though it is essentially a "protective" body, it has interpreted its responsibilities in a liberal and positive sense. Both the Acts of 1874 and 1894 were facilitated by the existence of an articulate and forward-looking representative institution. To-day the National Association provides what is, in effect, a "Cabinet" on broad principles of contemporary policy and practice, through the regular meetings of its Council. It also provides a "Parliament," through its annual meetings of representatives, which serve to crystallise opinion and foster a corporate spirit.

To complete the picture, reference must be made to the movement's official organ, the *Building Societies Gazette*, an old-established monthly journal whose pages, produced with an attractive modern format, provide a forum for "public opinion" in the movement. Its present editor is a co-opted member of the Council of the National Association. The *Gazette* is responsible, also, for the publication of the movement's convenient and compendious work of reference, the *Building Societies Year Book*.

POST-WAR DEVELOPMENT OF THE MOVEMENT

In the preceding section we have briefly traced the history of the building society movement from its earliest days. We shall now analyse the effect of post-war conditions on its development. Changes since the war, indeed, have been so far-reaching as to deserve the term "revolutionary." The movement has not so much grown as been transformed. Before the war it experienced a normal succession of upward and downward movements, and met a steady public demand for its services. The proportion of the total national resources which came within its control, however, was not large, and its development was, for the most part, localised. The tradition of "commercial" management, active publicity and keen competition was scarcely existent. The movement, as a whole, was steady rather than progressive. In the decade 1904-1913 the total resources of the building societies of the country showed no upward tendency—thanks, in part, to the Birkbeck failure; they were, in fact, slightly reduced, from £66,953,622 to £65,387,147.

The pre-war antecedents of the movement have left their mark on its organisation under the greatly changed conditions of to-day. Although the movement's total resources at the present time may be put at nearly £600 millions, against the £65.4 millions of 1913, the small society has not been forced out of existence. In 1934 there were still 1,007 societies on the register, and their number had fallen by only 85 during the preceding decade. The growth of the great societies, working on nation-wide lines, has thrown the initiative in new developments into the hands of a minority of the total societies, by number; but while the latter may have a clear idea of the policy they would desire the movement to follow at any given time, the co-existence of large numbers of medium-sized and small societies acts as a constant brake on any tendency to

uniformity of practice. Within the same movement are institutions with resources running into eight—and in one case nine—figures, whose organisation and scope are nation-wide, and, at the other extreme, societies whose resources have never reached £10,000. It is as if the creation of the big five banks had been accompanied by the survival of a host of small local institutions, and many intermediate "district" banks. The whole movement, finally, has a legal status of a "friendly society" type. Building societies are governed, not by Company Law, but by statutes which make them analogous rather to the co-operative societies. In particular, their "capital" is withdrawable, usually at relatively short notice.

Though the development of the movement, on its modern scale, may not have been seriously embarrassed by these anachronisms, it may be well to recognise their existence. That they have not, so far, imposed any substantial check on the movement's ability to expand, is evident from a consideration of the annual returns since the war. The growth of the total assets of the movement is shown in the following table:—

End of Calendar Year	Total Assets of all Societies (Million £'s)	Increase during Year (Million £'s)
1913	65.4	1.2
1920	87.1	9.8
1924	144.9	20.2
1925	169.2	24.3
1926	193.9	24.7
1927	223.3	29.4
1928	268.5	45.2
1929	312.7	44.2
1930	371.2	58.5
1931	419.2	48.0
1932	469.3	50.1
1933	501.1	31.8
1934	555.0	53.9

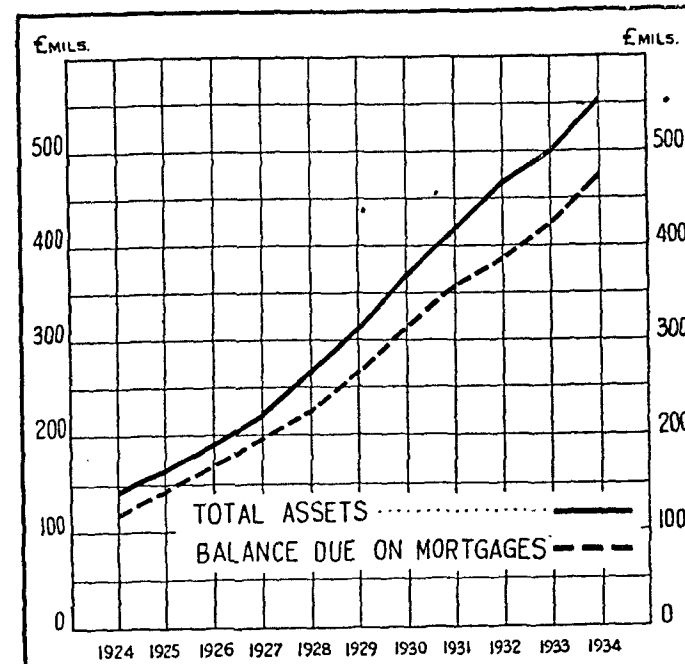
With these figures we may compare those of total mortgages outstanding at the end of each year:—

Calendar Year	Balance due on Mortgages at end of Year (Million £'s)	Increase during Year (Million £'s)
1913	61.6	1.3
1920	68.8	10.9
1924	119.7	20.9
1925	145.9	26.2
1926	171.2	25.3
1927	197.7	26.5
1928	227.5	29.8
1929	268.1	40.6
1930	316.3	48.2
1931	360.2	43.9
1932	388.4	28.2
1933	423.5	35.1
1934	475.7	52.2

The movements in the two sets of figures since 1924 are shown in the chart opposite. Clearly, there is no comparison between the movement's size and scope in pre-war and in post-war years. Up to 1913, in something like 130 years, the movement had accumulated outstanding total assets of over £65½ millions. The amount of new house purchase financed by the movement since its inception was, of course, many times that figure, for the financial business of these societies is, normally, of a "revolving" character. Since the war, however, the total assets of all societies have increased, during a decade and a half, from £87 millions (in 1920) to £555 millions (in 1934), and the balance due to the societies on mortgages has risen from approximately £69 millions to £476 millions. There have been years, like 1930 and 1934, when the total net increase in the outstanding assets of the movement has been within hailing distance of the entire accumulated resources of the pre-war period. In the fourteen years between 1920 and 1934, total assets increased by 537 per cent., and total outstanding mortgages by nearly 600 per cent.

This is Progress—with a capital P—which has tended to gather headway in the later years of the period. The increase in total assets in the last complete pre-war year was £1¼ millions. In the four years between the end of 1920 and the end of 1924, the average annual increase was about £14½ millions. In the next three years the average annual increase was £26 millions. In 1928-29, immediately before the onset of national economic depression, the annual rate of increase rose to nearly £45 millions. This progressive tendency was quite unchecked by the depression. In 1930-32 the annual "increase" figure averaged £52 millions, and, after a temporary lapse to approximately £32 millions in 1933, it reached nearly £54 millions in 1934.

A similar movement has been typical of the mortgage total, though, as the accompanying chart shows, the two curves have not run exactly in parallel. In the earlier post-war years the annual increases in the mortgage balance coincided more or less with those of total assets. Since 1928, however, there has been a tendency, on the whole, for assets to increase somewhat faster, absolutely, than total mortgages. In 1928, for example, assets increased by £45 millions and mortgages by under £30 millions. In 1930, again, the net increase in mortgages was £10 millions less than the net growth in total assets, and in 1932 it was nearly £22 millions less. On the other



hand, in 1929, 1931, 1933 and 1934 the two sets of figures showed much the same absolute increase.

The net result was that, between 1924 and 1934, total assets increased by £410 millions and total outstanding mortgages by £356 millions. In 1924 some 83 per cent. of the movement's total assets were represented by amounts due on mortgage. In 1934, despite the smaller absolute increase in outstanding mortgages, their proportion of total assets was 85½ per cent. The inference is that the societies, as a whole (there are, of course, wide variations in practice between one society and another), have endeavoured to maintain a fairly constant percentage of their total funds in cash, gilt-edged securities, etc., and that this "liquidity ratio" has been in the neighbourhood of 15 per cent. The absolute increase in outstanding mortgages has been less than in total assets, but the relative proportions between the two have been fairly steady throughout the period of rapid expansion.

It is evident that the building society movement now ranks among the largest—or, more correctly, is itself the largest—of the institutions which cater mainly for the small investor. Its total assets of £555 millions, at the end of 1934, compared with a total of £355 millions in the Post Office Savings Bank, £393 millions in National Savings Certificates, and £96 millions in the Trustee Savings Banks. According to the figures given in a recent survey (included with the *Economist* of March 7, 1936) the total outstanding value of certificates issued by the fixed trusts was only £21 millions at the end of 1934 and is not greatly in excess of £50 millions to-day. The building society movement, in its origin, probably antedates the Trustee Savings Banks by at least 40 years, the Post Office Savings Bank by about 70 years, the National Savings movement by about 130 years, and the fixed trust movement by a century and a half. During the period of its greatest growth, however, which has been comprised within the last 15 years, its progress has been more rapid than that of any other of the "small savings" agencies.

BORROWERS AND INVESTORS

UNFORTUNATELY, official summaries of the number of shareholders, depositors and borrowers were not compiled before 1928. The subsequent figures are set out in the table which follows:—

INVESTORS AND BORROWERS				
End of Calendar Year	No. of Societies on Register	No. of Share Investors	No. of Depositors	No. of Borrowers
1928	1,035	1,130,066	356,549	553,884
1929	1,026	1,265,329	393,829	628,933
1930	1,026	1,449,432	428,343	720,443
1931	1,013	1,577,905	465,173	802,534
1932	1,014	1,692,167	545,648	868,794
1933	1,013	1,747,980	631,371	948,523
1934	1,007	1,856,491	694,042	1,066,327

If all the share investors and depositors were separate

individuals, about 8 per cent. of the total present-day population of Great Britain, or 11½ per cent. of the adult population, could be regarded as "investors" (using the term in its broadest sense) in building societies. Actually, many depositors are also shareholders, and individual investors may have accounts in more than one society. Moreover, some societies, in their returns, give the number of accounts, which may involve some duplication of individual members. It is evident, however, that the building society movement to-day may rightly claim to have a *clientèle* comparable in numbers, as in social significance, with such agencies as the National Savings Movement and the Post Office and Trustee Savings Banks.

Further analysis suggests that, in fact, the movement is

itself best regarded, on the investment side, as being largely of the character of a "savings" organisation. The exact dimensions of the average building society shareholder's or depositor's balance is difficult to determine, for the official summaries include "other creditors" with total liabilities to depositors, and it is debatable whether "profit and reserve," which are shown separately in the returns, should not, for purposes of calculation, be regarded as the joint property of building society members. If (a) "other creditors," whose amounts are usually small in relation to the total building society figures, are lumped together with the total standing to the credit of depositors; and (b) profit and reserve are regarded as belonging to shareholders, an approximate idea of the size of average investment balances, and of changes in the average during recent years, may be obtained from the following table:—

End of Calendar Year	AVERAGE DEPOSITS AND SHAREHOLDINGS				
	Liabilities to Depositors and other Creditors (Mill. £'s)	Liabilities to Share-holders (Mill. £'s)	Profit and Reserve (Mill. £'s)	Average Depositor's Balance (£)	Average Shareholder's Balance (£)
1928	41.4	213.2	13.8	115.9	200.9
1929	46.8	250.2	15.7	118.8	210.2
1930	50.8	302.8	17.6	118.6	221.1
1931	57.3	341.8	20.1	123.3	229.3
1932	66.8	380.9	21.7	122.3	237.9
1933	81.5	395.5	24.1	129.2	240.0
1934	104.0	423.8	27.2	149.9	242.9

On the assumptions made in the table, the average shareholder's balance increased by £42 (20.9 per cent.) and the average depositor's balance by £34.0 (29.4 per cent.) during the period under review. It is noteworthy, however, that during the greater part of the period the average shareholding increased much faster than the average deposit. It is a fair inference that, during these years, investors were attracted by the relatively high rates of interest obtainable on building society shares. From approximately the end of 1932 onwards, however, many building societies, in a period of low general interest rates, have been limiting the amount of new shares which they were prepared to receive. The result has been the diversion of a considerable part of the stream of new investment into deposits rather than shares. Between the end of 1932 and of 1934, the "average" share investment increased by only £5.0, while the average deposit rose by £27.6. It follows that the average rate of interest paid by the societies, on the whole *corpus* of funds obtained from the public, has been reduced to a somewhat greater extent than the published revisions of interest rates would suggest; since deposits, in return for their priority of status, are paid on a lower interest scale than shares.

The number of building society borrowers has always been less than the number of investors. This is certainly true, even after allowing for all "overlapping" by way of duplication of individual deposit and share accounts and of individual accounts with different societies. As between individual borrowing accounts there is little overlapping. The same individual rarely runs separate borrowing accounts with the same society or borrows from more than one society. A significant number of borrowers, however, are also investors with their societies. Taking all the figures in the aggregate, however, the returns given in an earlier table show that the total number of borrowing accounts was 37.2 per cent. of the total of investment accounts (depositors and shareholders combined) in 1928 and 41.8 per cent. in 1934.

Similarly, the average individual amount borrowed has always been considerably larger than the average standing to the credit of the individual investor. The relationship between the two is indicated in the following table:—

(1) End of Year	MORTGAGE BALANCES			
	(2) Balance due on Mortgages (Million £'s)	(3) Average per Borrower (£)	(4) Average Investment (Shares and Deposits Combined) per Investor (£)	(5) Proportion of (4) to (3)
1928	227.5	410.7	180.5	43.9
1929	268.1	426.3	188.5	44.2
1930	316.3	439.3	197.7	45.0
1931	360.2	448.5	205.2	45.7
1932	388.4	446.9	209.7	46.9
1933	423.5	446.3	210.8	47.2
1934	475.7	446.2	217.6	48.8

We may next consider the changes wrought in the internal structure of the building society movement by its rapid development in recent years. How far, for example, have its greatly increased resources been obtained by drawing in new investors, and how far by an expansion in the amount standing to the credit of the individual investor? Conversely, how far has the movement extended the area covered by its operations as a lender, and how far has the size of individual mortgages tended to grow? First of all, we may examine its recent actual rate of expansion. As a basis of measurement, it will be convenient to take the results for the year 1929, the last year before the depression which profoundly affected so many branches of the national economic life. This datum year, incidentally, lies almost half-way through the decade 1925-34. If certain significant aggregates of the building society movement be expressed on the basis 1929 = 100, the following results emerge:—

	TEN YEARS' PROGRESS (1929 = 100 throughout)				
	Liabilities to Share-holders (including Profit and Reserve)	Liabilities to Depositors and other Creditors	Balance due on Mortgages	Other Assets	Total Assets
1925	51.4	69.1	54.4	52.3	54.1
1926	62.0	59.5	63.9	50.8	62.0
1927	71.3	69.5	73.8	57.4	71.3
1928	85.7	88.4	84.9	91.8	85.7
1929	100.0	100.0	100.0	100.0	100.0
1930	118.6	120.5	108.4	123.0	118.6
1931	133.9	136.0	122.5	132.3	133.9
1932	149.9	151.3	142.7	181.5	149.9
1933	160.1	157.7	158.0	173.9	160.1
1934	177.3	169.5	177.5	177.9	177.3

The figures confirm the view, expressed earlier, that the movement has maintained a steady relationship between mortgages and other (mainly "liquid") assets. The rate of growth of these items has not been identical from year to year, but, broadly, it is true to say that mortgage balances and other assets both approximately doubled between 1925 and 1929, and increased by a further 77 per cent. (of the 1929 figure) between 1929 and 1934. The table, further, confirms the view expressed above that, up to 1932, liabilities to shareholders tended to increase more rapidly than liabilities to depositors, but that since 1932 the tendency has been reversed. Altogether, since 1929, total liabilities to shareholders (including profit and reserve) have increased by nearly 70 per cent. and liabilities to depositors and other creditors by 122 per cent.

The figures are eloquent of the scale on which the movement's activities have grown in recent years. How far has this epoch-making development been *extensive* and how far *intensive*? The next table throws light on this question.

	NUMBER OF INVESTORS, ETC.; AVERAGE INVESTMENT AND AVERAGE MORTGAGE (1929 = 100)				
	No. of Share Investors	No. of Depositors	No. of Borrowers	Average Shareholding (including Profit and Reserve)	Average Deposit (including Mortgages)
1928	89.3	90.6	88.1	95.8	97.8
1929	100	100	100	100	100
1930	114.6	108.6	114.5	105.3	99.9
1931	124.8	118.0	127.6	109.1	103.8
1932	133.8	138.6	138.1	113.2	103.0
1933	138.2	160.2	150.8	114.2	108.8
1934	146.8	176.2	169.5	115.7	126.2

The table shows, first, that, up to 1931, the number of share investors tended to increase rather more rapidly than the number of depositors, but that subsequently the latter has shown much the more considerable rate of growth. Secondly, the increased funds at the movement's disposal have been obtained mainly by drawing in new "investors." The balances standing to the credit of individual investors have increased concurrently, but at a much lower rate. Thus, between 1929 and 1934, while the average shareholding (including profit and reserve) increased by 15.7 per cent., the number of share investors increased by 46.8 per cent.; and while the average deposit (including

amounts due to other creditors) rose by 26.2 per cent., the number of depositors increased by 76.2 per cent. Thirdly, on the "lending" side, the increased activity of the movement has been due almost entirely to the demand for the societies' services from an increased number of mortgagors.

SOCIETIES AND THEIR ASSETS

THE phenomenal growth of the building society movement since the war has been accompanied by the development of competitive business methods on "commercial" lines. Although the legal status of the movement has not changed, its traditions and organisation have moved perceptibly away from those of "friendly society" days. The pace is set in the movement, to-day, not by localised bodies formed for mutual self-help in a given direction, but by powerful units whose organisation is analogous to that of the commercial corporation. Their affairs are directed by whole-time officials, assisted by large staffs. Though their head offices, not infrequently, may be located outside the Metropolis, their branches and agencies cover urban and other areas in many different parts of the country. In short, the development of a system of "branch-banking" has been paralleled by that of "branch-building society" development. At the same time, many societies of moderate size continue to function, with credit and success, in many towns and the rural areas surrounding them; and a considerable number of societies with relatively small resources, and a sharply defined area of operations, attest the survival of the movement's original aims and organisation.

There is a certain element of change within the movement by way of the entry, each year, of new societies and the closing down of others. Broadly, however, the movement, at present, has both a low birth-rate and a low rate of mortality. During the year 1933, for example, only 21 societies were removed from the Register, out of a total of 1,014 in existence at the beginning of the year. Of these, five united with or transferred their managements to other societies. During the same year 15 societies were incorporated. Neither figure covers as much as 2 per cent. of the total number of societies in the movement. As all the "births and deaths" affected societies of relatively small size, the proportion of the movement's total resources affected by entrances and exits can be regarded as almost negligible.

Of far greater interest are changes within the framework of the existing societies. Building societies are divided into two classes: "permanent" and "terminating." The latter are now relatively unimportant in relation to the work of the whole movement. At the end of 1934 some 150 of these "terminating" societies, out of 1,007 building societies in Great Britain, had total assets of £1,919,196, representing no more than 0.3 per cent. of the £555,028,811 of the entire movement. An analysis of the 1933 figures shows that of the "permanent" societies, the largest—the Halifax Building Society—had total assets exceeding £92½ millions. The second largest—the Abbey Road Building Society—had assets of nearly £42 millions. The assets of 9 other societies exceeded £10 millions each. Those of 32 other societies ranged between £2 millions and £10 millions, while 22 other societies had assets of £1 million to £2 millions. These figures account for a total of £411,123,853 under the "larger" societies, leaving £89,945,741 to cover the "medium" and "small" societies. The latter group, it will be seen, still accounted for 93.6 per cent. of the whole, by number. The latest available data regarding assets are given in the table on page 14.

How are the assets of the movement divided between societies of varying size? To what extent have the relative proportions attributable to different groups changed in recent years? The following figures afford the material for an answer to these questions. They are based on the Registrar's figures for three different years—namely, 1924, when the increase in building society activity was beginning to gather headway; 1929, the last year before the recent econo-

mic depression; and 1933, the latest year for which, as yet, comprehensive and detailed records are available. We have added, however, a preliminary estimate of our own for 1934, based on the figures for 110 societies which form the subject of a special analysis in a later section of this survey.

Number of Societies whose individual assets are				
	1924	1929	1933	1934
£50 millions or over	1	1	1	1
£25 " to under £50 millions	1	4	9	7
£10 " " £25 " "	13	19	32	36
£2 " " £10 " "	16	21	22	23
£1 million " £2 " "	1,082	788	789	787
Under £1 million	1,082	788	789	787
Total permanent societies	†	833	854	857
" terminating societies	†	193	159	150
Total societies	1,112	1,026	1,013	1,007

† Terminating societies not separated.

Our figures for 1934 may be accepted as accurate, since the analysis on which they are based includes all the societies (70 in number) which had assets of £1,000,000 or more on December 31, 1934; while the figures for the whole movement (and, consequently, the residual totals for societies with assets of under £1,000,000), are based upon the preliminary official returns of the Registrar.

It will be seen that the growth of the movement, since 1924, has brought one society into the highest asset category (£50 millions or over) and three into the second group (£25 millions to under £50 millions). In 1924, no society had assets of as much as £25 millions, and only one society had assets exceeding £10 millions. The subsequent amalgamation of the two "Halifax" societies is reflected in the fact that the largest of present-day societies had total assets, at the end of last January, of £108 millions. In the main, however, it is to the growth of the movement itself that one must attribute the existence, at the end of 1934, of as many as eleven societies with individual assets exceeding £10 millions, and the increase in the number of societies with assets exceeding £1,000,000 from thirty in 1924 to seventy in 1934. It will be observed, moreover, that a large part of this development occurred during a period of national depression. Between 1929 and 1933, the societies with assets exceeding £1 million increased from 45 to 65.

The extent to which the large societies dominate the movement is strikingly revealed by the next table, which should be read in relation with the numerical table above:—

DISTRIBUTION OF ASSETS BY SIZE OF SOCIETIES (Million £'s)				
Total Assets held by Societies falling in groups named				
	1924	1929	1933	1934
£50 millions or over	...	59.4	92.6	102.8
£25 " to under £50 millions	...	...	41.9	98.0
£10 " " £25 " "	16.6	53.9	144.4	106.7
£2 " " £10 " "	50.3	91.7	102.9	120.7
£1 million " £2 " "	22.3	32.0	29.3	32.5
Under £1 million	31.7	73.5	88.0	92.4
Total permanent societies	†	310.5	499.1	553.1
" terminating societies	†	2.2	1.9	1.9
Total societies	120.9	312.7	501.0	555.0

† Terminating societies not separated.

Even in 1924, the societies with individual assets of less than a million pounds, and the terminating societies, together controlled only 26.2 per cent. of the movement's total assets. Ten years later, when the total assets had increased 4½ times, the "smaller" societies controlled no more than 16.6 per cent. of the total resources. If the distribution of the movement's assets among societies of different

sizes be shown on a percentage basis, the following results emerge:—

PERCENTAGE DISTRIBUTION OF ASSETS BY SIZE OF SOCIETIES				
Total Assets held by Societies falling in groups named	1924	1929	1933	1934
£50 millions or over.....	%	19.1	18.5	18.5
£25 " to under £50 millions	%	13.7	17.2	28.8
£10 " " £25 " "	%	41.6	29.3	20.5
£2 " " £10 " "	%	18.5	10.2	5.8
£1 million " £2 " "	%	26.2	23.5	17.6
Under £1 million				16.6
Total, permanent societies	†	99.3	99.6	99.7
" terminating societies	†	0.7	0.4	0.3
Total societies	100	100	100	100

† Terminating societies not separated.

In 1924, societies with £10 millions or more of individual assets held together some 13.7 per cent. of the total assets. By the end of 1934 the proportion held by societies in this category had increased to 55.4 per cent. The recruits to the ranks of the "very large" societies have come from the immediately preceding group, in our scale of magnitude. This group (£2 millions to under £10 millions) has obtained, in its turn, new recruits from the next lower group, but it is clear that these incomers "at the bottom" have been much smaller, on the average, than the societies which have passed out "at the top." This group held 13 societies in 1924, with average assets of £3.9 millions, but the average for the 36 societies which it embraced in 1934 was only £3.3 millions. If the "medium-sized" category be extended to include all societies with assets of £1 million to under £10 millions, its share in total assets in 1924 was 60.1 per cent. In other words, it was the predominant group, so far as asset ownership was concerned. In 1934, the proportion of total assets attributable to this "medium-sized" group had fallen to 27.7 per cent., i.e. to a little more than one-fourth of the whole.

How have these changes affected the size of the average society? The table opposite throws direct light on this question.

The smallness of the size of the *average* building society may come as a surprise to many readers. The average terminating society has no more than £10,000 of assets. The average permanent society, despite the existence of many

SIZE OF AVERAGE SOCIETY IN EACH GROUP
(Million £'s)

Total Assets held by "Average Society" in groups named	1924	1929	1933	1934
£50 millions or over	...	59.4	92.6	102.8
£25 " to under £50 millions	...	...	41.9	32.7
£10 " " £25 " "	16.6	13.5	16.0	15.2
£2 " " £10 " "	3.9	4.8	3.2	3.3
£1 million " £2 " "	1.4	1.5	1.3	1.4
Under £1 million	0.03	0.1	0.1	0.1
Average, permanent Societies ..	†	0.4	0.6	0.6
Average, terminating Societies ..	†	0.01	0.01	0.01
Average, All Societies	0.1	0.3	0.5	0.5

† Terminating Societies not separated.

societies with resources running into seven and eight—and of one society running into nine—figures, has assets of only a little over half a million pounds.

From the tables adduced in this section it is clear that the rapid progress of recent years has not merely increased the movement's resources, but has significantly changed its centre of gravity. All societies, with very few exceptions, have increased their size, but the larger societies have secured much the more important share of the new business. It is true that the smaller societies, and those in the "medium-sized" group, have not been squeezed out. Many of them, rather, have earned "promotion" to higher groups, and in individual instances their *rate of progress* may compare favourably even with that of the largest societies. The assets of the smallest societies, however, are, relatively, so small, and those of the largest societies so large, that even an equal *percentage* growth in the two cases must increase the *absolute* resources of the larger societies to a far more considerable extent than those of the former.

Two conclusions, therefore, emerge from the present chapter. The first is that the recent phenomenal expansion of the movement has sharply accentuated the anomalies inherent in its structure, and has widened the gulf separating the larger and the medium-sized societies from the smaller institutions. The second conclusion is that the influence and, consequently, the responsibility of the larger societies, as "keepers of the purse" and custodians of the movement's traditions, has very considerably increased.

GEOGRAPHICAL DEVELOPMENT

FROM what has been said in earlier sections of this Survey, it will be clear that the building society movement, as we know it to-day, has been evolved from a number of bodies who owed their formation, in the first place, to local initiative. The evolution of the nation-wide building society, with its wide ramification of branches, and centrally organised policy, was a comparatively late development. It has been suggested further, that even to-day the majority of existing building societies, by number, are still localised institutions. To that extent, the development of the organisation of joint stock banking has outstripped that of the building societies, for the small country bank has practically disappeared in Great Britain.

Some of the largest of the present day building societies had their birth outside London—just as the Midland Bank, for example, of the "Big Five" was originally a Birmingham institution. The joint stock banks of England and Wales, however, have for the most part (with certain important exceptions) established their headquarters in London, whereas the head offices of many of the largest building societies are still domiciled in the provinces. The largest building society of all bears the name of, and has its head offices in, a Yorkshire town. The prominent part which the West Riding, and the county of Lancaster, have played in the history of the movement, indeed, is attested by the names and location of many important societies to-day. Since the war, however, there has been a well marked tendency for the centre of gravity of building society operations—as of many other forms of economic activity—to move southwards. There have always been sound and enterprising building societies in and about the metropolis, but the rise of the London-domiciled societies

to their present position of undoubted importance is almost entirely a post-war development.

Inevitably, the official returns of the movement do not afford a complete picture of the geographical distribution of building society activity. Individual societies whose operations cover a wide area do not publish separate returns of their business in different regions. Consequently, the entire figures for a great society like the Halifax, which holds 18.5 per cent. of the total assets of the entire movement, are allocated in the returns to the "North of England" area; while, conversely, those of the Abbey Road Society, which has branches as far afield as Penzance and Aberdeen, are all credited to "London and the Home Counties." Nevertheless, in view of what is known of the broad trend of the movement's geographical development in recent years, it is possible to draw important conclusions from the data given in the returns. It is fairly safe to assume, throughout, that the post-war figures somewhat understate the relative proportions of actual business in the south. With this proviso in mind, we may consider the following figures:—

GEOGRAPHICAL DIVISION OF TOTAL ASSETS (1913 and 1925, permanent and terminating; 1929 and 1934, permanent societies only) (Million £'s)				
	1913	1925	1929	1934
North of England	29.0	92.1	155.8	255.9
Midlands	9.3	26.3	42.5	69.4
London and Home Counties ..	17.7	34.2	87.2	182.1
Southern and Western England	4.9	9.7	15.4	29.2
Rest of England and Wales ...	2.6	4.8	6.9	10.3
Scotland	1.9	2.1	2.8	6.2
Total—Great Britain	65.4†	169.2†	310.5	553.1

† Including terminating societies.



THE National Building Society, founded 87 years ago, one of the pioneers of the great Building Society Movement, has throughout its existence maintained a steady record of unbroken progress. It has contributed enduring benefits to the Nation by providing a simple and convenient way to house ownership and by offering a sound investment for capital. "The National" continues to go forward always with the same steady purpose—Security for Investors, Service for House Purchasers.

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GENERAL MANAGER: R. BRUCE WYCHERLEY, M.C., F.C.I.S.

The inclusion of terminating societies in the figures for 1913 and 1925 does not markedly affect conclusions drawn therefrom. As we have already shown, the total assets of all the terminating societies to-day are under £2 millions. Taking the figures as they stand, it will be seen that the rise of the "London and Home Counties" societies is one of the most striking features of the post-war history of the movement. It is a phenomenon, moreover, which has been largely confined to the last decade. Between 1913 and 1925, the net progress of the "London" societies, as measured by the increase in their total assets, was, in fact, *slower* than that of most other areas. The assets of the "London" societies at the end of 1925 were 1.9 times the 1913 figure for the same area. The corresponding figures for the "North of England" societies had increased 3.2 times, those of the "Midlands" societies 2.8 times, and those of all societies in Great Britain 2.6 times.

In the last ten years, however, the severity of depression in many northern industrial areas, the rapid development of housing estates in the more prosperous Greater London area, and the tendency of certain of the larger "London" societies to go well afield in extending their operations—all these conditions are reflected in a remarkable rise in the importance, both in finance and prestige, of the London-domiciled institutions. Actually, between the end of 1925 and of 1934, the total assets of the "London and Home Counties" societies increased 5.3 times, while those of societies domiciled in the North of England increased 2.8 times, and those of all societies in Great Britain 3.3 times. In fact, during the later years of the decade, the tendency of the "London" and the southern societies generally to outstrip those of the "North of England" was arrested, and even reversed, as we show in a subsequent section dealing with the geographical distribution of new advances (see page 11). The general results of the last decade, however, taken as a whole, have impressive significance, as a corollary of the much-discussed "southward trend" of British economic activity.

The following tables show (a) the percentage increase of building society assets in different areas since 1913; and (b) the proportionate share of each area in total assets. In both cases the figures cover the same years as in the preceding table:—

(A) PERCENTAGE INCREASE IN DIFFERENT AREAS
(1913 = 100)

	1913†	1925†	1929	1934
North of England	100	318	537	882
Midlands	100	283	457	746
London and Home Counties ..	100	193	493	1,029
Southern and Western England ..	100	198	314	596
Rest of England and Wales	100	185	265	396
Scotland	100	111	147	326
Total—Great Britain	100†	259†	475	846

† Includes terminating societies.

(B) PERCENTAGE DISTRIBUTION OF ASSETS, BY GEOGRAPHICAL AREAS IN EACH YEAR

	1913†	1925†	1929	1934
North of England	44.3	54.5	50.1	46.3
Midlands	14.2	15.6	13.7	12.5
London and Home Counties ..	27.1	20.2	28.1	32.9
Southern and Western England ..	7.5	5.7	5.0	5.3
Rest of England and Wales	4.0	2.8	2.2	1.9
Scotland	2.9	1.2	0.9	1.1
Total—Great Britain	100†	100†	100	100

† Includes terminating societies.

Broadly, while the total assets of the entire movement, at the end of 1934, were 8.5 times as large as in the last pre-war year, those of the "North of England" were 8.8 times and those of the "London" societies 10.3 times as large. Societies in other areas, taken as a whole, showed less than the average rate of growth. If the comparison be limited, however, to the period from 1925 to 1934, a somewhat different picture is presented. Let the figure 100

represent the assets of societies in each area at the end of 1925. Then the corresponding figures for 1934 are 327 for all societies in Great Britain, 532 for the "London and Home Counties" societies, 301 for the "Southern and Western England" societies, 278 for the "North of England" institutions, and 264 for societies domiciled in the "Midlands." The "London" societies, which in 1925 held only one-fifth of the total assets of the movement, held nearly one-third at the end of 1934. The percentage of the "North of England" societies, during the same period, declined from 54.5 to 46.3. Table (B) shows, somewhat strikingly, the unequal distribution of building society assets—or, perhaps more correctly, of head offices—over the length and breadth of the country. The next table, showing the number of societies registered in the different areas, confirms this impression:—

NUMBER OF SOCIETIES IN EACH AREA

	(Permanent societies)			
	1913*	1925*	1929	1934
North of England	469	329	284	283
Midlands	213	165	142	144
London and Home Counties ..	421	302	183	218
Southern and Western England ..	205	136	95	99
Rest of England and Wales	134	87	66	66
Scotland	110	82	50	47
Total—Great Britain	1,552	1,101	820	857

* Includes terminating societies.

The tables given throughout this section are, possibly, a better guide to the geographical origin of the more important societies than to their present territorial scope. It is not without significance, however, that societies whose head offices are in the industrial North, in the Midlands and around the Metropolis, hold between them more than nine-tenths of the present-day assets of the movement, while societies located in the rest of the country, and in Wales and in Scotland, together mustered, in 1934, only 8.3 per cent. of the total assets. In fact, the societies domiciled in the "active" areas are not only more numerous, but, on the average, more "wealthy" than those in the rest of the country:—

AVERAGE ASSETS PER SOCIETY, BY GEOGRAPHICAL AREAS

	(Permanent societies)			
	(£000)			
	1913*	1925*	1929	1934
North of England	61.8	279.9	548.6	904.2
Midlands	43.7	159.4	299.3	481.9
London and Home Counties ..	42.0	113.2	476.5	835.3
Southern and Western England ..	23.9	71.3	162.1	294.9
Rest of England and Wales	19.4	55.2	104.5	156.1
Scotland	17.3	25.6	56.0	132.0
Total—Great Britain	42.1	153.7	378.7	645.6

* Includes terminating societies.

The "average assets" figures are affected by the inclusion of the largest society in the "North of England" returns, and of the second largest society in the "London" totals. The variations in average size are, nevertheless, striking. It will be perceived, further, that the average assets of the "London" societies, which were well below the average for the whole of Great Britain ten years ago, now significantly exceed it. The "North of England" societies, however, have retained their historical pre-eminence, despite the challenge from the South.

Both areas appear to have secured their advance, in part, by extending their business into other areas, and all "geographical" conclusions must needs be qualified by the caveat regarding "overlapping" entered at the beginning of this section. So far, however, as the inspiration for a forward policy in management may be regarded as originating from the head office of a society concerned, the figures suggest that a significant part of the driving force behind the development of the last few years has come from the North of England and from the London area.

NEW MORTGAGES

ALTHOUGH figures of total assets and total outstanding mortgages are the most convenient indices for measuring the progress of the building society movement as a whole, over periods of years, they do not afford a satisfactory measuring-rod of the movement's aggregate contribution to activity in the building trade. They are *net* figures, arrived at after allowing for withdrawals, as well as for new investments in shares and deposits and after taking account of repayments on old mortgages, as well as of advances made on new mortgages. The part played by the building societies in financing house purchase can most readily be appreciated by consideration of the *gross* amounts advanced on mortgage each year.

The following table sets out the total sums thus advanced, in 1913, and in every year of the decade 1925-34:—

NEW MORTGAGE ADVANCES				
(1) Year	(2) Advanced on Mortgage each Year	(3) Same, 1929 = 100	(4) Increase in Balance due on Mortgages (end of each year as compared with end of preceding year)	(5) Column (4) as percentage of column (2)
1913	£ 9,131,017	12.2	£ 648,808	7.1
1925	49,822,473	66.7	26,112,193	52.4
1926	52,150,941	69.8	25,363,696	48.6
1927	55,886,803	74.7	26,527,335	47.5
1928	58,664,484	78.5	29,784,682	50.8
1929	74,718,748	100	40,608,624	54.4
1930	88,767,426	118.8	48,172,103	54.3
1931	90,253,133	120.8	43,863,300	48.7
1932	82,142,116	109.9	28,200,676	34.3
1933	103,195,663	138.1	35,134,492	34.1
1934	124,214,655	166.3	52,181,256	42.0

The figures deserve close inspection, since they reveal a number of features which have not yet received wide discussion. The annual rate of increase in new advances on mortgage is a remarkable testimony to the recent growth of the demand for facilities for house purchase and to the societies' ability to satisfy it. The amount advanced in 1929 was more than eight times as great as in 1913 and one and a half times as great as in 1925. Throughout the subsequent depression the annual figures continued to increase—the year 1932 alone excepted—and with the coming of industrial recovery in 1933-34 the pace was greatly expedited. The total of new advances made in 1934 was 13.6 times the figure of 1913, 2.5 times that of 1925 and 1.7 times that of 1929.

In the ten years 1925-34 the societies advanced, in all, the stupendous sum of £779,816,742 for the purchase of properties. The part they played in the house-building activity of the country can be fairly closely measured. Between 1919 and September 30, 1934, some 2,484,848 houses were built in England and Wales, of which some 776,174 were erected by local authorities. It has been estimated by Sir Harold Bellman that, of the remaining 1,708,674 houses, some 1,300,000 were erected or purchased with the help of building society finance.

What types of house were mainly financed by the societies? In the work cited at the beginning of this Survey, Sir Harold adopts the classification of the Marley Committee on the Rent Restriction Acts. The Ministry of Health's figures of post-war houses erected in England and Wales to September, 1932, showed that some 21.5 per cent., by number, were Class A houses (selling at over £1,300 in London and £1,000 elsewhere); some 42 per cent. were Class B houses (selling between £600 and £1,300 in London and between £400 and £1,000 elsewhere), and the remaining 35.8 per cent. were Class C houses (selling at £600 or under in London and £400 or under elsewhere). Sir Harold regards it as a very probable assumption that the building societies provided finance for the great majority of houses in Classes A and B, but only "a proportion" of those in Class C. Sir Harold and other authorities would probably agree that this proportion was not particularly considerable—in other words, that the societies' contribution to the finance of the smallest type of working-class dwelling has not, hitherto, been of major importance.

Building society activity, in fact, has been restricted, mainly, to owner-occupier properties, and has not, in the past, gone much beyond the fringe of the problem of providing dwellings for the numerically large "poorer" sections of the population. The growth in the volume of the

societies' advances may be attributed partly to the steady rise in the "real wages" of workers in employment during recent years, and partly to the *availability* of the movement's resources and the energy with which the societies have sought to extend their mortgage business. It is reasonable to assume that, in the absence of readily accessible building society resources in a period of "forward" policy in the movement itself, many of the Class A and B houses erected during the last decade would never have been built at all. The decline in interest rates, in a cheap money period since 1932, may have tended to intensify and possibly to prolong, this phase of expanding building activity and house ownership. But the main movement started much earlier, for our index number of new annual advances, shown in column (3) of the table above (1929 = 100) had increased from 66.7 in 1925 to 118.8 in 1930, *before the downward movement in interest rates was inaugurated.*

Building Society finance takes due account of the fact that, in any given year, while new advances are being made, part of the principal of old advances is being repaid. Its funds are, to a considerable extent, "revolving" funds, which can be re-applied, so to speak, over and over again. It will be seen, by comparing columns (2) and (4) of the table above, that the increase in the *total outstanding on mortgage* at the end of each year has consistently been much less than *total new advances made* during the year. Throughout their period of greatest expansion, the societies have, on the average, financed more than half their new business by the re-investment of capital sums repaid by borrowers (and, to a small extent, by minor receipts, such as interest on security holdings). To put the matter another way, they have been able to finance new house purchase to more than twice the amount of new shares and deposits obtained from the public. From 1926 to 1929, there was a tendency for the ratio between the increase in mortgage balances and the amount of new advances to rise. Subsequently, the ratio has fallen somewhat sharply, with a moderate rise in 1934.

Building society borrowers repay their advances by relatively constant instalments. In the later years of a mortgage, therefore, the amount attributable to repayment of principal tends steadily to rise, and the amount attributable to interest to fall. As the advances made in the earlier part of the period of greatly increased post-war activity are now attaining "seniority," whilst each year's repayments are based on a higher outstanding total principal than the last, it follows that aggregate annual repayments during the next few years will be on a sharply upward curve. Unless the demand for new advances continues indefinitely to maintain the dramatically rapid rate of expansion it has attained in the last few years—which is most improbable—and provided that there is no increased tendency to lengthen the average period of repayment, it follows that the movement will require annually a decreasing amount of *new* money from the public. The consequences of such a tendency may be far-reaching.

We may next inquire which areas have provided the larger part of the new mortgage business. No categorical reply can be given. The nearest approach to an answer is provided by the following table, which divides the new mortgage figures according to the location of the head offices of the societies which made the actual advances:—

AMOUNTS ADVANCED ON MORTGAGE
(By Societies located in Various Areas)
(000's omitted)

	North of England	Midlands	London and Home Counties	Southern and Western England	Rest of England and Wales	Scotland	Total
1925	£ 27,631	6,870	10,826	2,778	£ 1,410	309	49,822
1926	27,582	7,390	12,747	2,882	1,194	357	52,151
1927	27,488	7,590	16,230	2,897	1,298	384	55,887
1928	25,196	7,396	21,123	3,179	1,391	380	58,665
1929	30,267	8,775	29,819	3,725	1,601	531	74,719
1930	35,750	9,078	37,424	4,419	1,380	717	88,767
1931	37,384	9,469	35,893	5,103	1,469	936	90,253
1932	38,107	10,926	24,870	5,193	1,692	1,015	82,142
1933	50,133	11,873	31,585	5,845	2,014	1,423	103,196
1934	57,751	15,282	39,205	8,060	2,208	1,390	124,215

Note.—Divisional figures 1932 to 1934 relate to permanent societies only. The total for the three years includes amounts for terminating societies of £338,000, £318,000 and £319,000, respectively.

Two features of this table attract immediate attention—the large proportion of the total business done by societies with head offices in the North of England and the Midlands; and, in the last decade, the rapid rise in the figures for the societies located in London and the Home Counties generally. As the following table shows, the "North of England" societies still do nearly half the total "advance" business, and the "London" societies about one-third:—

PERCENTAGE AMOUNTS ADVANCED ON MORTGAGE
(Geographical Distribution)

	North of England	Midlands	London and Home Counties	Southern and Western England	Rest of England and Wales	Scotland	Total
1925	55.5	13.8	21.7	5.6	2.8	0.6	100
1926	52.9	14.2	24.5	5.5	2.2	0.7	100
1927	49.2	13.6	29.0	5.2	2.3	0.7	100
1928	43.0	12.6	36.0	5.4	2.4	0.6	100
1929	40.5	11.8	39.9	5.0	2.1	0.7	100
1930	40.2	10.2	42.2	5.0	1.6	0.8	100
1931	41.5	10.5	39.8	5.6	1.6	1.0	100
1932	46.4	13.3	30.3	6.3	2.1	1.2	100
1933	49.7	11.5	30.8	5.6	2.0	1.4	100
1934	46.5	12.3	31.6	6.5	1.8	1.1	100

Although the "North of England" societies increased their annual advances from £27.6 millions in 1925 to £57.8 millions in 1934, their percentage of the total advanced by societies declined during the same period from 55.5 to 46.5.

ANALYTICAL SURVEY OF NINETY-EIGHT SOCIETIES

So far we have reviewed the history and development of the movement, particularly in its post-war phase, on the basis of the comprehensive official figures compiled by the Registrar of Friendly Societies—supplemented, in some instances, by the results of our own investigations. We now propose to bring the results up to date from a special survey of building society trends, undertaken under our own auspices. For this purpose we have prepared a ten-year analysis of the figures of 110 societies which in 1934 had assets of over £500,000 each. We have been greatly assisted in our work by the ready co-operation of the societies concerned and by the Registrar of Friendly Societies and his staff, whose help we gratefully acknowledge.

The tables which follow on pages 14 and 15 present part of the information which we have compiled. In those tables will be found "key" figures, relating to total assets, shares, deposits and mortgages outstanding for significant years from 1925 to 1935, and particulars of new share subscriptions, deposits and mortgage advances during these years. Throughout the tables we have adopted the convention of entering figures relating to years up to March under the date of the preceding calendar year. The latest figures for certain societies whose reports had not been published by our closing date have necessarily been excluded from our final comparative tables. Since the information for previous years is given, however, readers may readily adjust our calculations in the light of subsequent information.

For further analysis of the figures it is necessary for comparative purposes to eliminate from our totals the information relating to those societies whose latest reports up to March 31st have yet to appear, and also to exclude in the summary tables a few societies whose records are not complete over the period, owing mainly to changes in constitution. After making these adjustments, we are able to present comparative results for 98 societies, whose total assets amounted in 1935 to £500.7 millions and in 1934 to £464.5 millions. Compared with the total assets of £555 millions of all societies included in the Registrar's latest report for 1934, our sample may thus be regarded as adequate and comprehensive, since it covers 84 per cent. of the total assets of the movement. Further, as many as 53 societies are included in this number whose assets exceed £1,000,000, out of a maximum total of 74 societies of this size. These societies, further, cover 1,510,500 shareholders, 574,250 depositors and 971,150 mortgage borrowers. Conclusions based on the sample are therefore likely to be strictly representative of the movement as a whole.

There have, however, been two clearly discernible phases in this movement. From 1925 to 1930 the tendency of the Northern societies to lose ground *relatively* (i.e. for their new business to increase less rapidly than that of the building society movement as a whole) was unchecked. During these same years, the percentage of the "London and Home Counties" societies rose from 21.7 to 42.2. In 1930 the "London" societies, for the first and only time on record, actually advanced more money for house purchase than the "Northern" societies. Subsequently, the trend has been reversed, possibly as a result of the tendency of the speculative "estate building" boom on the fringes of Greater London to overrun itself, and, possibly, to some extent, as a reflection of differences in lending policy on the part of different societies. In 1933, the "North of England" societies' percentage of new advances had risen again to 48.7, while the "London" percentage had fallen to 30.6. In 1934, there was a slight movement the other way once more. For the rest, the "Midland" societies have held their relative position fairly steadily throughout the years of expanding business, their proportion varying from one-eighth to one-tenth of the whole. Societies located in the remaining areas together are responsible for less than one-tenth of building society new business. Scotland's proportion has increased, but the importance of the building society movement north of the Border is still small.

Before proceeding to discuss in detail matters relating to the results obtained for these societies, it may be desirable first to present a summary of part of the results of our inquiry for the 98 societies for which consistent information is available. This table accordingly follows:—

PARTICULARS OF 98 BUILDING SOCIETIES
1925-1935
(Amounts in £'000)

	1925	1929	1932	1933	1934	1935
Total assets	135,304.9	255,604.3	394,869.4	418,560.6	464,513.6	500,678.7
Shares outstanding ...	100,243.0	210,425.2	325,745.0	343,616.1	357,568.0	372,855.4
Deposits outstanding ...	21,030.3	29,477.9	49,615.5	61,975.7	82,073.5	97,944.6
Due on mortgages ...	115,994.2	216,333.5	320,393.4	349,225.7	392,541.5	436,520.4
New shares subscribed	29,383.8	54,152.8	61,958.2	33,367.5	45,828.8	41,387.5
New deposits ...	10,638.1	12,421.4	23,278.9	28,251.4	38,926.2	40,166.8
New mortgage advances	41,526.0	62,823.0	66,117.3	83,539.9	102,944.7	106,243.9
No. of new mortgages	N.A.	15,866	127,362	155,613	178,112	188,625
Shares withdrawn ...	15,072.3	28,458.3	36,742.3	32,935.2	30,150.8	22,887.3
Deposits withdrawn ...	8,706.5	13,891.1	14,720.2	15,192.7	20,300.5	26,187.6
Mortgages repaid ...	24,858.5	39,723.0	61,310.9	73,390.9	78,392.5	83,635.7
Interest on shares	4,242.2	8,786.3	13,883.7	12,837.1	12,930.5	12,970.0
Interest on deposits ...	724.7	1,110.7	1,658.9	1,927.6	2,013.1	2,700.9
Interest on mortgages	5,857.4	11,491.7	18,184.3	18,732.2	20,326.1	21,666.7
Mortgages—						
Under £500—						
Amount (£'000)...	54,263.4	96,203.4	130,685.9	147,010.2	170,871.5	193,381.4
No.	172,055	358,482	471,639	519,309	691,725	655,026
£500-£1,000—						
Amount (£'000)...	35,600.1	78,018.6	137,407.3	150,097.3	168,209.0	180,559.9
No.	57,365	115,875	205,428	227,744	255,125	279,330
£1,000-£3,000—						
Amount (£'000)...	15,903.7	26,259.5	34,872.6	34,036.2	33,252.1	32,815.7
No.	10,927	19,170	25,700	23,964	23,438	23,054
£3,000-£5,000—						
Amount (£'000)...	3,806.4	4,943.8	5,888.5	6,191.9	7,237.0	8,121.8
No.	944	1,236	1,565	1,666	2,082	2,095
Over £5,000—						
Amount (£'000)...	6,322.7	8,248.0	10,141.7	10,740.0	12,227.7	16,305.3
No.	663	775	943	952	1,039	1,218
Properties 12 mos. in possession—						
Amount (£'000)...	32.8	54.3	234.5	275.8	286.2	298.6
No.	47	80	256	330	424	434
Properties 12 mos. in arrears—						
Amount (£'000)...	39.9	97.0	240.7	292.9	245.4	190.8
No.	79	159	320	382	356	290
Loans to municipalities	7,867.6	18,524.4	34,929.5	41,080.8	41,107.7	38,812.7
Other investments ...	7,374.2	11,072.7	18,990.0	14,442.7	11,814.7	12,040.0
Cash	2,766.2	7,330.7	16,011.9	10,110.9	14,268.5	9,763.5
Total P. & L. income.	6,575.7	13,618.1	21,114.9	21,705.6	23,149.1	24,075.1
Management expenses	714.1	1,306.7	1,411.3	1,909.9	2,238.3	2,457.1
Income tax	230.9	511.4	1,785.5	2,168.6	2,210.6	2,162.0
Balance of P. & L. ...	3,925.6	8,864.5	15,544.9	15,336.4	16,066.2	16,850.7
General reserve	4,480.7	9,697.2	13,284.7	15,217.1	17,354.9	19,741.9
Reserve No. 2	265.0	445.6	1,127.1	1,490.8	1,871.2	2,395.7

§ Excluding interest as far as possible.

From the information summarised above, it is possible to reach up-to-date conclusions on several important matters. The figures are sufficiently comprehensive to provide a

A WORLD'S RECORD

OVER TWENTY-ONE MILLION POUNDS ADVANCED DURING 1935

Mainly upon security of dwellinghouses acquired by borrowers for their own occupation. This large sum has established a new record; it being greater than the total amount advanced by the Society in any preceding year.

Extracts from the Statement of Accounts for the 83rd year, ended January 31st, 1936:—

TOTAL ASSETS - - - £108,087,466
INCREASED BY £5,289,853

MORTGAGE ASSETS - - - £85,942,328
INCREASED BY £7,843,242

RESERVE FUNDS - - - £4,417,943
INCREASED BY £564,433

OPEN ACCOUNTS - - - 659,509
INCREASED BY 37,186

MORTGAGE LOANS - - - £21,712,318
INCREASED BY £18,117

HALIFAX

THE WORLD'S LARGEST BUILDING SOCIETY

PRESIDENT & GENERAL MANAGER - Sir ENOCH HILL
HEAD OFFICES - HALIFAX

London District Office—HALIFAX HOUSE, 51-55, STRAND, W.C.2

OVER 370 BRANCHES

PROSPECTUS AND
BALANCE SHEET
WILL BE GLADLY
SENT POST FREE
ON APPLICATION

FIGURES FOR 110

SOCIETY	Date Established	TOTAL ASSETS						DUE TO SHAREHOLDERS, END YEAR					DUE TO DEPOSITORS, END YEAR					DUE ON	
		1925	1929	1932	1933	1934	1935	1925	1929	1933	1934	1935	1925	1929	1933	1934	1935	1925	1929
Halifax Permanent	1853	331,222.84	59,394.3	88,676.3	92,642.7	102,797.6	108,087.5	25,304.14	49,376.6	70,963.3	71,485.1	72,042.2	68,647.8	78,000.1	18,175.8	27,309.0	31,332.6	27,654.7	44,783.4
Abbey Road	1874	3,602.7	19,167.3	40,721.4	41,868.8	45,020.8	46,313.6	2,604.8	17,217.4	34,705.3	35,211.1	35,097.8	650.2	1,201.5	5,219.7	7,664.1	7,727.9	3,479.0	18,010.2
Woolwich Equitable	1847	3,597.6	11,403.1	22,910.4	23,714.2	27,094.6	30,112.5	2,379.1	9,437.9	18,059.5	20,003.8	21,630.5	718.9	1,194.0	4,589.3	5,868.4	7,061.7	3,388.4	10,897.8
Leeds Permanent	1848	6,443.9	12,012.8	19,126.7	21,672.5	25,890.4	29,820.1	4,828.3	7,999.5	15,605.9	16,233.6	20,347.2	937.0	3,284.6	4,969.2	4,967.9	6,902.4	5,999.7	10,626.3
National	1849	3,138.4	9,552.6	21,076.0	22,776.3	24,887.7	27,281.7	2,699.4	8,067.3	21,153.7	22,914.9	24,988.3	...	...	...	...	...	2,898.0	9,351.2
Co-operative	1884	2,705.7	9,644.7	16,317.3	17,337.3	19,289.4	20,623.7	2,090.3	7,878.8	14,398.0	15,805.0	16,610.5	490.1	1,037.2	2,356.0	2,808.4	3,212.3	2,535.3	8,537.0
Bradford Third	1854	8,077.0	11,348.4	13,076.8	13,503.5	14,087.1	14,191.6	5,884.8	9,202.0	11,022.4	11,339.0	11,259.1	1,943.1	1,779.2	1,912.2	2,068.8	2,120.1	2,224.2	6,841.2
Huddersfield	1884	5,741.3	9,815.9	11,847.7	12,072.1	12,952.8	13,247.4	4,765.2	8,139.1	9,833.3	9,592.4	9,277.9	733.5	1,309.5	1,659.1	2,699.9	3,228.7	5,279.7	8,400.7
Leicester Permanent	1853	4,495.8	7,756.5	10,887.4	11,201.8	12,121.8	12,959.5	4,284.4	7,338.1	9,226.8	9,451.3	9,758.0	5.0	21.3	1,468.4	2,070.1	2,467.7	3,353.5	6,439.5
Westbourne Park	1885	3,003.7	7,331.5	11,542.2	11,404.8	11,822.3	11,911.8	2,461.5	6,451.6	9,509.8	9,487.2	9,655.9	265.9	426.3	1,316.7	1,650.8	1,545.0	2,834.4	6,635.8
Burnley	1850	4,488.4	7,278.6	9,252.2	10,708.5	11,537.7	12,891.1	3,381.0	5,920.6	8,359.1	8,751.4	9,608.9	800.7	896.8	1,732.2	2,135.0	2,514.8	3,473.2	6,335.9
Bradford Second	1851	3,652.1	5,928.8	6,830.2	6,933.7	7,125.5	7,254.1	2,589.9	4,764.2	5,487.6	5,799.8	5,601.4	951.1	1,000.4	1,218.6	1,290.1	1,358.5	3,253.6	4,446.3
Leeds Provincial	1849	1,911.7	2,516.8	3,886.0	4,577.4	4,832.2	4,872.5	1,574.0	2,393.1	3,606.5	4,734.6	4,676.8	265.8	335.5	672.1	761.4	997.4	1,458.9	2,396.8
Cheltenham and G.	1850	2,386.1	3,780.7	5,274.2	5,428.4	5,714.9	6,002.7	1,723.1	2,714.8	3,743.4	3,654.0	3,666.1	484.0	677.4	1,114.6	1,454.0	1,627.5	2,232.6	3,397.5
Northampton T. & C.	1848	2,282.6	3,755.2	5,234.3	5,411.1	5,703.4	6,000.7	1,753.9	2,832.0	4,119.7	4,149.6	4,005.6	425.4	684.0	1,195.1	1,610.3	1,680.8	2,365.0	...
Bingley	1851	1,709.9	3,169.7	4,462.8	4,571.1	5,192.6	5,878.6	1,265.5	2,553.0	3,538.4	3,979.7	4,454.7	342.2	428.2	838.1	978.3	1,151.9	1,506.6	2,782.7
Temperance Perm.	1854	2,592.0	4,017.2	5,057.6	4,911.3	4,922.6	5,210.2	1,810.3	2,958.8	3,143.3	3,041.0	2,934.5	484.8	611.3	1,144.7	1,130.1	1,450.6	2,508.6	3,803.4
Birmingham Inc.	1931	62,338.7	64,515.8	64,515.8	4,487.7	4,526.5	4,526.5	4,526.5	4,526.5	4,526.5	4,526.5	4,526.5	...	...	...	...	...	...	...
Portman	1881	679.5	2,259.6	4,394.5	4,462.9	4,514.5	4,385.0	435.5	1,557.3	3,295.4	3,125.0	2,881.0	94.9	281.1	966.4	1,152.8	1,095.6	657.4	2,228.1
Leek and Moorlands	1856	1,936.8	2,759.8	3,779.0	3,850.3	4,361.9	4,801.9	1,779.9	2,551.0	3,557.8	3,935.8	4,157.6	30.3	17.4	17.8	130.9	329.1	1,705.2	2,420.8
Derbyshire	1859	1,224.3	2,031.2	3,107.3	3,339.4	3,738.4	4,018.2	1,182.3	1,944.3	2,967.3	3,150.7	3,144.2	...	...	...	...	...	...	...
Borough (Burnley)	1874	(c)	1,966.7	2,568.5	3,186.3	3,720.4	4,147.3	(c)	1,686.1	2,732.8	3,188.5	3,477.3	(c)	172.4	313.5	365.2	469.9	(c)	1,686.9
Newcastle Perm.	1861	1,689.5	2,160.9	2,979.4	3,193.3	3,396.6	3,483.5	1,555.6	1,983.4	2,992.9	3,187.0	3,261.6	...	...	...	...	...	...	...
Rock	1864	1,576.6	2,101.5	2,929.2	3,072.6	3,343.9	3,439.5	1,514.5	1,988.8	2,916.9	3,171.9	3,250.7	...	...	...	...	...	...	...
Keighley and Craven	1851	1,549.9	2,645.0	3,226.5	3,150.8	3,233.0	3,377.8	1,307.1	2,162.9	2,649.3	2,720.3	2,847.3	162.7	217.6	370.2	376.5	382.5	1,389.9	2,496.8
Coventry Perm. Econ.	1884	731.3	1,462.2	2,107.8	2,463.8	2,991.1	3,427.0	695.5	1,352.0	2,263.3	2,597.9	3,009.4	...	...	...	...	...	...	...
Liverpool Invest.	1877	495.3	1,762.0	2,358.1	2,358.1	2,866.2	3,285.7	211.4	579.4	1,803.4	2,135.4	2,319.6	172.4	229.9	464.2	651.3	821.1	1,091.6	1,913.9
Hastings Perm.	1849	884.2	1,482.5	2,318.1	2,493.6	2,864.7	3,456.4	542.2	924.4	1,636.0	1,929.0	2,359.1	268.6	397.6	555.2	588.4	759.9	860.5	1,221.9
Nottingham	1874	1,091.5	1,744.4	2,455.6	2,583.1	2,733.8	2,773.5	944.7	1,544.5	2,163.6	2,181.1	2,156.9	75.3	64.8	240.6	338.0	386.9	967.5	1,487.2
Eastern Counties	1855	1,095.5	1,954.9	2,525.6	2,598.2	2,718.8	2,746.3	1,041.3	1,863.9	2,466.5	2,578.1	2,592.2	...	...	...	...	...	...	...
Magnet	1868	676.4	1,505.3	2,370.6	2,554.0	2,686.8	2,849.4	503.5	1,213.4	2,128.1	2,204.0	2,360.9	92.2	159.5	248.4	294.4	298.3	652.5	1,440.1
Skipton	1853	646.6	1,186.2	1,800.7	2,096.9	2,641.9	3,275.2	508.0	990.7	1,621.5	2,020.0	2,399.2	62.5	99.1	378.0	522.9	698.5	635.9	1,134.0
Northern Counties	1850	1,407.4	1,741.4	2,213.8	2,340.9	2,635.3	2,918.4	1,259.9	1,559.5	2,127.7	2,418.9	2,694.6	74.9	48.1	54.0	52.5	30.3	2,288.7	1,639.5
Bristol and West	1850	559.6	967.7	1,897.6	2,124.1	2,619.4	2,931.9	268.0	479.2	1,280.0	1,695.4	1,912.7	205.2	375.2	699.4	755.2	801.8	525.7	955.0
Leeds and Holbeck	1875	1,076.8	1,967.0	2,042.9	2,171.9	2,583.4	3,030.9	848.4	1,212.5	1,493.2	1,772.5	2,033.3	17.6	21.7	54.1	64.6	82.6	95.7	1,415.5
Church of England	1882	514.0	1,356.1	2,348.4	2,374.1	2,496.7	2,673.5	293.8	980.5	1,707.4	1,642.0	1,555.5	63.4	127.3	508.2	634.5	811.7	957.4	1,291.4
Wakefield	1846	1,050.1	1,823.3	2,410.4	2,392.5	2,467.1	2,533.6	650.8	1,266.8	1,970.5	2,032.9	...	348.6	469.2	291.3	301.3	...	...	...
Barnsley	1853	1,323.1	1,863.7	2,350.4	2,416.5	2,467.7	2,533.6	947.9	1,419.4	1,715.2	1,672.8	1,644.2	277.3	286.8	478.7	550.3	623.9	1,043.8	1,405.6
Cumberland Co-op.	1850	1,394.0	1,909.3	2,358.3	2,374.4	2,452.1	...	1,043.0	1,524.8	1,855.0	1,896.3	...	265.4	259.6	352.2	376.2	...	...	...
Hearts of Oak	1871	1,186.1	1,907.1	2,516.7	2,478.7	2,434.1	...	904.6	1,494.2	1,950.8	1,894.7	...	200.4	264.4	296.7	297.3	...	...	...
Scottish Amicable	1892	202.6	409.2	1,374.5	1,882.1	2,428.6	3,063.7	78.6	252.4	1,482.0	1,879.4	2,296.0	91.5	118.0	326.0	452.4	647.7	1,072.2	402.0
Lambeth	1862	167.8	476.2	1,374.5	1,526.2	2,428.6	3,352.8	78.6	252.4	1,482.0	1,879.4	2,296.0	91.5	118.0	326.0	452.4	647.7	1,072.2	402.0
Leek United	1863	1,134.4	1,584.3	2,080.9	2,200.7	2,332.7	2,382.7	1,067.8	1,460.4	2,050.0	2,211.4	...	49.6	138.2	269.1	373.3	714.3	1,464.6	472.2
Principality	1860	1,200.7	1,650.9	2,112.0	2,212.5	2,301.3	2,402.1	894.4	1,326.9	1,689.3	1,680.8	1,682.1	141.1	177.7	350.0	434.2	532.0	1,071.1	1,537.1
West Bromwich	1849	497.1	919.4	1,510.0	1,753.6	2,128.2	...	233.3	368.0	1,218.0	1,620.1	...	247.8	358.5	452.0	461.9	...	...	...
Leicester Temp.	1875	688.9	1,344.9	1,967.2	2,038.2	2													

reliable indication of the trend of progress in each different department of building society administration. The growth of mortgages in relation to new share subscriptions and deposits can be examined, and from 1931 onwards it is possible closely to estimate the effects of depression upon the movement and the repercussions of changes in interest rates. For this constant number of societies it is possible to reach conclusions regarding variations in the average size of new mortgages, and also regarding the average rate at which mortgages are repaid. There is, further, much information on the important question as to how far the resources of the building societies are revolving funds, and the extent to which they have become self-financing through the re-investment of mortgage repayments. Similar problems arise on the investing side. What is the relation between shares and deposits? Have there been any significant changes in the relationship during recent years, due to changes in interest rates? From the computation of average rates on mortgages and investment balances it is possible to make tentative estimates of variations in the last decade of great importance in considering the problem of fixity of rates during periods of considerable changes in interest levels. These questions form the principal matters for discussion in the pages which follow.

GENERAL TRENDS, 1925-35

We may examine first the growth in total assets of these 98 societies in relation to their shares, deposits and mortgages outstanding at the end of each year. These movements are set out in the first four entries in the summary table. In the following composite table the yearly totals above are first shown on the basis 1925 = 100, and secondly the relationship of shares, deposits and mortgages to total assets is calculated:—

	1925 = 100				Relation to Total Assets		
	Total Assets	Shares	Deposits	Mortgages	Shares	Deposits	Mortgages
1925	100	100	100	100	(%)	(%)	(%)
1929	188	210	140	187	74.0	15.5	88.8
1932	292	325	236	276	82.3	11.5	84.6
1933	309	343	295	301	82.5	12.6	81.2
1934	344	357	390	338	82.1	14.8	83.4
1935	370	372	466	377	77.0	17.7	84.5
					74.5	19.5	81.2

Since 1925 the aggregate size of these 98 societies has increased almost three and three-quarter times. Their growth,

comparable with that of the movement as a whole, has been consistent, and indeed dramatic. Total assets had nearly doubled between 1925 and 1929. In the next three years they increased by more than the 1925 total. Between 1932 and 1935 they increased by two-thirds of the base figure. Only between 1932 and 1933 has there been any check to the rate of increase, when some of the larger societies temporarily pursued a very cautious policy on the investment and mortgage sides of the business, owing to the difficult financial conditions of the time.

Comparable movements are reflected in the share and deposits and mortgage figures. The rate of increase in the shareholders' balances has in fact exceeded that of total assets, but the measures which have been taken to limit new share receipts are responsible for a rise of only 47 points in the index figure since 1932. The rise in deposits, however, is spectacular. It should, of course, be remembered that deposits form a limited proportion of the movements' total resources. In 1932, as the second part of the table shows, they were equivalent to about one-eighth of the total, and in 1935 were still under one-fifth. Since 1932, however, depositors' total balances have nearly doubled, since societies have in many cases suspended the issue of fresh shares and deflected new investment business to deposits, at a lower rate of interest. This has particularly affected the Southern societies, who have been accustomed, until recent years, to do less deposit business than some larger societies centred in the North. The mortgage index figures, inevitably, keep fairly close pace with the growth in total assets, although it must be remembered that, since the dimensions of the movement are continually enlarging, this implies a larger absolute amount invested in current assets loaned to local authorities or maintained in cash.

These changes are broadly reflected in the second part of the composite table. The increase in shares outstanding has actually kept pace with the general increase in the resources of the societies examined, despite the fall during the past two years, which have seen an equally impressive rise in deposits. Over the period, however, the proportion of mortgages to total assets has remained remarkably constant. In normal years the proportion varies only slightly from 85 per cent. of the whole, and the apparent fall in 1932 may be attributed to the fact that, in a year when total resources had rapidly increased, the societies wisely restricted the customary re-lending proportion on the argument that part of the new funds were in all probability only temporarily deposited.

CHANGES IN INTEREST RATES

By common consent, changes in interest rates have presented the movement with one of its most difficult problems during recent years. The rapid fall in interest rates from 1931 onwards led directly to the "bad money" problem, since many investors faced with the conversion of War Loan placed large amounts with the building societies to earn over 4 per cent. tax free on shares and 3½ per cent. on deposits. The inevitable result was the restriction on the investment business imposed by most societies, whose extent has already been examined. Between the fall in interest rates and the reduced terms of mortgage borrowers there was a fairly long interval. Early last year adjustments became unavoidable, although unfortunately their announcement was precipitate and their terms not uniform.

It is, however, difficult to discuss interest margins in relation to one or even a dozen societies' published rates. We have, therefore, devised a method which, it is hoped, will give a more representative impression of the trend of rates for the investment and mortgage branches. For each of the years examined in this Survey we have taken the mean of the opening and closing totals for shares, deposits and mortgages, as being the most representative figure to which the totals of share, deposit and mortgage interest apply. The computed rates per cent. give as far as possible the average effective rates for each case. It should be noted that complete accuracy is not obtainable by this method—nor by any other—for interest on deposits some-

times includes items for loan interest, while in the case of shares, in earlier years, the rates include bonus payments. In the great majority of cases, however, these sums do not affect the figures significantly. The calculations are set out in the following table:—

	Average Outstanding (£'000s)			Interest Paid (£'000s)			Effective Rates (per cent.)		
	Shares	Deposits	Mortgages	Shares	Deposits	Mortgages	Shares	Deposits	Mortgages
1925	96,928.6	18,793.5	100,179.3	4,242.2	724.7	5,857.4	4.38	3.85	5.85
1929	194,645.7	28,344.0	199,144.8	8,786.3	1,110.7	11,491.7	4.51	3.92	5.78
1932	309,053.5	44,607.4	309,059.8	13,883.7	1,658.9	18,184.3	4.49	3.71	5.88
1933	334,680.5	55,795.6	334,809.5	12,837.1	1,927.6	18,732.2	3.84	3.46	5.60
1934	350,592.0	72,024.6	370,883.6	12,930.5	2,013.1	20,326.1	3.69	2.80	5.48
1935	365,211.7	90,009.0	414,530.9	12,970.0	2,670.9	21,556.7	3.55	2.97	5.20

The table clearly suggests that a steady trend of falling rates has been in progress during the last six years. Since 1929, in particular, the average rates on shares and deposits have fallen by nearly 1 per cent. The greater part of the fall dates from 1932 onwards, when the societies took special steps to stem the influx of funds. On the mortgage side, for reasons which are discussed later, the fall in effective rates has been more moderate, but it has been no less steady. From 1929 the rate has fallen from 5.78 per cent. to 5.20 per cent., and the latter rate is presumably higher

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Since its foundation in 1854, the Temperance Building Society has advanced over £25,000,000 for the purpose of helping many thousands of people to buy their own houses. It is one of the oldest and best-known Building Societies in the country, and has provided a constant example of sound business management and equitable dealing.

The Society recognises that security and stability are important to the borrower as well as to the investor and the fact

that in no circumstances does the Society increase the rate of interest as is provided for by many Building Societies when there is a rise in the Bank Rate has been a continual source of confidence and appreciation to the borrowing public. Although the choice of a property may vary according to individual needs, there can be no question that every purchaser wishes to borrow on the most advantageous terms, and in this connection it is suggested that application be made to the managers for particulars.

EDWARD R. MUSK
A. W. BETTS, F.C.I.S.
Joint Managers
and Secretaries

TEMPERANCE BUILDING SOCIETY

4, 6 & 8, LUDGATE HILL
LONDON, E.C.4
(Two doors from St.
Paul's Cathedral)
Phone:
City 2666 (3 lines)

THE BURNLEY BUILDING SOCIETY

ESTABLISHED 1850

HEAD OFFICE:

GRIMSHAW STREET, BURNLEY
GENERAL MANAGER—WALTER HARVEY

LONDON OFFICE:

106-7 HIGH HOLBORN
KINGSWAY, W.C.1

TELEPHONE: HOLBORN 9851, 2 and 3

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checking.

ASSETS £13,000,000—RESERVES £700,000

than the average now prevailing. While the societies' margin has tended to increase on a larger volume of business, it must be remembered that part of that increase has been wisely applied to strengthening reserves, and part has inevitably been absorbed in higher management charges. To-day, the house purchaser is accustomed to think in terms of mortgages at 5 per cent. or less. A decade ago, as the table suggests, the basic level was nearer 6 per cent. The reduction of the interest burden, and the consequently shorter effective life of the mortgage when it is arranged on "constant payment" terms, has undoubtedly been an important factor in the further vigorous increase in mortgage advances during the past year.

BUILDING SOCIETY POLICY

We may next turn to discuss the questions of policy which arise in a period of changing interest rates. The movement has in recent times attempted to restrict the influx of unwanted funds by curtailing facilities for investment. Strict limits have been imposed on new deposits, and in a number of societies the share investment branches have been temporarily closed. The movement, too, has reduced the rates offered on deposits and shares, down to a point at which the former in many cases carry only $2\frac{1}{2}$ per cent. and the latter 3 per cent. Even these rates, however, are not ungenerous when allowance is made for income tax, since they amount respectively to 3.225 and 3.87 per cent. on a "gross" basis at the standard rate. The movement's policy, during the phase of low interest rates, bears some points of resemblance to that of maintaining a currency at an artificial external value. In order to maintain the existing volume of shares and deposits, apparently, full flexibility of interest rates has not been adopted. Yet a rate which is just sufficient to maintain a given volume of resources over the long period may be more than generous to those who seek a short-term haven for their funds. To do justice to existing depositors, and to protect themselves from an embarrassing influx of funds, the societies imposed their system of quantitative limitation, and only during recent months has the throttle been opened slightly.

Is the policy wise as well as expedient? *Laissez-faire* arguments might suggest that, during a cheap money period, the societies should remain open to receive unlimited funds at sharply reduced rates of interest. This argument, however, hardly recognises two factors of paramount importance in the building society equation. The first is the necessity to maintain a given volume of resources in order to maintain a given volume of mortgages. The latter may be of fifteen or twenty years' duration, whereas shares and deposits, in most cases, may be withdrawn on short notice. No society therefore can afford to reduce its rates to a level at which the maintenance of this volume of funds is endangered. Nor does it welcome funds which seek a short-period home, whose re-investment in mortgage advances might leave the society "unliquid" before many months had passed. The custody and reinvestment of such funds in short-dated and low-yielding securities is a thankless and unremunerative task.

MORTGAGE TRENDS FOR NINETY-EIGHT SOCIETIES

THE analysis of the detailed mortgage business figures for 98 societies during the past decade reveals several important features. The following table summarises the relative movements of new mortgage advances and repayments, in comparison with the average volume of mortgages outstanding in each year:—

	Average Mortgages Outstanding	New Mortgage Advances	Repayment of Advances	Proportion New Ad- vances to Average Outstanding	Proportion Repayments to Average Outstanding	Proportion Repayments to New Advances
1925	£100,179.3	£1,526.0	£24,858.5	41.5	24.8	59.8
1929	199,144.8	62,823.0	39,723.0	31.6	19.9	63.3
1932	309,059.8	66,117.3	61,310.9	21.4	19.8	92.8
1933	334,809.5	83,539.9	73,390.9	25.0	21.9	87.8
1934	370,883.6	102,944.7	78,392.6	27.8	21.1	76.2
1935	414,530.9	106,243.9	83,635.7	25.6	20.2	78.7

The policy of paying a somewhat artificially high price for funds during a low-interest phase, coupled with restrictive devices, may not be scientifically satisfying, but as part of a long-term programme it may have some justification in expediency. Whether all societies have legislated with these considerations in mind may, perhaps, be doubted. The leading societies, however, appear to have resisted the temptation to indulge in over-expansion of mortgage advances by a hasty reduction in interest rates at the expense of the depositor. It must be remembered, further, that the movement has not experienced any wholesale desire on the part of shareholders and depositors to withdraw their balances. Precipitate reduction of rates allowed on these balances might have involved a rate of withdrawal greater than that at which new funds were offered. In any succeeding phase of rising interest rates, equally prompt reversal of this "open-door" policy would be necessary. New mortgage borrowers, whose original advances dated from the low-interest period, might feel some grievance if rates rose sufficiently far to compel revision. On the cyclical argument, therefore, there is something to be said for a policy of relative stability of rates, both for borrowing and lending.

If, however, this theory is invoked to meet the case of secular changes of rates it wholly fails to apply. No unit in the financial organisation, of course, is on sure ground in arguing the case regarding secular changes of interest rates. In this matter, it is a case of Mr Keynes *versus* the rest of the world. The ordinary building society, in its day-to-day business, can hardly be expected to cast its span so far. But it may nevertheless be forced, sooner or later, to acquiesce in any semi-permanent change, and last year's adjustments themselves may eventually prove to be part of this process. There is little doubt, however, that in a period of rapidly falling interest rates the building society movement tends to be "inelastic" in the sense that, other things being equal, the rates paid on shares and deposits and the rates charged for mortgage advances are both "high," having regard to the willingness of lenders to take and the eagerness of would-be borrowers to pay lower rates, at that time. Similar difficulties, however, are met whenever interest rates rise appreciably. Depositors and shareholders, who may immediately withdraw their funds in search of more remunerative openings, compel any society who must keep its resources intact to raise its interest payments forthwith. An immediate advance in mortgage rates is, therefore, inevitable.

The question finally resolves itself into a judicious compromise inherent in a business of the "borrowing short—lending long" kind. Our analysis, in fact, suggests that a gradual process of adjustment has been in train during the past decade, on which the more spectacular changes of recent years have been super-imposed. Finally, it may be pointed out that, unless the movement continues to maintain, indefinitely, its recent dramatically rapid rate of increase in new mortgage advances, it should require, in future, a decreasing amount of new money from shareholders and depositors, for reasons described on page 19.

It will be seen that new mortgage business has tended to become "stabilised" at about one-quarter of the ever-increasing average of mortgage loans outstanding. In earlier years, when new mortgage business was increasing at a higher annual rate than recently, the proportion was frequently much higher, but the recent stability of the proportion might have been expected from the relative constancy of the proportion of regularly growing total assets represented by mortgages. The figures reveal a "kink" for 1932, on which we have previously commented, when the proportion of new advances to the average amount outstanding fell as low as 21.4 per cent., but subsequent trend shows that this low level merely coincided with a temporary defensive policy which was not unwise in the circumstances.

The figures for repayments must be handled with caution. Expressed as a proportion of the average volume

of outstanding mortgages, they show only slight variation above and below 20 per cent. during the past six years. In the majority of cases, however, the amounts repaid also include interest, and it is impossible precisely to separate the two items as the accounts are at present drawn up. Again, sums are frequently included as amounts repaid which have been derived from sales of property in possession. Even if deduction be made for gross interest charged to borrowers during the year, the extent of such proceeds cannot be ascertained and allowed for. It is possible, however, to put forward figures, with some reserve, which at least separate the gross interest charged to mortgagors from their repayments. These can be obtained by deducting the effective mortgage interest charge per cent., as set out in the table on page 16, from the percentages shown under column 5 in the above table. For the respective years the computed rates of mortgage repayments, expressed as a percentage of the amount outstanding, are calculated as follows:—1925, 19.0; 1929, 14.2; 1932, 13.9; 1933, 16.3; 1934, 15.6; 1935, 15.0. The rate has thus remained reasonably close to 15 per cent. of the amount outstanding in each year. The average life of each mortgage advance can therefore be put, roughly, at six and two-third years. The whole life of the mortgage, therefore, would usually be of something over thirteen years' duration. It would not appear, from these estimates, that any fundamental changes of practice have been introduced during the last six years, although it is interesting to note that in 1925 the proportion of repayments seems to have been a good deal higher. It should be emphasised that calculations of average life of mortgages must be affected by any change in the average age composition of the total amount outstanding, since the older the mortgages on the average, the greater will be the proportion represented by a given volume of repayments. Where repayments, further, are calculated on the basis of constant regular repayments, of which a declining amount represents interest on a declining capital balance outstanding, this factor is even more pronounced. The calculation of average life may be affected by rapid growth of mortgage business and changing interest rates, but it is not unduly conjectural.

The last column of the table above throws light on a further problem. Granted the maintenance of a given volume of deposits and share balances, how far are the funds of the building societies to be regarded as revolving funds? This question can be put in the alternative form: What proportion does the volume of repayments on old mortgage business bear to the finance of new mortgage business? Here again the answer is complicated by interest included in the repayments. The final column in the table gives the percentages on a gross basis. The same calculations, after eliminating all mortgage interest from the figures, may be given as follows:—1925, 46.0; 1929, 44.9; 1932, 65.3; 1933, 65.4; 1934, 56.4; 1935, 58.4. The actual truth, therefore, lies somewhere between these limits. In a year of very rapid expansion, apparently, the movement can count on repayments of existing mortgages for well over half of its new mortgage advances. In more "normal" years—if we may so designate the mortgage position in 1932 and 1933—the minimum proportion approached two-thirds. The significant comparison, however, is with the figures for 1925 and 1929, when, in each case, the proportion was well under one-half. During the decade new business has expanded in remarkable fashion, but each successive year brings in a greater volume of repayments which can, other things being equal, be applied to new advances without calling upon new funds from the investment branches. The re-investment of mortgage repayments is becoming one of the chief functions of the movement. An examination of the trends of the past decade suggests that the societies may, in the future, have less inducement to expand in the investment branches, provided that they can maintain their investment balances broadly intact, and may have to concentrate more on the re-investment in each year of an increasing volume of repayments. If, for any reason, a slowing down of new mortgage business were gradually to set in for a period of several years, this problem of "giro finance" might be met fairly soon. The scale of new house construction may perhaps involve, in the not far distant future, important changes of internal policy.

DISTRIBUTION OF MORTGAGES

The social and economic significance of the building society movement during the past decade is fully displayed in the growth of mortgage and investment business, to which earlier reference has been made. An important subsidiary inquiry, however, also arises. How has the average mortgage varied in size, and what significant changes as between different groups have occurred? The basis for the answer to these questions is given in the following table, which has been based on the figures given in the main table on pages 14 and 15. The information relates to outstanding balances, and not to original loans:—

ANALYSIS OF MORTGAGE BALANCES, 98 SOCIETIES

	1925	1929	1932	1933	1934	1935
Under £500:						
Average per mortgage (£)...	316	268	277	283	289	295
Total as % all mortgages	46.8	44.5	40.8	42.1	43.5	44.3
£500-£1,000:						
Average per mortgage (£)...	621	673	669	659	652	646
Total as % all mortgages	30.7	36.1	42.9	43.0	42.3	41.4
£1,000-£3,000:						
Average per mortgage (£)...	1,459	1,368	1,357	1,420	1,415	1,423
Total as % all mortgages	13.7	12.2	10.9	9.7	8.5	7.5
£3,000-£5,000:						
Average per mortgage (£)...	3,820	3,844	3,763	3,717	3,476	3,876
Total as % all mortgages	3.1	2.3	1.8	1.8	1.3	1.9
Over £5,000:						
Average per mortgage (£)...	9,537	10,643	10,755	11,281	11,769	13,065
Total as % all mortgages	5.5	3.8	3.2	3.1	3.1	3.7

This analysis covers all mortgages of the group of societies, with the exception of "scheduled mortgages" where the society has been over twelve months in possession or where repayments are more than twelve months in arrears and also, in certain cases, mortgages from non-members. It will be found that in each year there is a small difference between the total as shown by the analysis and the aggregate figures for mortgages shown in the main table arising from these differences. Obvious social importance attaches, first, to the major proportion of outstanding mortgages, which have an average value below £1,000. In 1925 these represented $77\frac{1}{2}$ per cent. of the total; last year the proportion had increased to over $85\frac{1}{2}$ per cent. Yet the two classes, up to and exceeding £500, show striking differences of trend during the decade. The former still rank in proportion to the whole value of outstanding mortgages below the level of 1925, but it must at once be pointed out that the average value of each balance has fallen in greater degree. In terms of absolute numbers, the number of mortgages under £500 for these 98 societies has increased during the past decade from 172,055 to 655,026, and the total of the balances from £544 millions to over £193½ millions. The preponderant part of building society mortgage business, both in extent and value, is now transacted in this class, although the total in the next class—£500 to £1,000—runs very close. Since 1929 the value of mortgages under £500 has tended steadily to increase, from £268 in that year to £295 in 1935. This trend may be associated with the general increase in purchasing power since recovery set in, and also with improvements in house construction, which have coincided with reductions in costs. It is, apparently, not uncommon for a house purchaser to be willing to increase his total commitments by, say, 10 per cent. in order to obtain a type of house which, a few years earlier, might have been outside his means. It may also be considered to reflect, in some measure, the operation of the "pool" system for mortgage advances, whereby the purchaser, being relieved from providing part of the usual immediate cash deposit, may therefore be encouraged to buy a somewhat larger house than would otherwise be the case.

The average mortgage in the £500-£1,000 group has fallen steadily since 1929. Some part of this movement, however, may be explained by the gradual repayment of advances made some years ago which may have been near, or over, the £1,000 limit. By numbers and value, however, the mortgages in this group have shown a greater rate of expansion than in any group, during the decade, having increased by 387 per cent. from 57,365 to 279,330, and by 407 per cent. from £35.6 millions to £180.6 millions, running neck and neck with the total for mortgages up to £500. The gradual reduction in the average value of balances in this class from £673 in 1929 to £646 in 1935 may account, to a substantial extent, for this rate of progress.

In the remaining three classes, over £1,000, the past decade has witnessed an almost uninterrupted decline in importance. In 1925, these groups accounted for as much as 22.3 per cent. of the whole mortgage business. By last year, the percentage had dropped to as little as 13.1. Mortgages between £1,000 and £3,000 have, in fact, little more than doubled since 1925, although there is evidence of further growth in the two higher classes during 1935. Mortgages over £5,000, in particular, increased from nearly £12½ millions at the end of 1934 to over £16½ millions at the end of 1935, and the average value of each mortgage in this class has for some years been tending to increase. Sir Enoch Hill's recent address to members of the Halifax Building Society disclosed that a number of advances had been made in respect of residential flat property, during the past year, on a careful basis. Such advances may tend to affect the figures to a larger extent if the flat-dwelling movement increases in large cities.

The necessity for a stringent basis of valuation in the case of business exceeding £5,000 is recognised in statutory form of building society accounts. All mortgages where the present debt exceeds that sum must be separately listed in Part 1 of the mortgage schedule. The 98 societies whose accounts for 1935 are available have 1,248 mortgages over £5,000, whose present debt now totals £16,305,300. Their original value amounted to £28,936,300, and the amounts

originally advanced totalled £20,034,400. A first mortgage for about 69 per cent. of the original valuation shows that a greater safety factor is demanded than that which applies to smaller mortgage business. It is to be expected that any increase in large mortgages which might, for example, follow quieter conditions in the owner-occupier house mortgage business will be subjected to equally stringent safeguards.

In essence, however, the building society movement limits its interests very closely to the owner-occupier, and has recently done 85 per cent. of its mortgage business with the man who can afford a house up to £1,000. A recent extension of possible mortgage business, under the 1933 Housing Act was originally intended to encourage the societies to advance, on 4 and 4½ per cent. mortgage, up to 90 per cent. of the value of Class "C" houses built to rent, the balance over 70 per cent. being jointly underwritten by the Government, the local authority and the building society concerned. The plan has not, so far, been very fruitful. Many spokesmen for the movement have expressed their anxiety to encourage this form of business, and to co-operate with local authorities and with builders who may have plans for the erection of such houses. They point out, however, that the finance of such business would leave little margin above average interest costs, although societies with a considerable volume of deposits at lower rates might well be in a better position to finance it.

TRENDS IN INVESTMENT BUSINESS

A TABLE on page 16 based on the returns of the 98 societies which form the subject of the present detailed analysis, shows that, on the basis 1925 = 100, their share balances grew from 210 in 1929 to 372 at the end of 1935, while the corresponding figures for deposits were 140 and 466. Deposits, which amounted to slightly over one-fifth of the share balances of these societies in 1925 had increased to over one-quarter of a substantially higher share total last year. Since 1932 the share balances of these societies have increased by £50 millions; the increase in deposits, at one-half per cent. lower interest in most cases, has been only £2,000,000 less. During the period of falling interest rates few factors have been of greater significance than this growth in deposits.

The table which follows confirms this movement, for during last year nearly as much was subscribed in deposits as in shares for the societies concerned, whereas up to 1932 the proportion was not greatly in excess of one-third, even in the most comparable years. In the table, the amounts subscribed in shares and deposits and repaid from members' balances are expressed as a proportion of the average outstanding in the respective years:—

	Subscribed during Year		Proportion of Average Outstanding		Repaid during Year		Proportion of Average Outstanding	
	Shares	Deposits	Shares	Deposits	Shares	Deposits	Shares	Deposits
	£'000	£'000	%	%	£'000	£'000	%	%
1925	29,383.8	10,638.1	30.3	56.6	15,072.3	8,706.5	15.6	46.3
1929	54,152.8	12,421.4	27.8	43.9	28,458.3	13,891.1	14.6	49.0
1932	61,958.2	23,278.9	20.0	52.1	36,742.3	14,720.2	11.9	33.0
1933	33,387.5	28,251.4	10.0	50.7	32,935.2	15,192.7	9.8	27.2
1934	45,628.8	38,928.2	13.1	54.1	30,150.8	20,300.5	8.6	28.2
1935	41,337.6	40,169.8	11.3	44.6	22,887.3	26,187.6	6.3	29.1

The percentage figures give a useful impression of the extent to which the building society movement provides a cloak-room for members, and how far it is used as a savings bank. The growth of the movement has clearly slowed down the average velocity of circulation of its total resources. In 1925, some 15 per cent. of the average volume of shares outstanding was received net, after repayments had been off-set against new receipts for shares. Apart from the exceptional circumstances of 1933, when the two amounts nearly balanced each other, the proportion of the net retained share subscriptions steadily declined until last year it was no more than 5 per cent. In a normal year, in fact, it is not unusual to find that about one-half of the

total of new share subscriptions is off-set by shares withdrawn.

In the deposit branch, where the totals involved are considerably smaller, the proportionate turnover of funds has always considerably exceeded that in the share branch. In recent years, however, withdrawals of deposits have tended to rise in proportion to the whole. There has been plenty of scope for the net growth in the volume of deposits, but although new deposits have increased from £28½ millions in 1933 to £40.2 millions in 1935, the balance retained has increased only by £1,000,000 in the latter year. Since, on the latest figures, new subscriptions are very close in each branch and withdrawals are heavier in the deposit branch, it would appear that the more rapid turnover in the deposit branch reflects, not merely the smaller volume of funds kept on deposit, but also the terms governing them, as regards interest and withdrawal. The deposit branch, to which new investment business has been deflected in recent years, must now take care of "cloak-room" deposits—a somewhat distinct change, it would seem, from its original status. In the share branches, on the other hand, restrictions have been only slightly lifted, and holders would therefore be anxious to preserve their balances, at not unattractive rates under present conditions, while they could employ alternative funds for current investment or expenditure.

On the whole, the experience of the past decade suggests that the members of these societies make a fairly constant annual call upon them for the repayment of shares and deposits amounting, very broadly, to about £50 millions. It is of interest to note, therefore, that the societies as a whole maintain adequate reserves for the prompt settlement of these demands—apart from new subscriptions—in the form of short loans to local authorities, cash and other investments. The totals for these items are set out in the table on page 12. In recent years they have tended to amount to between £60 and £70 millions in total. For the movement as a whole, relying on the regular liquidation of outstanding mortgages, this volume of quick assets in relation to total assets is not unreasonable, although there are certain societies whose position could be strengthened in this respect. The movement, however, has steadily increased its reserves, which amounted in 1925 to nearly £4½ millions for the 98 societies analysed, and had grown to £19½ millions last year. There has also been a considerable growth in Reserve No. 2, which has been adopted by a number of societies to form a special provision against losses arising from the disposal of properties on

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which borrowers have defaulted. The total at the end of 1935 was £2.4 millions, which appears ample in relation to less than £500,000 of mortgages which are in possession or in arrears of more than one year. It should be noted, however, that most societies take prompt steps to keep properties out of the schedule "twelve months in possession." These are more frequently cleared either by outright

sale, or by transfer to a receiver. The end-year figures, therefore, may in some cases underestimate the extent of properties which come into this category during any given year. For many societies the balance carried forward on profit and loss provides an effective reserve account. The total of such balances for the 98 societies has grown from £698,800 in 1925 to £4,159,500 last year.

HOUSE PURCHASE FINANCE AND THE "POOL" SYSTEM

As the building society movement has expanded enormously during the post-war period it was hardly to be expected that its pre-war technique would be entirely adequate to the changed conditions. It is a very different matter to advance £8-£9 millions per annum—the immediate pre-war figures—and upwards of £100 millions per annum—the figure for the past few years; and it is in fact on the mortgage side of the societies' operations that the most noteworthy changes have occurred.

Before the war the average society advanced, say, 75-80 per cent. of the valuation of a given property. If approved collateral security could be provided—the title deeds of another property, trustee securities, etc.—the proportion of the advance could be increased, but the average borrower was content with the 75-80 per cent. proportion and provided the balance from his own cash resources. There were, of course, some variations of this arrangement, but in the main it represented the traditional practice.

In the first phase of the post-war expansion it remained, on the whole, the principal method of making advances. As time passed, however, an arrangement developed which, while ensuring a due margin of security to the societies, enabled a wider public to take advantage of the societies' mortgage service without providing a personal stake of 20-25 per cent. of the valuation of the property. The tendency for builders to develop large estates and the pressure of public demand for the houses gradually resulted in the "pool" system.

This system, however, represents a refinement in degree rather than a fundamental change in the character of building society mortgage technique. It is still true that very few societies are in any way concerned in the provision of building finance. The builder carries out the initial stages of development—the purchase of land, the erection of the first houses, etc.—either from his own cash resources, with the assistance of a bank loan or with an advance from a specialist building finance company. In other words, the building society is not usually involved financially in the initial stages of a building scheme, and no call is made upon its mortgage service until houses are actually erected and a purchaser has been obtained. This procedure, of course, applies to houses built for sale, which constitute the bulk of building society business.

When specimen houses have been erected, the builder may approach a building society. He will provide full particulars of his scheme and as a first step the estate will be inspected by the society's surveyors. They will report on the estate, indicating the valuation which they place on the houses and calling attention to every relevant factor. With this report before them, the society's board will then advise the builder what advance could be made, and under what conditions, to any approved purchaser. The society's relations are still essentially with the individual purchaser, but the board, realising that the builder desires to assist his prospective purchaser as much as possible, indicates in detail the lines on which the builder can co-operate with the society in rendering the purchaser this assistance. This is the essence of the "pool" system.

Primarily the builder desires to sell his houses on terms which enable the purchaser to obtain possession without depositing the customary 20-25 per cent. margin; in other words, the purchaser requires an advance in excess of the normal. If the builder had approached, for instance, one of the larger Metropolitan societies an arrangement would probably have been suggested on the following lines. The society, in the first place, would regard 80 per cent. of the purchase price or its valuation (whichever were lower) as its normal advance under the scheme, and on the

first few houses the builder would be required to deposit with the society cash equivalent to the amount by which the advance exceeded this 80 per cent., subject to the purchaser providing an agreed minimum personal stake. On further houses, the society, having regard to the extent of the business, would probably agree to accept, in the aggregate, cash to the extent of only a proportion of the individual advances in excess of its normal. At the same time, however, it would require guarantees for the full excess in each case, with recourse to the total amount deposited, i.e. the "pool," in the event of default. An actual example may clarify the working of this arrangement. Assuming a house valued and selling at £650, the society would normally advance 80 per cent. of this figure, or £520. But after allowing for the agreed minimum personal stake the builder may desire the purchaser to receive the maximum advance, which in this case is £600. Thus, assuming a maximum advance, the builder would be required to deposit cash for the difference between £520 and £600, or £80 in respect of, say, the first three houses in his programme. The next few advances may be made without the deposit of cash, but the builder would be required to give a guarantee covering the whole amount—in this instance £80—of the excess advance in each individual case. A cash deposit would be required covering all further excess advances, the amount to be deposited probably being equivalent to one-third the amount of the excess advance, and would only be less where the size of the pool and other circumstances were held to justify the concession. In no circumstances would the cash deposit be less than one-quarter of the amount of the excess advance. The minimum personal stakes, it is understood, vary according to the purchase price of the house, and range from 5 to 10 per cent.

The circumstances relating to the cash deposit and the builder's guarantee require a further word of explanation. In every case the builder enters into a personal agreement guaranteeing the whole amount advanced in excess of the normal and giving the society a lien on his cash deposit (which constitutes the "pool") until the loan on a given property has been reduced to a sum not exceeding two-thirds of the valuation, the society meanwhile paying interest on the builder's deposit account. Under this arrangement the builder may be called upon, if the borrower defaults, to repurchase the property from the society. On any loan being reduced to not more than two-thirds of the original valuation the deposit lodged in respect of that advance may be withdrawn, provided the society is satisfied that the circumstances generally justify the release.

The society makes full inquiry into the credit standing of the builder concerned, and the estate is carefully watched to see whether, and if so why, undue default is taking place. The builder's general financial position is also followed closely. Every individual house is surveyed when the prospective purchaser makes an application for an advance; every individual application is considered on its merits, and the society has the protection of the borrower's personal covenant. On any large estate a society often limits its commitments and the business is shared by several societies.

The foregoing procedure, it was indicated, was more or less typical of the mortgage service offered by a large Metropolitan society. It does not follow that an identical service is offered by every society in the country. Indeed, in the working of the "pool" system there is considerable variation between society and society, and some smaller provincial societies do not undertake this business. The

larger Metropolitan societies, however, have for several years worked in close co-operation in offering standardised minimum terms (within certain broad limits) relating to mortgage business involving the pool system. At various times efforts have been made to extend the scope of this co-operation, but hitherto a conspicuous measure of success has not rewarded these efforts. To some extent, however, the existence of these standardised terms has undoubtedly exercised a steadying influence, and they have no doubt tended to restrain the granting of extreme concessions. At the time these terms were originally agreed the builder was, as a result of the competition between societies, beginning to assume a disproportionate influence upon the terms of business. The object of the agreements was to reverse this order and "to secure"—to quote the words of one intimately concerned in their negotiation—"that the limits of prudent lending were not exceeded." The agreements, it would seem, broadly relate to the amount of the normal advance, minimum personal stakes, the basis on which cash is to be deposited in respect of excess advances to form a pool, rates of interest, maximum period of repayment, etc. The terms of this co-operation have apparently been varied from time to time as conditions have required, but their general character and main purpose have remained unchanged. During recent months a renewed attempt has been made to extend the range of

co-operation, but at the moment there is no official indication of the probable outcome of these discussions, though it would appear that there is a prospect of definite progress during the present year. Apparently this more general co-operation would substantially take the form of that already in force between the larger Metropolitan societies, with variations on points of detail.

There is no official information regarding the extent to which business is transacted on the pool system for the movement in the aggregate, and while it appears very considerable, it by no means accounts for all building society business. There are other methods by which, for instance, advances in excess of the normal may be obtained, as by way of an insurance company's guarantee policy or a guarantee by a local authority under one of the Housing Acts. Some indication of the relative significance of pool business to certain individual societies, however, may be obtained from their balance sheets. Thus the recent accounts of one progressive Metropolitan society shows liabilities to "Guarantors, as per Account 3 (Collateral Security from Builders, etc., for Mortgages)" at £902,362. Possibly this collateral security might cover excess advances originally amounting to round about £2 to £3 millions. The various societies, however, would no doubt show marked variations in comparison with this example.

THE NATIONAL ASSOCIATION OF BUILDING SOCIETIES

The National Association of Building Societies has a long record of active service to the movement. It was constituted on its present basis in 1869. Its objects include the watching of Parliamentary proceedings referring to Building Societies, and other matters affecting the interests of members and the furthering of the "interests, privileges and advantages of such Societies, and to take legal action to render legal aid where the general interests of the Societies

are involved." Membership consists of permanent building societies subscribing to its funds on a scale based on their total assets. Its Council has 24 elected members (of which Sir Harold Bellman is chairman) and a co-opted member, Mr G. E. Franey, the editor of the *Building Societies' Gazette*. The Council elects a number of smaller committees, dealing with executive matters, finance, income-tax, housing, public relations, and the Building Societies'

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Enquiry Bureau. A number of District Associations which are affiliated with the National Association have been established for many years in the Provinces.

The National Association has a membership of rather over one-third of all the societies in the country (369 societies at the end of 1934, compared with 638 non-member societies), but it is overwhelmingly representative of the movement, since its members administered, at the end of 1934, as much as 95 per cent. of its total assets. On all matters, therefore, the Association is fully qualified to speak authoritatively. In negotiating income-tax arrangements with the Inland Revenue authorities, for example, the Association's authority is invaluable; for the agreements regarding compounded rates are beneficial alike to the movement and to the Inland Revenue authorities. The arrangement reached last year—which, incidentally, provides for an adjustment of the compounded rates on any change in the standard rates of tax—is a prominent example of wise compromise, for the societies have always been anxious to retain the principle of tax free payments of interest, and have been prepared to make some sacrifice to that end.

In other matters also the Association has an active record. During 1935, for example, the movement made representations in connection with the Housing Bill, regarding the operation of the Small Dwellings Acquisition Acts. The Status Enquiry Bureau, again, has increased the safeguards against light-hearted borrowers, who in the past have endeavoured to proceed from one society to another, leaving a trail of default behind them. Credit protection arrangements are of greater importance in a movement which measures transactions in hundreds and not tens of pounds. The Bureau's dossier, which produced over 15,000 "registered warnings" by last spring, has been further expanded, and has helped towards eliminating a risk which comes from the heedlessness of a small minority, and involves the Societies and their regular members in inconvenience and loss.

On matters of internal policy, however, it has often proved more difficult to obtain agreement. The competition experienced in recent years between local societies and the larger units in the movement has been accompanied by the emergence of certain differences of view. To outside observers, it has long seemed that, in important matters of policy, some measure of general agreement should be possible in order that the movement might pursue a concerted policy. Unfortunately, it has proved difficult to achieve a working code of co-operative conduct. A major misunderstanding between some societies last year severely threatened the preparations which had been carefully made for a common "code" for the movement and involved a laborious rebuilding of the whole fabric. It was originally contemplated that the conditions governing new investment

and mortgage business would be defined from time to time. One outstanding point of difficulty arose regarding the control of mortgage business, and the fact that negotiation over three years had been required to evolve the framework of the "code" suggests that the varied interests of individual societies, operating under differing local conditions, involved corresponding difficulties in obtaining a reasonable degree of uniformity. It may be assumed that the question of rates, *inter alia*, still awaited final solution at the beginning of last year. The serious misunderstanding, however, developed during March last year, when the independent action of certain societies in reducing mortgage rates was regarded by other societies as conflicting with the provisional undertakings—implied or expressed—regarding the draft "code" of rules. This untoward occurrence, which was happily cleared up by frank explanations from both sides of the table, inevitably shook the confidence of the movement in the prospects of co-operation, and involved a delay of about a year in the further consideration of the draft. As amended, however, the rules were lately submitted for the vote of the affiliated societies, and their replies indicating a substantial majority in favour of their adoption were recently considered at a meeting of the Council of the Association.

This recital of recent events suggests one thing clearly. Owing to the relatively late emergence of large scale units in the movement, and the continued operations of a substantial section of the movement largely on a parochial basis, there still exist considerable differences of policy and methods of operation between individual societies. Again, a large degree of rugged provincialism still persists in the movement, for many societies remain conscious that local administration has brought prosperity and made a substantial contribution to local well-being. Such an attitude is not lightly to be criticised, for it lies at the root of the original conception of the building society—an institution for voluntary thrift of a distinctly localised character, whose administration was as keenly conscious of citizenship and social virtues as of the strictly impersonal canons of business procedure. The movement, however, has tended progressively in recent years to outgrow this limiting conception of its operations. The larger societies have, as we have shown, spread the scope of their operations through branches up and down the country. The effects of the movement as a whole on economic conditions and in particular on the general level of building activity are undisputed. The movement, in short, is national in scope and economic importance, but its individual units remain, as yet, only loosely federalised in the central Association, and are apt to be jealous of any suspected encroachment of their autonomy, or of any interference with methods of business which, in their particular localities, may have stood the test of decades.

INTERNATIONAL ASPECTS OF THE MOVEMENT

THE fifth international Congress of building societies, which was held in Austria last September, brought impressive evidence of the growth of the movement in the

Dominions, America and Europe. The common origin of the movement abroad may be found in the first societies formed over 150 years ago in this country, but progress has

been by no means uniform in all countries. The American movement, for example, took root just over a century ago. On the Continent progress was at first slow, but the rate of expansion in the post-war period has been remarkably fast, although in some cases methods of mortgage financing have been more adventurous than those of the English movement.

The extent of the movement abroad may be estimated from reports submitted to the International Congress, and summarised in the *Building Societies Gazette* of October, 1935. In Austria, at the end of 1934, some 16 societies were in operation, having total assets valued at Sch. 61.4 millions, of which mortgage assets represented Sch. 54.4 millions. The total loans granted by the Austrian societies during the decade from 1925 to 1934 amounted to Sch. 107.6 millions. In Germany the total at the end of 1934 was provisionally estimated at Rm. 415 millions, of which 345 millions were advanced on mortgages and loans. The total resources of the Swiss societies amount to around Frs. 38.8 millions, of which mortgage assets are valued at 30.9 millions. These figures, although evidencing considerable growth, do not match the figures for the United States, where the total assets at the end of 1934 were estimated to amount to \$6,468 millions, having been as high as \$8,829 millions in 1930. During 1933 the United States movement felt the worst impact of the depression, both in the sharp fall in new mortgage business and the extent of failures in the movement. The extent of the latter, however, does not appear to have exceeded one-tenth of the total involved in bank failures, even in the worst year of the depression. One of the first recovery measures introduced by the Roosevelt Administration was to encourage the circulation of idle deposits by house mortgage business under a system of regular repayments. This suggests that the importance of house finance as a recovery measure was appreciated at an early stage. Whether, in fact, the Administration fully considered the suitability of the purely banking institutions for transacting this type of business need scarcely be examined, in view of the prevailing emergency situation. Supervision, however, was increased at the same time, and the Federal Home Loan Bank system, which was inaugurated towards the end of 1932, introduced the principle of detailed supervision of the movement in the United States by the Federal authorities, which in the view of

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qualified judges undoubtedly strengthened the movement, and provided safeguards against over-rapid expansion.

THE BUILDING SOCIETY OUTLOOK

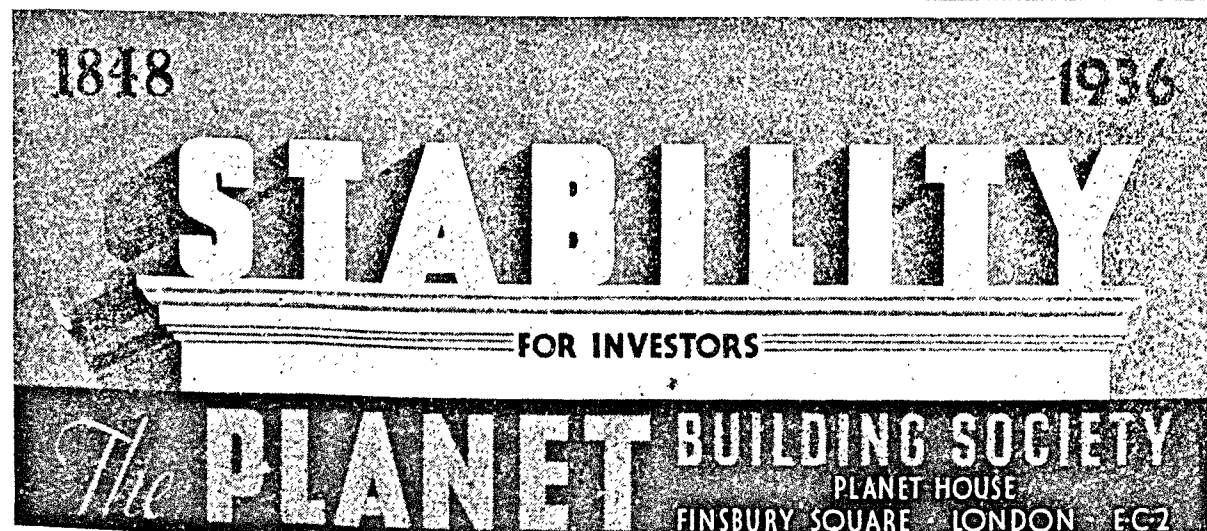
FROM the facts and figures we have discussed in the course of this Survey, one fact stands out with crystal clarity. The rise of the building societies has been one of the major social and economic developments of the post-war epoch. Since the war the British societies have increased their resources by nearly ten times the amount accumulated during the preceding century. To appraise the movement by traditional quasi-friendly society canons, applicable before the War, would to-day be inappropriate. The building societies of 1936 are not merely enlarged editions of the societies of 1906, or even of 1926. We must judge the movement by the greatness of its resources, the breadth of its scope, and the gravity of its responsibilities at the present moment. It does not follow that organisation and technique which have done yeoman service for a hundred years are necessarily the best obtainable to-day. The movement has greater sums of money in its care than any single one of the great national "thrift" organisations. Its total assets are equivalent to approximately 25 per cent. of the entire assets of the clearing banks.

The movement has shown conspicuous energy and enterprise in developing its unique opportunities since the War. Its recent history resembles that of a mine which, after a century's modest exploitation of a steady ore-bearing reef, has suddenly struck a new vein of unexampled richness. The Great War left the nation's housing sadly in arrears. Its social consequences put a premium on owner-occupancy in the middle and the upper wage-earning classes, at a time when imponderable economic changes had produced a wider "spread" of the national income and the closing of many pre-war investment channels had concentrated the stream of

new domestic "capital" predominantly on the home market. The building society movement rose to its opportunity. It says much for the system built up by the Acts of 1874 and 1894, that its foundations were sufficiently strong to carry the weight of the new edifice, whose proportions could never have been foreseen by the pioneers of the movement.

Scientific observers will congratulate the movement on its record of solid achievement. They will ask, however, whether the very magnitude of its progress has not brought, inevitably, new problems in its train. In earlier post-war years, for example, the stimulus to building society expansion came undeniably from the public's demand for new houses. Is it possible that, at present, the demand for certain types of property is being stimulated by the activities of the societies themselves? Is the movement being carried forward, to any extent, by its own impetus? These are far-reaching questions, of whose importance, we are assured, the leading personalities of the movement are fully seized.

In the nineteen-twenties, the societies whose development was most rapid obtained extensive new resources from the public. Their ability to obtain them was due to enlightened and progressive modern "publicity," and partly to the security, accessibility and ready-withdrawal facilities they were in a position to offer—combined with an average rate of interest appreciably higher than that of other "thrift" agencies. The Great Depression did not check the movement's progress. On the one hand, its reduced price and cost of living levels were accompanied by a less



than proportionate decline in wage rates, which left employed workers with higher "real wages." On the other hand, it witnessed a decline in general interest rates, with a superfluity of floating resources, which made investment in building societies doubly attractive.

Step by step, the societies reduced their rates, to safeguard themselves against the danger of being made a cloak-room for "bad money." But their policy in this respect was bound to be affected, to some extent, by a natural reluctance to make any sudden and spectacular reduction in rates charged to new mortgage borrowers. In the first place, they had very large amounts of outstanding mortgages effected at higher interest rates. In the second place, many responsible authorities were distrustful of the permanency of the low interest "cycle." The structure of building society interest rates, consequently, despite successive reductions, has never been brought down to the level at which new shares and deposits, without restriction, would just meet the new demand for mortgages. Instead, individual societies have imposed quantitative limitations on the amounts of new money which they were prepared to receive from individual shareholders and depositors. In fact, the movement, taken as a whole, has offered a reduced but still attractive "price" for new resources, but has limited the amounts it has been prepared to "buy."

It is not our present purpose to discuss the case for and against such a policy. The building society case, in this regard, has already been outlined in this Survey. Many "price control" schemes, accompanied by "restriction" are in operation to-day in the commodity markets and elsewhere; and it may be argued, with some force, that stability is an asset worth taking pains to ensure, particularly for the building societies which, like the banks, depend so intimately upon the maintenance of their credit with the general public. But the ultimate success of restriction schemes hinges, proverbially, on the ability of those concerned to make restriction's writ effective throughout their entire body. The existence of even a minority who do not abide by the rules may have a disproportionately damaging effect.

It is chiefly for this reason that the movement's well-wishers are anxious that its methods should be based on a common policy, and that its internal structure should have maximum strength and cohesion. Although less than a hundred societies hold between them five-sixths of the movement's total assets, there are approximately 900 more of relatively small average size. Such diversity of structure does not necessarily make for unity of policy. In the banking world, the disappearance of the small country bank, and the growth of the nation-wide branch banking institution, has facilitated the adoption of a common code of banking canons, which have proved their soundness in a period of stress and strain. The value of a similar code for the building society movement would be unquestionable. But the obstacles encountered by the enlightened efforts of influential members of the National Association to that end, recently, suggest that its attainment will not be altogether easy. There is room within the movement's orbit for the smaller society, with its local traditions, though the trend of future economic policy may well favour the larger undertaking, with its extensive reserves, trained personnel and ability to transfer resources from areas of abundance to areas of active demand. It would appear an imperative condition of co-existence between the two groups, however, that agreed criteria of sound policy should be common to both. This is the first corollary of the movement's present public importance.

Unity of purpose is the more desirable because the movement, on the admission of its own far-sighted leaders, may be on the eve of great and far-reaching changes. Is the present "housing boom"—in which the building of Class A and Class B properties has played so significant a part—destined to slacken, say, in 1937 or later? Even the most optimistic commentators agree that it cannot possibly maintain its contemporary pace indefinitely. Should the movement be considering, even now, how best it may prepare itself for new conditions?

If so, a clear understanding of the maximum proportion of total assets which should be held in the form of mortgages, and of the percentage of liquid "reserves," is an obvious desideratum. At present, these percentages vary, between different societies, within wide limits. Another matter for consideration is whether individual societies should endeavour to maintain, or to increase, their new mortgage business by expedients which enable the speculative "estate developer" to dispose of houses to purchasers whose initial stake may be small, and whose resources may afford doubtful security for a long-term contract. There are obvious objections to devices which may leave individual societies apparently well covered, while holders of second and other mortgages, or those which have put up collateral security, carry the immediate risk. It is not in the interests of the movement, or of the community, that an insubstantial class of client should be attracted to house purchase at a time like the present.

Conversely, it is most certainly in the movement's interest to discourage the entry of new societies which owe their origin less to their desire to serve potential house-purchasers than to their anxiety to share in the financial fruits of a "boom." Since there is no limit to the rate of interest which can be secured on bad mortgages, the rates offered to lenders by such organisations may be dangerously attractive to the uninitiated. Recollection of the unmerited damage and difficulty inflicted on the movement by the "Liberator" and "Birkbeck" failures is still sufficiently pertinent to put all reputable societies, large and small, on their guard against such intruders. We have reason for our belief that this matter is under close and continuous review in high quarters.

There are many other questions which will doubtless engage the movement's attention in years to come. Should some part of building societies' capital, in the future, be made non-returnable, like that of industrial and commercial undertakings registered under the Companies Act? The effective resources of some of the largest building societies rival in magnitude the issued capital of such great industrial concerns as Imperial Chemical Industries or Courtaulds. It may be argued that the analogy is a little misleading, and that a truer comparison would lie with the banks, the greater part of whose working resources is provided, not by their "issued capital" but by the "deposits" of their customers. It may be further contended that the business of the building societies, like that of the banks, is "self-liquidating." But, in fact, the banks very largely avoid "long" lending. The life of an average bank transaction is very much shorter than that of a building society mortgage.

Finally, the movement is aware that, with the increasingly wide satisfaction of the type of demand for which it has catered so usefully and successfully in the last ten or fifteen years, new avenues of "service" may need to be explored. Should the movement endeavour to extend its facilities, on a considerable scale, to such fields as the financing of the building of large residential flats, or of the smaller types of non-owner-occupied dwellings, or of commercial and industrial premises? Has the movement a conspicuous part to play in the great national task of slum clearance, and the provision of ample accommodation, under healthful conditions, for large numbers of the population's poorer members? These questions involve the public interest, as well as the movement itself.

Not the least of the movement's achievements has been its ability to produce men of intellectual stature proportionate to its own growth. It will be for them to take the lead in forming opinion inside the movement on this all-important matter. Should building society objectives be broadened in the near future? And if the answer is affirmative, what are the best means of devising a prudent, balanced and practicable technique for the movement's activities in fields in which, as yet, it has had little opportunity to acquire extensive first-hand experience? That is a question which may well engage the movement's attention in years to come.

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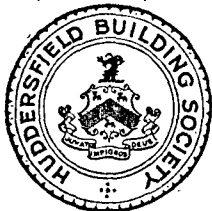
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SATURDAY, APRIL 18, 1936

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THE NATIONAL ACCOUNTS 1935-36

The financial year 1935-36 closed with a surplus of national revenue over expenditure (excluding sinking fund allocations from the latter) of £15,407,224. In the Budget of 1935 no special provision was made for redemption of debt and powers were taken to borrow for the statutory sinking funds. But the Chancellor put the cost of interest and management of the National Debt at a figure (£224 millions) which in the previous year had left £12,433,000 over for redemption of debt. The interest charge on the debt did not, and was certainly not expected to, rise by this amount, so that there was a surplus during the year on the fixed debt charge of £12,466,223. This was applied to Sinking Fund. Counting this as expenditure, the surplus on the year's working was therefore £2,941,000. The corresponding figure in 1934-35 was £7,561,879.

It must be remembered that this surplus was achieved at the expense of a "raid" on the free balance of the Road Fund, which realised £4.5 millions. But in view of the fact that the supply services have cost £13,600,000 more than was anticipated in the Budget, the achievement of even such a surplus is a remarkable tribute to the elasticity of the revenue and to the cautious budgeting of the Chancellor. The following table compares the receipts for the year with the Budget Estimates and with the figures for the preceding year:—

REVENUE, 1935-36 (000's omitted)			
	Actual Receipts	Larger (+) or Smaller (—) than Budget Estimate	1934-35 Receipts
Income Tax	238,074	+ 5,574	+ 9,197
Surtax	51,020	— 480	— 145
Estate, etc., Duties	87,920	+ 7,920	+ 6,564
Stamps	25,800	+ 800	+ 1,690
Other Inland Revenue	2,085	— 415	— 985
Total Inland Revenue	404,899	+ 13,399	+ 16,321
Customs	196,612	+ 8,072	+ 11,546
Excise	106,700	+ 350	+ 2,100
Total Customs and Excise	303,342	+ 8,422	+ 13,646
Motor Vehicle Duties (Exchequer share)	4,977	— 23	— 123
Total Tax Revenue	713,218	+ 21,798	+ 29,844
Post Office (net receipt)	11,670	— 180	— 580
Crown Lands	1,360	+ 30	+ 40
Sundry Loans	4,934	+ 1,034	+ 562
Miscellaneous Receipts	21,738	— 4,232	+ 6,613
Total Non-Tax Revenue	39,702	— 3,348	+ 6,635
Total Ordinary Revenue	752,920	+ 18,450	+ 36,479

Total tax revenue was £21,798,000 in excess of the Budget Estimate and £29,844,000 more than the previous year's yield, in spite of tax remissions which were expected to cost (in 1935-36) some £6,650,000. Income tax, Customs and Stamps all show an expansion which is a direct reflection of increased industrial, commercial and financial activity. The record yield of death duties, though partly due

to the continued high level of security prices, is also partly accounted for by the accidents of mortality. Surtax, on the other hand, shows a fall of £145,000 compared with last year, which is surprising as it is based on incomes of the first year of real recovery—1933-34. In non-tax revenue there has been an unexplained excess of over £1 million from Sundry Loans, but a shortfall of £4,232,000 from Miscellaneous Receipts.

Similar details for the expenditure side of the account and for the self-balancing items are given in the next table:—

EXPENDITURE, 1935-36 (000's omitted)				
	Actual Issues	Budget Estimates 1935-36	Final Estimates 1935-36	Actual Issues 1934-35
Interest and Management of National Debt	211,534	— 12,466	— 12,466	— 123
Payments to N. Ireland	7,205	+ 455	+ 455	+ 387
Other Consolidated Fund	5,648	+ 1,948	+ 1,948	+ 2,038
Post Office Fund	1,127	— 3	— 3	— 1,164
Total Consolidated Fund	225,513	— 10,067	— 10,067	+ 1,137
Army, Navy and Air Votes	136,949	+ 12,699	— 447	+ 23,079
Civil and Revenue Votes (exc. Post Office)	375,051	+ 4,911	— 7,822	+ 16,761
Total Supply Services	512,000	+ 13,600*	— 8,269	+ 39,840
Total Ordinary Expenditure	737,513	+ 3,533	— 18,336	+ 40,977
New Sinking Fund	12,466	+ 12,466	+ 12,466	+ 123
Total Expenditure	749,979	+ 15,999	— 5,870	+ 41,100

* An extra £4 millions was included for the restoration of cuts.

SELF-BALANCING REVENUE AND EXPENDITURE, 1935-36 (000's omitted)				
	Actual Revenue or Expenditure	Budget Estimates 1935-36	Final Estimates 1935-36	Actual Figures 1934-35
Post Office	66,080	+ 2,010	+ 140	+ 4,330
Road Fund	25,775	— 455	— 455	— 663
Total	91,855	+ 1,555	— 315	+ 3,667

Owing to the continued low level of money rates, to a small reduction in the average level of the floating debt throughout the year and to repayments of Treasury bonds last summer, the cost of the National Debt has fallen slightly below even the low level of last year. Details of changes in its composition are given in a later section of this Supplement. Expenditure on the Supply Services was £13,600,000 more than the Budget estimates, although £8,000,000 had been provided for the restoration of cuts and for other foreseeable liabilities. Of the Supplementary Estimates of £29,879,000 passed during the year, approximately £4,000,000 were for the restoration of cuts, £6,917,000 for Special Measures arising out of the Italo-Abyssinian dispute, £5,413,000 for the extension of the defence forces and £6,135,000 for grants to local authorities

in respect of Public Assistance payments. The defence forces have used almost the whole of their allowances, but in the civil departments as a whole there has been a saving of nearly £8,000,000 compared with final estimates for the year. Additional expenditure by the Post Office has been necessitated by the policy of expansion of this service inaugurated in 1934.

The payments made on sinking fund account are analysed in greater detail in the section of this Supplement dealing with the National Debt.

The final table shows the aggregate receipts and outgoings during the last seven years and in 1913-14. These figures include the self-balancing items:—

REVENUE

BEFORE proceeding to examine the salient features of the trend of revenue under its various heads, we show below a comparison of realised receipts during the past four years with those of 1929-30 and 1913-14:—

REVENUE (£ millions)						
	1913-14	1929-30	1932-33	1933-34	1934-35	1935-36
Customs.....	35.5	119.9	167.2	179.2	185.1	196.6
Excise.....	39.5	127.5	120.9	107.0	104.6	106.7
Total.....	75.0	247.4	288.1	286.2	289.7	303.3
Income Tax.....	43.9	237.4	251.5	228.9	228.9	238.1
Surtax.....	3.3	56.6	60.7	52.6	51.2	51.0
Estate, etc., Duties.....	27.4	79.8	77.1	85.3	81.4	87.9
Stamps.....	10.0	25.7	19.2	22.7	24.1	25.8
E.P.D.	...	2.3	2.2	1.8	2.3	1.3
Corporation Profits Tax.....	...	0.9	0.8	0.8	0.8	0.8
Land Tax, etc.	3.4	...	...	...	...	...
Total Inland Revenue.....	88.0	402.7	411.5	392.1	388.6	404.9
Motor Vehicle Duties.....	...	4.9	5.0	5.2	5.1	5.0
Tax Revenue.....	163.0	655.1	704.6	683.5	683.4	713.2
Crown Lands.....	0.5	1.3	1.2	1.2	1.3	1.4
Sundry Loans.....	1.6	32.6	5.1	4.7	4.4	4.9
Miscellaneous.....	2.3	36.4	22.9	22.1	15.1	21.7
Post Office, Net.....	6.2	9.0	10.9	13.1	12.3	11.7
Non-Tax Revenue.....	10.6	79.3	40.1	41.1	33.1	39.7
Total Ordinary Revenue.....	173.6	734.4	744.8	724.6	716.5	752.9
Self-balancing Revenue:						
Post Office.....	24.6	58.9	59.3	59.3	61.8	66.1
Road Fund.....	...	21.9	22.9	25.5	26.4	25.8
Total Revenue.....	198.2	815.2	827.0	809.4	804.7	844.8

The amount collected in Inland Revenue is now slightly more than in 1929. The yield of Income Tax and Stamp duties are about the same, and a steady increase in the yield of Death Duties since 1931 has more than counteracted the equally steady decline in Surtax receipts.

Revenue from indirect taxes has, on the other hand, risen by some £55 millions since before the depression, largely due to the imposition of a protective tariff in 1932. Excise receipts showed a sharp drop between 1932 and 1933 owing to the reduction of the beer duty, but have recovered slightly this year. Customs duties have expanded rapidly and continuously, and this increase is largely responsible for the changes shown in the following table in the proportions of revenue derived from direct and indirect taxes respectively:—

DIRECT AND INDIRECT TAXES			
	Direct	Indirect	
	£ million	% of Total	% of Total
1913-14.....	78.0	47.8	52.2
1929-30.....	376.9	58.0	42.0
1931-32.....	432.4	61.3	38.7
1932-33.....	392.3	56.1	43.9
1933-34.....	369.4	54.3	45.7
1934-35.....	364.5	53.7	46.3
1935-36.....	379.1	53.5	46.5

Direct taxes have been taken to include all Inland Revenue duties except Stamps and indirect taxes have been made to cover Customs, Excise and Stamps. Motor Vehicle Duties have been ignored altogether. Details of receipts under the various main heads are given in the following pages.

	Revenue (£000)	Expenditure* (£000)	Surplus (£000)	Deficit (£000)
1913-14.....	198,243	197,493	+ 750	...
1929-30.....	814,970	829,494	...	- 14,524
1930-31.....	857,761	881,037	...	- 23,276
1931-32.....	851,482	851,118	+ 364	...
1932-33.....	827,031	830,354†	...	- 3,323†
1933-34.....	809,379	774,927‡	+ 34,452‡	...
1934-35.....	804,629	797,067	+ 7,562	...
1935-36.....	844,775	841,834	+ 2,941	...

* Includes allocations to Sinking Fund.
† Excluding war debt payment to America, and the deficiency of £15.3 millions in the allocation originally made for sinking fund.
‡ Disregarding war debt payments of £3.3 millions to America.

Customs and Excise.—While the yield per penny of Income Tax levied was only very slightly higher in 1934-35 than in 1932-33, receipts from Customs and Excise, which more directly reflect expansions of income and of trade, are £15½ millions higher than three years ago, when the Import Duties Act came into force. The following table shows the course of Exchequer receipts in recent years:—

	1929-30	1932-33	1933-34	1934-35	1935-36
Customs.....	119.9	167.2	179.2	185.1	196.6
Excise.....	127.5	220.9	107.0	104.6	106.7

Estimates of receipts from Customs for the last two years have been £183.7 millions and £188.6 millions respectively. The excess of actual receipts in both years has been due to the very marked expansion of the import trade. Excise receipts have not shown the same elasticity. The estimate in both years of £106.4 millions has been barely exceeded this year, and it looks as though the reductions in Entertainment duties introduced in the last Budget have cost the Exchequer something like the £2 millions anticipated. The only other legislative change in force this year has been the increase of the duty on heavy oil from 1d. to 8d. per gallon. This was expected to yield the Exchequer £800,000 in 1935.

The following table gives details of net receipts from the more important individual items up to 1934-35:—

CUSTOMS AND EXCISE DUTIES—NET RECEIPTS ('000's omitted)						
	1913-14	1929-30	1931-32	1932-33	1933-34	1934-35
Spirits.....	23,576	42,599	34,926	34,499	33,453	32,363
Beer.....	13,655	77,151	75,211	73,725	58,855	58,696
Wine.....	1,152	4,881	3,802	3,755	4,142	4,397
Tea.....	6,499	43	...	4,217	3,935	3,934
Sugar, etc.....	3,329	13,549	16,478	12,632	12,204	11,759
Tobacco.....	18,284	62,794	63,298	67,229	67,523	70,661
Matches and mechanical lighters.....	...	4,170	4,139	3,813	4,025	4,115
Hydrocarbon oils.....	...	15,042	29,277	35,310	40,408	42,800
Entertainment duty.....	...	6,696	7,869	9,314	9,235	9,224
Liquor licences, etc.....	4,517	4,587	4,621	4,529	4,390	4,389
Other revenue duties†.....	3,815	3,899	3,720	3,771	3,788	3,629
Total revenue duties.....	75,227	235,411	243,340	252,794	241,958	245,967
Hops.....	...	206	211	43	169	163
Silk and artificial silk.....	...	6,243	6,873	6,134	7,362	5,231
"McKenna" duties.....	...	3,692	1,878	1,406	1,448	1,899
Safeguarding of Industry duties.....	...	2,431	829	607	630	677
Abnormal importations.....	...	...	1,166	195	5	3
Horticultural products.....	...	...	163	591	...	...
Import Duties Act, 1932.....	...	...	760	21,681	22,627	23,735
Ottawa duties.....	...	...	...	1,790	7,705	7,526
Duties on I.F.S. goods.....	...	...	...	2,514	4,551	4,691
Total protective duties.....	...	12,572	11,880	34,961	44,497	43,925
Grand total.....	75,227	247,983	255,220	287,756	286,455	289,893

* There was no duty on hydrocarbon oils in 1913-14, but the motor spirit duty (repealed finally as from January 1, 1921) yielded in that year £841,000, which is included with "Other revenue duties."
† Including British wine, table waters, cider and perry, cocoa, coffee, chicory and substitutes, dried or preserved fruits, betting duty, railway passenger duty, patent medicines, other licences, and miscellaneous.

No important legislative changes in excise or import duties were made in the Finance Act of 1934, but in July, 1934, the silk duties were revised on the recommendation of the Import Duties Advisory Committee at an estimated cost to the Exchequer of £2 millions. Receipts from these duties fell, indeed, by about that amount owing to the reduction of imports and to the lower level of Excise duties levied on home products. Receipts under the Import Duties Act rose by somewhat less than was expected, but McKenna duties, especially on motor vehicles, Ottawa

duties and duties on Irish Free State goods all exceeded the Budget estimates by substantial amounts. The only revenue duties to show a marked deficit compared with estimates were those on spirits, which were also the only important dutiable article which showed a reduction in consumption. The slight fall in the revenue from the beer duty was due to its reduction in 1933, which in 1934-35 was expected to cost the Exchequer a further £2 millions. The fall in the yield of both the tea and sugar duties is not due to a reduction of consumption, as is shown in the following table, but to an increase in the proportion of the total coming from the Empire and enjoying preferential rates of duty. In the case of sugar an increase in the amount of home-grown sugar consumed also affects the revenue, owing to the lower level of the Excise duty. Total consumption was divided between home-grown, Empire and foreign sugar in the following proportions in 1933-34: 21.9, 38.3 and 36.0 per cent. In 1934-35 these proportions had changed to 28.1, 40.1 and 28.3 per cent. The following table shows consumption of the main dutiable articles in the past two years:—

(In millions)			
	1929-30	1933-34	1934-35
Spirits..... proof galls.	12.2	9.8	9.4
Beer..... standard barrels	20.7	15.8	16.7
Tea..... lbs.	401.7†	427.2	431.4
Sugar..... cwts.*	35.7	37.8	39.7
Tobacco..... lbs.	151.5	152.2	159.0
Artificial silk—home-made... lbs.	56.0	89.5	97.5
Light hydrocarbon oil..... galls.	903.0	1,130.7	1,192.0

* Quantities are equivalent of refined sugar. † 1928-29.

The fall in the consumption of dutiable spirits shown in the above table is more than compensated by the increased use of non-dutiable spirits in industry. All other articles show a marked expansion. In the case of tobacco, the rise of 4½ per cent. may be due in part to the abandonment of the coupon system, but is mainly a sign of increased general prosperity, reflected also in the increased receipts from Entertainment tax.

Inland Revenue.—Inland Revenue taxes yielded £404.9 millions in 1935-36 compared with an estimate of £391.5 millions and receipts in 1934-35 of £388.6 millions. This latter figure was the lowest for eleven years, but the jump in revenue from income tax and death duties has again brought the total up to the 1929 level. Surtax, however, is still lower than for many years.

Income Tax.—Once again Exchequer receipts from income tax have far exceeded the Budget estimate. The excess last year was £9½ millions; this year it is £5½ millions. The increase in the total from £228.9 millions in 1934-35 to £238.1 millions indicates a very marked expansion in taxable income, as concessions were made to taxpayers in the 1935 Budget in respect of allowances which were expected to cost the Exchequer £10 millions in a full year. The course of receipts under this head for 1913-14 and 1929-30 onwards, together with the standard rate of tax for each year, is shown below:—

INCOME TAX*							
Year	Exchequer Receipts	Standard Rate of Tax in the £	Net Yield† per Penny	Year	Exchequer Receipts	Standard Rate of Tax in the £	Net Yield† per Penny
1913-14	£ Mn. 43.9	s. d. 1 2	£ Mn. 3.11	1932-33	£ Mn. 251.5	s. d. 5 0	£ Mn. 4.16
1929-30	237.4	4 0	4.87	1933-34	228.9	5 0	3.99
1930-31	256.0	4 6	4.58	1934-35	228.9	4 6	4.17‡
1931-32	287.4	5 0	4.58	1935-36	238.1	4 6	...

* For 1913-14 the United Kingdom; from 1929-30 onwards, Great Britain and Northern Ireland only.

† Calculated on basis of net produce of tax.

‡ Estimate.

In 1934 the standard rate of tax was reduced from 5s. to 4s. 6d., but receipts showed practically no change. This stability was due to the increase in incomes from wages, salaries and business, which were lowest in 1933. Nevertheless incomes from all sources except the ownership and

occupation of land, houses, etc., in 1934-35 were still below the 1931 level, which partly accounts for the increased yield of income tax in 1935-36. The next table analyses "actual" income (i.e. gross income less exemptions and deductions for depreciation, etc., but before deducting "earned" and other personal allowances) coming under the review of the Inland Revenue in recent years:—

ANALYSIS OF ACTUAL INCOME					
Schedule	Income from	1913-14	1932-33	1933-34	1934-35 Estimates
A	Ownership of lands, houses, etc.....	(£000) 175,662	(£000) 296,242	(£000) 297,844	(£000) 300,500
B	Occupation of lands, etc.....	5,373	28,326	28,441	28,500
C	British, Dominion and Foreign Government Securities.....	47,776	157,817	151,865	156,000
D	Business, Professions, etc.....	584,346	801,653	756,405	800,000
E	Salaries of Government, Corporation and Public Company Officials and Employments.*	137,884	783,150	766,402	780,000
	Ditto, weekly wage-earners	...	486,469	504,116	520,000
	Total.....	951,041	2,553,657	2,505,073	2,585,000

* Prior to 1923-24, employments (including weekly wage-earners) were assessed under Schedule D.

In 1934-35 allowances of £1,385 millions were deducted from the "actual" income of £2,585 millions, leaving total taxable income of £1,200 millions compared with about £1,160 millions in 1933-34. It is estimated that the total number of persons chargeable with income tax was 3,500,000, against 3,450,000 in 1933 and 1,130,000 in 1913-14.

Surtax.—Exchequer receipts last year totalled £51.0 millions, as compared with a Budget estimate of £51.5 millions. The number assessed to surtax (as revised at September 30, 1935), the total chargeable income (including the first portion on which no surtax is payable), and the Exchequer receipts in 1913-14 and since 1929-30 are shown below:—

SURTAX (1913-14 United Kingdom; thereafter Great Britain and Northern Ireland)				
Year	Income Limit	Number Chargeable	Total Income Chargeable	Exchequer Receipt
1913-14†.....	£ 5,000	14,008	£ Mn. 176	£ Mn. 3.32
1929-30.....	2,000	108,891	593	56.39
1931-32.....	2,000	93,361	467	76.70
1932-33.....	2,000	86,044	422	60.65
1933-34.....	2,000	81,562	400	52.59
1934-35.....	2,000	*	*	51.17
1935-36.....	2,000	*	*	51.02

* Not available.

† Super-tax.

The decline in receipts from this tax is due to the decline in the number of persons assessed, as shown above, and also to a fall in the aggregate of annual incomes of over £2,000 from some £550 millions between 1924 and 1930 to only £400 millions in 1933.

Income and Surtax Combined.—With the changes in allowances introduced in 1935 the incidence of direct taxation on different incomes has changed considerably, and the lower income levels have enjoyed substantial relief. The concessions, however, have not yet restored the pre-1931 position. The personal allowance for married men was increased from £150 to £170; in 1931 it was £225. The children's allowance was increased from £50 for the first child and £40 for any others to £50 for each child; in 1931 the first child received £60. The taxation of the first £175 of taxable income at half the standard rate was replaced by taxation of the first £135 at a third of the standard rate; in 1931 the first £250 was taxed at the half rate. And, finally, the minimum unearned income subject to tax was raised from £100 to £125. No change has been made in surtax since it was increased by 10 per cent. in 1931. The effects of these changes on incomes of various kinds are shown in the following table. 1929-30 is given as a pre-depression

year and 1933-34 as representative of crisis taxation, before the standard rate was reduced to 4s. 6d. in 1934:—

INCOME TAX AND SURTAX																		
Total Actual Income	Married Couples with Three Children																	
	Earned Income						Investment Income											
	1929-30			1933-34			1935-36			1929-30			1933-34			1935-36		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
300	...	...	...	...	...	...	...	...	...	...	...	...	2	10	0	...	...	...
400	...	...	...	5	0	0	...	...	...	...	...	...	15	0	0	6	0	0
500	3	3	4	15	0	0	...	...	...	11	10	0	33	2	6	20	5	6
1,000	67	3	4	108	2	6	87	15	0	100	10	0	158	2	6	132	15	0
2,000	230	10	0	333	2	6	290	5	0	300	10	0	408	2	6	357	15	0
5,000	1,081	15	0	1,420	0	0	1,272	0	0	1,131	15	0	1,495	0	0	1,363	0	0
10,000	2,981	15	0	3,852	10	0	3,637	0	0	3,031	15	0	3,927	10	0	3,670	0	0
50,000	22,106	15	0	28,290	0	0	27,303	0	0	22,156	15	0	28,365	0	0	27,108	0	0

Except in the case of a single man earning £150, who now pays £1 10s., taxation begins at approximately the same point as in 1930-31. But on earned incomes up to £500 per annum it is proportionately heavier now on married than on single men.

Death Duties.—The Exchequer received £88 millions from death duties in 1935-36, as compared with a Budget estimate of £80 millions. The following table shows the receipts in 1913-14 and since 1929-30:—

ESTATE, ETC., DUTIES (In Million £'s)			
Year	Exchequer Receipts	1932-33	Exchequer Receipts
1913-14	27.36	77.14	77.14
1929-30	79.77	85.27	85.27
1930-31	82.61	81.36	81.36
1931-32	65.00	87.92	87.92

Receipts from death duties are difficult to estimate with accuracy, and in the last three years expectations have been repeatedly exceeded. This is due in part to accidents of mortality, for, as will be seen from the following table, a few large estates can radically affect the total amount of revenue. In 1934-35 over a quarter of the total of estate duties came from 35 estates of over £500,000 each. The £5 millions from estates of over £3 millions each was the second instalment from the Ellerman estate:—

ESTATE DUTY, 1934-35						
Small Estates Net Value £	Numbers		Net Capital Value		Net Receipts	
	Per cent. of Total	Thous. £	Per cent. of Total	Thous. £	Per cent. of Total	Thous. £
Exceeding Not exceeding						
100	51.004	37.58	13,971	2.62	99	0.14
1,000	67.122	49.85	107,695	20.18	2,955	4.13
5,000	7,596	5.64	57,951	10.86	2,299	3.21
10,000	5,689	4.21	90,290	16.92	6,145	8.58
25,000	1,908	1.42	69,086	12.94	8,004	11.18
50,000	858	0.63	59,374	11.13	10,009	13.98
100,000	330	0.24	46,264	8.67	10,113	14.13
200,000	137	0.10	39,948	7.49	11,363	15.87
500,000	21	0.02	17,240	3.23	5,872	8.20
1,000,000	13	0.01	21,710	4.06	9,598	13.41
3,000,000	1	0.00	10,161	1.90	5,149	7.19
Settlement Estate Duty	...	...	...	...	15	0.02
Total	134,659	100.00	533,691	100.00	71,591	100.00

Comparable figures for 1933-34 of the total number of estates, their net capital value and net receipts were 134,193, £523,987,000 and £75,488,000 respectively.

The legacy duty yielded £8.49 millions in 1934-35. The total capital taxed was estimated at £227.9 millions, of which £118 millions was taxed at the minimum rate of 1 per cent. (for legacies to husband, wife or lineal descendant or ancestor) and £36 millions at the maximum rate of 10 per cent. Revenue from the succession duty amounted to £1.1 millions on capital of some £38.8 millions.

Stamps.—Receipts from Stamp Duties in 1935-36 amounted to £25.8 millions, compared with a Budget estimate of £25 millions and actual receipts in 1934-35 of £24.1 millions. The unexpected increase in revenue from this source has been due to a marked increase of activity on the Stock Exchange, particularly in the latter part of the year, and probably also to an increase in land values. The

following table shows receipts under the main heads in 1913-14 and in recent years:—

STAMP DUTIES: NET RECEIPTS (In Thousand £'s)				
	1913-14	1929-30	1933-34	1934-35
Land and property	1,879	4,774	4,733	5,101
Stocks and shares, etc.	3,125	7,270	8,658	9,221
Company capital duty	698	3,771	852	1,140
Cheques and bills	2,322	4,837	4,172	4,384
Receipts	669	2,686	2,456	2,547
Other	955	1,915	1,767	1,851
Total	9,648	25,253	22,638	24,244

Revenue from stocks and shares rose very rapidly in 1933-34 and in the following year was above the 1929 level. The number of companies registered has risen steadily from 8,841 in 1930 to 13,210 in 1934-35. In spite of the decrease in the company capital duty in 1933, receipts from this source were higher than in 1930-31 owing to the large number of new issues in the year.

Motor Vehicle Duties.—Receipts from these duties in 1935-36 amounted only to £30,752,000, compared with a Budget estimate of £31,230,000, and receipts in 1934-35 of £31,538,000. The reduction relatively to 1934-35 was due to the reduction in the horse-power tax from January, 1935, which was only effective during a short part of 1934-35. The following table shows changes in this source of revenue in recent years and payments to the Road Fund:—

MOTOR VEHICLE DUTIES (000's omitted)			
Year	Exchequer Receipts	Payments to Road Fund	Exchequer Appropriations
1929-30	26,802	21,882	4,920
1932-33	27,910	22,910	5,000
1933-34	30,712	25,512	5,200
1934-35	31,538	26,438	5,100
1935-36	30,752	25,775	4,977

During 1934-35 receipts into the Road Fund amounted to £26,975,000 (an increase of £1.2 millions compared with the previous year), while expenditure amounted to only £19,958,000 (a decline of £1.1 millions). The result was a cash balance at the end of the year of some £7 millions. The rise in revenue during 1934-35 was unexpected in view of the reduction in the horse-power tax on motor vehicles from January, 1935, and indicates a considerable increase in the number of registrations. The main cause of the fall in expenditure was the reduction of grants for special employment schemes from £2.2 millions to £911,000.

In April, 1935, the remaining £2.5 millions of advances from the Exchequer to the Fund were paid off and included under the heading of Miscellaneous Receipts, in the Budget for 1935-36. In his Budget speech, however, the Chancellor, in order to balance his accounts, expressed his intention of also appropriating the remaining £4,470,000 of the Road Fund's balance, and including it in Miscellaneous Receipts. This manoeuvre took no account of the accrued deficit of the Fund on March 31, 1934, amounting to £2,084,000, which would still remain outstanding.

Receipts from Sundry Loans.—Receipts under this head amounted to £4.9 millions in 1935-36, compared with a Budget estimate of £3.9 millions and actual receipts of £4.4 millions in 1934-35.

RECEIPTS FROM SUNDRY LOANS (000's omitted)				
	1929-30	1932-33	1933-34	1934-35
Interest, etc., on war loans	9,813	454	771	253
Dominions and Colonies	10,921	...	...	...
France	5,050	...	...	56
Other Allied Powers	1,834	2,255	2,079	2,395
Suez Canal shares	1,088	380	567	567
Anglo-Iranian shares	3,934	2,036	1,238	1,101
Other receipts	32,640	5,125	4,655	4,372

Since the general postponement of international debt payments under the Lausanne Agreement receipts under this head are not of very great importance. Changes are mostly due to repayment of loans, which cannot easily be predicted.

Other Non-Tax Revenue.—This section includes the net profits from the Post Office, net income from Crown Lands and Miscellaneous Receipts. In 1933 it was decided that the Post Office should pay a fixed sum of £10,750,000 into the Exchequer, and that any further surplus on its year's working (after certain adjustments explained in last year's Supplement) should be paid, in the following year, into a Post Office Fund to be used for development purposes. The net profit of the Post Office in 1935-36, at £11,670,000, was £180,000 less than the Budget estimate and £580,000 less than last year, but this decrease will not in the long-run affect the Exchequer, as it will merely

reduce next year's contribution to the Post Office Fund. Receipts from Crown Lands amounted to £1,360,000, and were slightly higher than last year or than the estimate for 1935-36. Miscellaneous receipts, on the other hand, once more fell far short of the estimates. The total of £21.7 millions was £4.2 millions less than had been anticipated, but exceeded receipts last year by £6.6 millions. In 1934-35 the Post Office Savings Bank accounted for revenue in this class of £4.3 millions; repayments of Road Fund advances for £3.1 millions; and payments from the Bank of England on account of profits from the Note Issue for £2.8 millions.

EXPENDITURE

NATIONAL expenditure has been rising steadily in the past three years, and in 1936-37 will exceed the high level of 1932-33 and be within a few millions of the record post-war expenditure of £881 millions in 1930-31. While no provision is now being made for sinking funds, and the annual cost of the National Debt, owing to conversions and the low rate of interest on Treasury bills, is now more than £50 millions less than in 1932-33, expenditure on defence has risen by over £50 millions and the cost of civil services has increased by over £20 millions. In the following table expenditure for the last three years is compared with that for 1913-14 and 1929-30 and estimates for 1936-37 are given. Where these are not available, last year's figures are put in brackets:—

EXPENDITURE (£ millions)						
	1913-14	1929-30	1933-34	1934-35	1935-36	1936-37 (Est.)
National Debt services	24.5	355.0	220.7	224.0	224.0	(224.0)
Other Consolidated Fund services	12.8	22.2	10.7	12.7	14.0	(13.7)
Total Consolidated Fund services	37.3	377.2	231.4	236.7	238.0	(237.7)
Navy, Army, Air	77.2	113.0	107.9	113.9	136.9	158.2
Civil services	53.9	246.5	350.8	358.3	375.1	378.7
Customs and Excise and Inland Revenue	4.5	12.0	...	...	...	...
Total supply services (excluding P.O.)	135.6	371.5	458.7	472.2	512.0	536.9*
Total ordinary	172.9	748.7	690.1	708.9	750.0	774.6*
Payments to U.S. Government	...	...	3.3	...	...	...
Self-balancing— Post Office	24.6	58.9	59.3	61.8	66.1	69.3
Road Fund	...	21.9	25.5	26.4	25.8	(25.8)
Total self-balancing	24.6	80.8	84.8	88.2	91.9	95.1
Grand total	197.5	829.5	778.2	797.1	841.9	869.7*

* Without provision for eventual Supplementary Estimates.

Consolidated Fund Services.—The main item under this head is the cost of the National Debt, which is analysed in a later section on page 9 of this Supplement. In 1935-36 there was an increase of £1.9 millions in Other Consolidated Fund Services over the final estimates and of £1,261,000 compared with issues in 1934-35. The payment to the Post Office Fund fell from £2,291,000 to £1,127,000, but payments to Northern Ireland rose from £6,818,000 to £7,205,000. Other items under this heading in past years have been the Civil List, advances for North Atlantic Shipping, interest on Royal Mail guaranteed loans and other issues under the Trade Facilities Acts.

Defence Services.—Expenditure on the defence Services in 1936-37 is estimated at £158,211,000, as against actual expenditure in 1935-36 of £136,949,000. This figure, however, makes no allowance for any expansion of services entailed by the programme outlined in the recent Government White Paper; nor does it include, except in the case of the Army, any possible extra expenses which may be incurred owing to the Abyssinian dispute. This required supplementary estimates of some £6,917,000 in 1935-36. Both these important items will again be covered by supplementaries in the current year.

Expenditure on the defence Forces is now more than twice what it was in 1913-14. It is true that there was no Air Force before the war and that this arm accounts for the larger part of the increase during the past two years. But

expenditure on the Navy has increased by 40 per cent. since 1932-33, compared with an increase of 52 per cent. between 1908-09 and 1913-14, when the construction of

DEFENCE SERVICES EXPENDITURE (EXCHEQUER ISSUES) (000's omitted)				
	Navy	Army	Air Force	Total
1913-14	48,833	28,346	...	77,179
1931-32	51,060	38,520	17,700	107,280
1932-33	50,010	35,880	17,100	102,990
1933-34	53,500	37,591	16,780	107,872
1934-35	56,580	39,660	17,630	113,870
1935-36	64,900*	44,900*	27,596*	136,949
1936-37*	69,930	49,281	39,000	158,211

* Budget estimate.

capital ships was completely unrestricted, while the cost of the Army increased in these two periods by 16 and 6 per cent. respectively. The number of effectives, however, as is shown in the following table, is some 20,000 less than in the pre-war year:—

	Navy (a)	Army (b)	Air Force (b)
1913-14	142,960	185,600	...
1931-32	92,449	148,800	30,263
1932-33	89,667	148,700	29,520
1933-34	89,863	148,700	28,470
1934-35	91,351	149,500	28,780
1935-36 (estimate) (c)	97,982	152,200	45,000
1936-37 (estimate) (c)	99,095	158,400	50,000

(a) Exclusive of Royal Marine Police.

(b) Establishment exclusive of India.

(c) Maximum for year.

NAVY.—The Navy Estimates for 1936-37 amount to £69,930,000, an increase of £9,880,000 compared with the original estimates for 1935-36. The Supplementary Estimate of £4,850,000 voted in February was required mainly for "Special measures" arising out of the Italo-Abyssinian dispute.

(000's omitted)					
	1931	1932	1933	1934	1935* (Estimate)
Average number of effectives	92,449	89,667	89,863	91,351	97,982
Wages, etc., of Officers and Men	13,433	12,636	12,514	12,689	13,128
Victualling and clothing	3,146	2,981	3,182	3,147	3,453
Medical Establishments, etc.	379	361	376	366	404
Fleet Air Arm	1,126	1,025	1,089	1,338	1,993
Educational and Scientific Services	671	661	650	650	671
Royal Naval Reserves	394	347	373	342	351
Shipbuilding, Repairs, Maintenance, etc.	15,566	15,882	18,449	20,929	25,799
Naval Armaments	3,326	3,319	3,767	4,034	5,696
Works, Buildings and Miscellaneous	3,083	2,936	2,816	2,622	2,730
Admiralty Office	1,114	1,086	1,079	1,106	1,157
Non-Effective Services, Civil Superannuation, etc.	8,775	8,928	9,145	9,393	9,508
Total Expenditure	51,015	50,164	53,444	56,616	64,900

* Including supplementary estimate of £4,850,000.

The main increases are £1 million in the vote for the Fleet Air Arm, £1.5 millions for the Maintenance of the Fleet

(mainly due to the speeding up of present programmes of construction), and £1.4 millions for naval armaments. £400,000 of this last figure is for guns and £800,000 for projectiles and ammunition, so that the vote for these two items is almost doubled.

ARMY.—The Army Estimates for 1936-37 are put at £49,281,000, an increase of £5,731,000 on the original estimates for 1935-36. £1.55 millions of this is accounted for by the Italo-Abyssinian dispute. The rest is due to the mechanisation and modernisation of the Army and to some expansion in its establishments.

(000's omitted)						
	1931	1932	1933	1934	1935* (Estimate)	1936 (Estimate)
Number of effectives	148,800	148,700	148,700	149,500	152,200	158,400
Pay, etc., of the Army	9,174	9,008	9,416	9,514	9,531	10,339
Territorial Army and Reserve Forces	5,409	3,952	4,721	4,777	5,111	5,984
Medical Services	910	877	872	910	1,026	987
Educational Establishments	831	802	785	866	914	947
Quartermaster and Movements	1,285	1,203	1,205	1,269	1,684	1,417
Supplies, Road Transport and Remounts	3,905	3,688	3,758	3,851	4,332	4,410
Clothing and Stores	4,547	4,176	4,358	5,153	8,229	10,853
Works, Buildings, Lands and Miscellaneous	3,130	3,329	3,427	4,292	4,909	4,999
War Office	813	798	802	816	859	888
Half-Pay, Retired Pay, Pensions, etc.	8,438	8,141	8,127	8,242	8,305	8,457
Net Expenditure	38,624	36,137	37,540	39,692	44,900	49,281

* Including Supplementary Estimate of £1,350,000.

The total establishments of the Regular and Territorial Armies and of the Reserve Forces are to be raised from 518,000 to 537,000 at an additional cost of £1,670,000. Unless there is some improvement in recruiting, however, this may not prove possible, for in January last the total effective strength of the Army at 457,354 (including 55,200 troops in India) was some 80,000 less than required by the War Office. But the main increase in the estimates is in "warlike stores," especially in gun ammunition and motor transport.

AIR FORCE.—The Air Estimates for 1936-37 at £39 millions show an increase of £18,350,000 compared with the original estimates for 1935-36. If this sum is added to the Supplementary Estimate voted last July, the programme inaugurated last summer will have cost about £23 millions by March, 1937. The Chancellor has announced that a Supplementary of some £10 millions will be required for the new programme in the current year.

(000's omitted)						
	1931	1932	1933	1934	1935* (Estimate)	1936 (Estimate)
Number of effectives	30,263	29,520	28,470	28,780	45,000	50,000
Pay, etc., of the Royal Air Force	3,837	3,867	4,020	4,227	5,075	6,518
Quartermaster Stores, Supplies and Transportation	1,526	1,471	1,399	1,456	2,532	2,838
Technical and Warlike Stores	7,846	7,352	6,953	7,190	11,602	18,491
Works, Buildings and Lands	1,725	1,524	1,390	1,820	4,900	6,600
Medical Services	294	286	278	295	334	368
Technical Training and Educational Services	475	419	388	380	496	657
Auxiliary and Reserve Forces	591	522	464	406	487	557
Civil Aviation	466	462	460	509	437	760
Meteorological and Miscellaneous Services	230	223	226	328	525	817
Air Ministry	638	638	643	691	822	950
Half-Pay, Pensions, etc.	240	294	378	368	376	444
Net Expenditure	17,869	17,057	16,701	17,671	27,596	39,000

* Includes Supplementary Estimates of £5,335,000 voted in July and £1,611,000 in February, mainly on account of the Italo-Abyssinian dispute.

The main increases in the above estimates are over £5 millions for aeroplanes, £1.5 millions for armaments and £2.2 millions for new works. These latter include permanent accommodation at seven new stations, three new armament training camps and further work on the air base in Iraq. The first-line strength of the Fleet Air Arm is to be raised by 27 aircraft to a total of 217 by the end of the financial year. The expansion of the first-line establishment of the Royal Air Force to 1,750 should be completed in 1937 or 1938 and is entailing the training of 2,500 pilots (of whom

800 still need to be recruited) and 22,000 airmen in two years.

Civil Estimates.—Expenditure in 1936-37 on Civil Departments, excluding Revenue Departments and the Post Office, is estimated at £365,254,000. This is £4,417,000 less than the final estimate for the previous year, but £20 millions more than actual expenditure in 1934-35.

A considerable part of the increase on all the votes in 1935-36 was due to the restoration of the second half of the 10 per cent. salary cuts in July, 1935. But there were other reasons for the additional expenditure on "Labour" and "Other Heads." The former class, which consists mainly of the cost of unemployment, is analysed in detail in a later section. "Other Heads" included in 1935-36 grants to local authorities of £6,135,000 on account of Public Assistance expenditure, which should have been taken over by the Central Government under the second part of the 1934 Unemployment Act. Moreover, the tramp shipping subsidy was introduced and the cattle and milk subsidies and grants for agricultural development were all increased. In the present year additional expenditure may be expected under these headings, as no provision has been made for payments to local authorities, and the cattle subsidy has been put at only £1,000,000 instead of the £4,000,000 voted last year. With these additions expenditure in 1936-37 is likely to be quite as high as in the previous year.

We show below the course of expenditure, divided into its main heads, during the last six years:—

CIVIL SERVICE EXPENDITURE							
	Education	Health	Pensions		Labour	Other Heads	Total
			War	Others			
1930-31	£ Mn. 52.7	£ Mn. 22.0	£ Mn. 52.0	£ Mn. 45.8	£ Mn. 36.8	£ Mn. 98.1	£ Mn. 307.4
1931-32	53.0	22.0	49.6	47.9	47.7	99.9	320.1
1932-33	49.4	22.1	46.9	50.7	77.9	95.9	342.9
1933-34	51.1	21.6	45.2	55.7	71.8	93.3	338.7
1934-35	52.9	22.4	43.5	58.0	66.5	102.3	345.6
1935-36*	55.9	23.6	42.6	60.6	73.8	113.2	369.7
1936-37†	58.0	25.1	41.7	62.6	68.7	109.2	365.3

* Final estimates. † Budget estimates.

CENTRAL GOVERNMENT (Classes I, II and III).—The following table shows expenditure in the first three classes of the estimates:—

	1933-34 Actual	1934-35 Actual	1935-36 Estimate	1936-37 Estimate
I. Central Government and Finance	£'000 1,905	£'000 1,922	£'000 2,134	£'000 2,146
II. Foreign and Imperial	8,432	8,044	8,756	9,400
of which—				
F.O., Diplomatic and Consular Services	1,351	1,398	1,457	1,426
League of Nations	172	157	224	272
Irish Free State Services	2,280	2,294	2,294	3,043
Dominion and Colonial Services	2,096	1,565	1,692	1,637
Colonial Development Fund	400	500	900	900
India Services	1,634	1,614	1,667	1,619
III. Home Department	15,742	16,234	17,343	18,362
of which—				
Home Office	448	467	593	1,019
Police	11,309	11,706*	12,532	12,996
Prisons	1,068	1,123	1,206	1,292
Total	28,079	28,200	29,233	29,908

The increase in Class II is entirely due to the increase of £750,000 in the Irish Free State services, which include substitutions for amounts due from the Irish Free State on account of land purchase and of the Local Loans Fund. The increase in the Home Office vote is accounted for by an estimate of £500,000 for air-raid precautions.

EDUCATION.—The estimate of expenditure on education in 1936-37 is put at £58,044,527, compared with an original estimate for 1935 of £54,103,959 and a final estimate of £55,913,434. Actual net expenditure in 1934-35 was £52,938,482. Universities and colleges are to get £550,000 more than in 1934. But the main increases are for public education in Scotland (estimate of £7.5 millions, compared with expenditure of £6.9 million in 1934) and for the Board

of Education (of which details are given in the following table):—

ENGLAND AND WALES					
	Board of Education Estimates		Total Expenditure by L.E.A.s†		Cost per Elementary Pupil
	Total Vote	Grants to L.E.A.s	Elementary Education	Higher Education	
1913-14	£ Mn. 14.7	£ Mn. 12.8	£ Mn. 25.6	£ Mn. 4.4	s. d. 95 2
1930-31	45.5	42.6	64.7	16.4	262 6
1931-32	48.4	45.2	63.2	16.4	252 5
1932-33	42.9	39.0	61.2	15.8	242 7
1933-34	42.1	37.8	61.9	16.0	244 6
1934-35	43.6	41.3	64.6	16.8	263 5
1935-36	46.1†	43.6	64.9*	17.1*	272 5*
1936-37	47.7†	44.9	68.8*	18.2*	294 8*

* Provisional. † Including proportion borne by the rates.
‡ Budget estimate.

The estimated increase of £5 millions in total expenditure on public education in England and Wales compared with original estimates for the current year is due as to £3 millions to the restoration of the second half of the 10 per cent. cut in teachers' salaries during a whole year. Expenditure on higher education has also been increased owing to the rise in the number of pupils from 448,000 in March, 1934, to 477,700 in October, 1935. Considerable increases are planned for elementary education on special services such as nursery schools, medical services, etc., the provision of meals and reorganisation. These are, however, partly offset as far as the Exchequer is concerned by the automatic decrease in the Exchequer grant by £381,000 owing to the reduced numbers of pupils in attendance and to the increased yield of a 7d. rate, which affects the Exchequer grant formula.

HEALTH, LABOUR AND INSURANCE (Class V).—The estimates for 1936-37 under these heads show an increase of £2 millions over last year's original estimate of £160.8 millions. Supplementaries of £6.9 millions were voted during the year, but £6.1 of these were for grants to local authorities for which no corresponding provision has been made this year. Total expenditure in the coming year is therefore likely, in fact, to be somewhat higher than in 1935-36. A decrease of £6 millions in the estimated cost of unemployment has been to some extent offset by a vote of £3 millions for the Special Areas Fund, for which no provision was made last year, and by an automatic increase of £2 millions in the cost of pensions. Details of expenditure are shown in the following table:—

HEALTH, LABOUR AND INSURANCE						
	Ministry of Health*	Pensions		Ministry of Labour	Other Items	Total
		Old Age	Widows', Orphans', etc.			
1930-31...	£ Mn. 22.0	£ Mn. 36.8	£ Mn. 9.0	£ Mn. 36.8	£ Mn. 3.1	£ Mn. 107.7
1931-32...	22.0	37.9	10.0	47.7	3.7	121.3
1932-33...	22.1	39.7	11.0	77.9	4.0	154.7
1933-34...	21.6	40.4	12.0	71.8	7.0	150.7
1934-35	22.4	41.8	13.0	66.5†	7.1	150.8
1935-36†	23.6	43.3	14.0	73.8†	13.0	167.7
1936-37‡	25.1	44.3	15.0	68.7†	9.6	162.7

* Including Scottish Department of Health. † Final Estimate.
‡ Including Unemployment Assistance. § Budget Estimate.

Health.—Expenditure under the Ministry of Health has shown a steady rise since 1933. The increase of £1.5 millions this year is due to a rise of £639,000 in housing grants (mainly for slum clearance) and of £569,000 in the grant-in-aid to the National Health Insurance Fund (including a grant of £400,000 to the Unemployment Arrears Fund under the 1935 Act). Grants for the provision of rural water supplies are also to be increased. Of the total of £25.1 millions, administration of the Ministry of Health accounts for £2.1; housing grants in England and Scotland for £16.0; and Health Insurance grant for £6.3 millions.

Labour.—The position with regard to the financing of the cost of unemployment is still unregulated owing to the postponement of the day when the Government was to

take over the administration of all Public Assistance from the local authorities. In 1934 the cost to the State of unemployment was about £59.6 millions, made up of contributions to the Unemployment Insurance Fund of £13.4 millions (after deducting expenses incurred by the Ministry), transitional payment grants of £45.6 millions and £600,000 for the cost of the new Unemployment Assistance Board. From the beginning of 1935 transitional payments were replaced by Unemployment Allowances, which will cover all payments of relief in respect of unemployment other than genuine insurance benefit, when the second part of the 1934 Unemployment Act comes into force. In 1935-36 contributions from the Exchequer in respect of insurance benefit amounted to £18.6 millions, grants for unemployment assistance allowances (excluding expenses) to £48.3 millions and the cost of the Unemployment Assistance Board to £2.1 millions—making a total cost of £69 millions. For 1936-37 these items are estimated to cost £18.0, £42.9 and £2.0 millions respectively—making a total of nearly £63 millions. The increased cost of unemployment last year was therefore due in part to the cost of administering the new scheme, in part to the rise in the numbers of insured persons in respect of whom contributions were payable by the Exchequer and in part to the increased scales of benefit and of assistance. The relief to local revenues envisaged in the new scheme adds a further burden to the central budget, which in 1935-36 amounted to over £6 millions. But, as this is merely a transfer of responsibility, it constitutes no additional charge on the national finances as a whole.

Expenditure on training and employment schemes is to be increased by some £800,000 to £2.2 millions.

TRADE AND INDUSTRY (Class VI).—The total estimate for this class amounts to £15.8 millions, compared with an original estimate last year of £11.4 millions and a final estimate of £18.2 millions. The Supplementaries last year included £4 millions for the cattle fund, £2.8 millions for the beet sugar subsidy and smaller additional grants in respect of the herring industry, the drainage of land, animal diseases, etc. This year the only obvious Supplementary which will be needed will be some £3 millions for the cattle fund, for which only £1 million has so far been provided as its continuation has only been sanctioned by Parliament until the end of June. Otherwise expenditure is on the same lines as last year. The milk subsidy has been reduced by £426,000 and the beet subsidy increased by a similar amount. The total cost of subsidies (including £4 millions for cattle) will be about £10 millions, compared with £11 millions last year, £8½ millions in 1934-35 and £5 millions in 1933-34. Expenditure on research and development (including land settlement) is put at half a million higher than in 1934.

WORKS, STATIONERY, ETC. (Class VII).—The estimate for Common Services in 1936-37 amounts to £8,552,340—an increase of £208,857 compared with the previous year, in spite of the non-recurring item of £50,000 spent last year for the Jubilee.

PENSIONS (Class VIII).—This estimate at £44,988,108 shows a net decrease of over £1 million, owing to the further reduction in the number of pensioners.

EXCHEQUER CONTRIBUTIONS TO LOCAL REVENUES (Class XI).—This vote covers the payments from the Exchequer to Local Revenues made under the provisions of the Local Government Acts of 1929 and 1933 for general purposes. The total for 1936-37 is estimated at £45,199,427—of which £39.5 millions is for England and Wales and £5.7 millions for Scotland. This is £89,000 less than in 1935-36.

Revenue Departments.—The cost of the Revenue Departments in recent years is given in the following table:—

(£000's omitted)					
	1913-14	1933-34	1934-35	1935-36 Estimates	1936-37 Estimates
Customs & Excise	2,431	5,200	5,490	5,672	5,837
Inland Revenue...	2,052	6,945	7,160	7,528	7,654
Total	4,483	12,145	12,650	13,200	13,491

The cost of collecting Inland Revenue, after falling between 1928 and 1932, had risen by 1934-35 to 1.89 per cent. of the total amount collected, compared with a cost in 1925-26 of 1.53 per cent. The cost in the present financial year is likely to show little change owing to the exceptionally high level of receipts. Customs and Excise receipts, on the other hand, have increased so much that the proportionate cost has fallen considerably and is now somewhat lower than that of Inland Revenue duties.

Post Office.—The progressive policy of expansion of the Post Office services has so far been amply justified by results. In 1934 the number of air mail services was increased and the charges simplified; telephone trunk calls at night were reduced to a universal charge of 1s. for three minutes anywhere on the mainland and overseas services were extended. In 1935 telegram rates were reduced from 1s. for the first twelve words to 6d. for the first nine words; parcel rates were also lowered. From May, 1936, the maximum charge for telephone trunk calls anywhere on the mainland of Great Britain is lowered to 2s. 6d. for three minutes with other reductions for distances between 35 and 200 miles, which are not affected by this concession.

Owing to the resulting increase of business, expenditure by the Post Office has increased from £61,750,000 in 1934-35 to an estimated figure for 1936-37 of £69,344,000. This increase has not so far been quite compensated by increased revenues, but there seems every reason to believe that receipts will rise more than proportionately in time. After making all allowances for interest charges, etc., there was a surplus in 1934-35 of £11,945,000, compared with £12,308,000 in the previous year. Owing to the restoration of half the pay-cuts in July, 1934, the postal services showed

a smaller surplus than in 1933-34. The volume of letter business was larger, but there was less parcel traffic. The telegraph service, although its deficit was the smallest since the war, failed to maintain the improvement of business shown in 1933. Telephones, on the other hand, showed an increased surplus, in spite of the concession to night callers. The total number of calls increased by 100,000 (7 per cent.) during the year; compared with 1922-23 the increase is 950,000—130 per cent.

Expenditure in 1935-36 (excluding work done for the Post Office by other departments and *vice versa*) amounted to £66,080,000—£4.3 millions more than in 1934-35. About £1,000,000 of this is due to the complete restoration of pay-cuts in July, 1935; £750,000 is accounted for by the extra engineering materials needed mainly for the extension of telephone services; over £300,000 more was required for air mail services and another £300,000 for payments to the B.B.C. The net receipt of the Exchequer for the year is £11,670,000, compared with £12,250,000 last year. This still leaves nearly £1,000,000 to be paid into the Post Office Fund after payment of the statutory contribution of £10,750,000 to the Exchequer. This will bring the Fund up to nearly £4½ millions.

The estimates for the coming year show a further increase in expenditure of £3.3 millions. Salaries are to cost £1,829,000 more—partly owing to increased pay, but mainly to the increase in personnel from 226,717 in January, 1934, to 232,654 in 1935 and 242,388 in January, 1936 (5,000 of the increase was in engineering staffs). Air mails are expected to cost an additional £200,000; the grant to the B.B.C. is raised by £250,000; engineering materials are put at £250,000 more than last year and motor vehicles, mostly mail vans, at £140,000 more.

THE NATIONAL DEBT

As far as the Budget is concerned the important question about the National Debt is not so much its capital amount as its annual cost. This cost is to some extent dependent on the prevailing level of interest rates, especially in the case of the short-term or floating debt. But it is still more determined by the composition of the National Debt at any time and its distribution between securities of different maturities. This distribution in turn has important repercussions on interest rates in both the long- and short-term money markets, as was amply demonstrated by the effect on the markets of the Government's large conversion in 1932. The size of the National Debt has not changed substantially since March, 1934, but the annual charge has fallen by about £4.8 millions owing to the substitution for maturing issues of securities with lower interest rates. A further reduction will be realised in 1936-37 from conversions carried out during the past winter.

In the following sections we first analyse the composition of the National Debt, we then show changes in the cost of the debt, and finally we give figures of nominal and actual debt redemption.

Nominal Value.—The accompanying table divides the Debt into internal and external debt; and subdivides internal debt into categories according to dates of maturity. Funded Debt includes all loans with no date of maturity or callable at the Treasury's option only. Unfunded Debt covers all loans with definite dates of maturity, and the subdivision of Floating Debt includes liabilities maturing within a few months.

The year 1922-23 is given for comparison, as it was the year when the post-war peak was reached. The main decrease in the total at March 31, 1935, compared with a year earlier, was in the floating debt, and was accounted for by the larger surplus of revenue over expenditure. But in other unfunded debt there was an important change during the year in the repayment of £105 millions of 4 per cent. and £44 millions of 3 per cent. Treasury Bonds and the issue of £148.8 millions of 3 per cent. Funding Loan. This was equivalent to a conversion of over £100 millions of the National Debt from 4 to 3 per cent.

NOMINAL VALUE OF NATIONAL DEBT AT MARCH 31ST (£ millions)

	1923	1932	1933	1934	1935
INTERNAL DEBT					
FUNDED DEBT:—					
Pre-war Funded Debt	314.2	313.4	313.4	313.3	313.3
3½% Conversion Loan	683.6	750.3	742.2	742.0	739.6
4% Consolidated Loan	...	403.4	400.9	400.9	400.9
4% War Loan	...	...	1,919.8	1,918.1	1,914.3
3½% War Loan	...	...	...	...	...
Total Funded Debt	997.8	1,467.1	3,376.3	3,374.3	3,368.1
TERMINABLE ANNUITIES					
Unfunded Debt:—	13.7	11.7	11.9	12.1	12.1
(a) Other than Floating Debt:—	...	...	5.0	206.5	206.5
2½% Conversion Loan	...	...	301.8	301.8	301.8
3% Conversion Loan	...	...	...	...	...
3½% War Loan	62.7	...	...	...	...
4½% War Loan	12.8	12.8	...	...	...
5% War Loan	2,030.4	2,085.0	0.3	...	...
4% War Loan	64.9	...	...	...	...
3% Funding Loan	...	...	...	...	148.8
4% Funding Loan	400.4	371.0	367.7	364.3	361.0
4½% Conversion Loan	...	373.0	375.4	375.4	375.4
5% Conversion Loan	...	323.0	323.0	323.0	323.0
4% Victory Bonds	353.9	332.5	329.6	326.7	323.5
Exchequer Bonds	150.3	...	...	...	...
National War Bonds	953.1	...	...	...	...
Treasury Bonds	411.0	494.2	415.8	394.2	294.3
Savings Certificates	353.8	382.5	388.2	393.7	397.4
Other Debt	2.0	1.8	1.8	1.8	...
Total of (a)	4,795.3	4,375.8	2,508.6	2,677.4	2,671.7
(b) Floating Debt:—	...	...	...	...	...
Treasury Bills	618.0	604.5	775.9	799.8	799.3
Ways and Means Advances	193.9	7.5	34.6	44.9	34.1
Total Floating Debt	809.9	612.0	810.5	844.7	833.4
Total Unfunded Debt	5,605.2	4,987.8	3,319.1	3,522.1	3,505.3
Total Internal Debt	6,616.7	6,466.6	6,707.3	6,908.6	6,885.6
EXTERNAL DEBT	1,155.7	1,090.8	1,060.4	1,036.5	1,036.5
TOTAL DEAD-WEIGHT DEBT	7,772.4	7,557.4	7,767.8	7,945.2	7,922.1
Funding Loan and Victory Bonds held by National Debt Commissioners	30.2	123.5	124.0	122.9	121.7
NET TOTAL DEAD-WEIGHT DEBT	7,742.2	7,433.9	7,643.8	7,822.3	7,800.4

† Includes £4.4 millions of 4 per cent. National Savings Bonds.

The above table does not give a complete picture of the State's net liabilities, as it takes no account of borrowing for the acquisition of capital assets, notably for the Post Office and for housing, nor of the accrued interest on Savings Certificates, which increased by £8.8 millions during the year 1934-35. On the other side, moreover, must be put the State's capital assets. These items are added in the following table.

DEADWEIGHT DEBT, OTHER LIABILITIES AND ASSETS (£ millions)

	Mar. 31, 1923	Mar. 31, 1932	Mar. 31, 1933	Mar. 31, 1934	Mar. 31, 1935
Net total deadweight debt (as above)	7,742.2	7,433.9	7,643.8	7,822.3	7,800.4
Accrued interest on savings certificates	65.0	98.0	90.5	98.5	107.3
Other liabilities	70.3	214.0	215.9	208.1	102.0
Total	7,877.5	7,745.9	7,950.2	8,127.7	8,009.7
Estimated assets	121.0	254.4	419.1	620.7	517.1
Net total	7,756.5	7,491.5	7,531.1	7,507.0	7,492.6

A reduction of £106.7 millions in Other Liabilities and in Assets is due to the taking over of the Unemployment Insurance Fund Debt by the Unemployment Fund. The State has certain contingent liabilities in the form of guaranteed loans, for example, which cannot be estimated, and no account is taken of non-financial assets such as public buildings. With these qualifications the above figures give as accurate an estimate as possible of the net capital liabilities of the State.

Changes in the National Debt, 1935-36.—The Chief changes in the National Debt during the past year were as follows:—

RECEIPTS	£	ISSUES	£
2½% Funding Loan, 1956-61	121,564	Treasury Bills (net reduction)	36,239
1% Treasury Bonds, 1939-41	98,000	Ways and Means Advances (net reduction)	15,005
Repayments of Issues under Land Settlement Acts	141	National Savings Certificates (net reduction)	1,400
Revenue Surplus	2,940	Treasury Bonds repaid	160,113
		Issues under North Atlantic Shipping Act	1,536
		Issues under British Shipping Act	536
		National Savings Bonds repaid	64
		Old Sinking Fund	7,562
		Exchequer Balances increased	190
	222,645		222,645

The issues of £220 millions of 2½ per cent. Funding Loan and 1 per cent. Treasury Bonds made in the last quarter of the financial year are part of total issues of £300 millions, for which the cash subscription will amount to £291 millions. Of this, £150 millions was used to repay the outstanding 2 per cent. Treasury Bonds in March, and notice has been given to repay the outstanding £44 millions of 3 per cent. Treasury Bonds on April 15, 1936. This transaction will leave the Exchequer with a cash surplus of some £97 millions, which in the first place will go to reduce the floating debt. The position at the end of the year is shown below:—

FLOATING DEBT (000's omitted)			
	Mar. 31, 1935	Mar. 31, 1936	Change
Ways and Means Advances outstanding:—			
By Bank of England	Nil	Nil	— 15,005
By Public Departments	34,060	19,055	— 15,005
Treasury Bills Outstanding	799,320*	763,115*	— 36,205

Total Floating Debt outstanding

* Includes £6,000 in 1935 and £40,000 in 1936, the proceeds of which were not carried to the Exchequer during the period of the account.

The reduction of over £51 millions in the total of the floating debt has been accompanied by a marked transfer of ownership during the year. Treasury Bills issued by tender rose from £360.4 millions to £498.0 millions, which means that the market is now better supplied with bills. On the other hand, bills issued direct to Public Departments and other similar bodies fell from £438.9 millions to £265.1 millions, partly, it is to be presumed, owing to the fact that the Exchange Equalisation Account has recently exchanged its holdings of bills for gold on a considerable scale. Public Departments may also be holding larger quantities of other Government securities in place of Treasury Bills, as a result of the recent issues.

The Debt Charge.—In his Budget of 1928 Mr Churchill introduced the principle of a fixed debt charge, which should include both interest and sinking funds. This charge he put at £355 millions. In the second Budget of 1931 this principle was abandoned and separate provision was made for interest and sinking funds. For the last three years no provision has been made in the Budget for sinking funds, but in fact the sum provided for interest and

management has in every year been sufficiently in excess of the actual requirement to provide for at least the Statutory Sinking Funds. The reduction of the Budgetary provision for the Debt from £355 to £224 millions, however, is not entirely due to the omission of a sinking fund. Over £50 millions of the reduction is due to the fall in the interest charge, which is shown in the following table:—

NATIONAL DEBT INTEREST (£ millions)

	Treasury Bills	Savings Certificates	Total of (1) & (2)	Other Interest Charges	Management and Expenses	Total Interest, Management, etc. (3) to (5)
	(1)	(2)	(3)	(4)	(5)	(6)
1930-31	12.5	16.1	28.6	263.3	1.3	293.2
1931-32	20.7	15.3†	36.0†	251.6	1.9	289.5†
1932-33	5.9	15.0†	20.9†	259.2	2.1	282.2†
1933-34	4.1	11.1	15.2	200.0	1.1	216.3
1934-35	3.5	9.0	12.5	198.1	1.0	211.7

† In 1931-32 these figures were exclusive of £8,430,922 and in 1932-33 of £2,655,995, paid as interest on Savings Certificates in excess of provision in the Permanent Debt Charge.

The reduction in the cost of Treasury bills is largely due to a fall in the average rate, which has continued this year. The reduction in other interest charges is accounted for by certain small conversion operations, which have already been described. The cost of interest and management of the Debt in 1935-36 has shown a further slight fall to £211.5 millions, leaving £12.5 millions from the fixed debt charge for Sinking Fund.

Debt Redemption.—The composition of the nominal sinking fund during the six years 1929-35 is shown in the following table:—

	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35
Specific Sinking Funds						
Principal of Terminable Annuities	£ 968	£ 939	£ 932	£ 909	£ 920	£ 928
Sinking Fund for—						
3½% Conversion Loan	16,113	15,692	15,302	7,503	...	...
4% Consolidated Loan	10,000	10,000	10,000	2,310	...	...
4% Funding Loan	3,162	3,308	3,451	3,591	3,726	3,868
3% Funding Loan	...	...	...	...	...	1,135
4% Victory Bonds	2,610	2,714	2,823	2,936	3,053	3,175
U.S.A. Government Loan	5,548	5,753	...	9,091*	...	...
Deficiency on Funding Loan and Victory Bonds surrendered for Death Duties	9,347	12,084	...	...	...	...
Total of above	47,748	50,490	32,508	26,330	7,699	9,106
Balance	...	16,340	...	...	51	3,237
Nominal Sinking Fund	47,748	66,830	32,508	26,330	7,750	12,343

* This represents proportion of total payment made on December 15, 1932, which would normally count as repayment of capital, although H.M. Government has reserved the right to treat the whole sum on this occasion as a capital payment.

The total of the Sinking Fund, however, does not necessarily indicate the actual debt redemption in any year. Budget surpluses or deficits have to be added or subtracted, as the case may be, and in addition there are borrowings and repayments for special purposes. In 1935-36 the Budget surplus of £2,941,000 must be added to the Nominal Sinking Fund of £12,466,000—making a total sum available for debt redemption of £15,407,000. The following table shows the adjustments to be made in each of the years 1930-31 to 1934-35:—

ACTUAL DEBT REDEMPTION (£000 omitted)

	1930-31	1931-32	1932-33	1933-34	1934-35
Nominal Sinking Fund	66,830	23,508	26,330	7,750	12,343
Budget Surplus	...	364	...	31,148(e)	7,562
Total	66,830	32,872	26,330	38,898	19,905
Deduct—					
Budget deficit	23,276	...	23,188(c)	...	...
Borrowing by Unemployment Fund	36,440	39,610	...	8,310(f)	910(f)
Borrowing for interest on Savings Certificates	3,500	8,431	2,656	...	...
Capital funds brought into the Revenue	...	8,750(a)	...	10,000(g)	...
Conversion Loan expenses	...	...	23,232	...	...
Total deductions	63,216	56,791	49,076	1,690	910(f)
Net redemption of debt	3,614	23,919(b)	22,740(d)	37,208(e)	20,815

(a) Dollar reserve fund. (b) Net increase of debt; but owing to conversions, the accrued interest on savings certificates was reduced by £26.5 millions. (c) Including as interest the sum of £19.9 millions paid to the United States. (d) The British Government reserved the right to regard this as a repayment of principal. (e) Net increase of debt. But see Note (c). (f) Treating as interest the sum of £3.3 millions paid to the United States. See Note (c). (g) Repayment of borrowing. (h) War Loan depreciation fund.

To the figure for 1934-35 should be added a further £7,500,000 representing repayment of war debt by South Africa. This payment, however, also entails a corresponding reduction of assets, so that it implies no change in the net position of the National Debt.

One further item still requires special mention—the treatment of National Savings Certificates. Interest on these certificates is only paid on maturity and is therefore included in the capital item. If encashments of certificates exceed sales in any year, the Treasury has to borrow for these interest payments, as is shown in the above table. But in other years the proceeds of sales are used for the payment of interest, which should be a separate transaction. This is tantamount to a loan for this purpose, and should strictly be deducted from debt redemption. Moreover, the increase in the outstanding accrued interest during the year, which is shown in the second table on page 8, should also properly be set against the figure of net debt redemption. This would reduce the redemption of debt in 1934-35 to £12.0 millions.

The final table summarises the above figures, showing the nominal value of the National Debt, the net redemption of debt and the interest charge in 1913-14 and in recent years:—

THE NATIONAL DEBT, 1913-1935 (£ millions)			
Financial Year	Net nominal total Deadweight Debt outstanding at end of Financial Year	Interest, Management, etc.	Net Re- demption of Debt†
1913-14	649.8*	19.3	5.2
1930-31	7,413.3	293.2	3.6
1931-32	7,433.9	289.5	23.9¶
1932-33	7,613.8	282.2	22.7¶
1933-34	7,822.3	216.3	37.2
1934-35	7,800.4	211.7	20.8
1935-36	7,807.0†	211.6	15.4

* Debt at beginning of year. † Estimate. § The discrepancies between the figures in this column and the movement of the figures in the first column is explainable chiefly on the ground that the first column takes no account of movements in net assets. But see also qualifications to the figure for net redemption in the preceding paragraph. ¶ Net increase of debt.

LOCAL AUTHORITIES

COMPLETE returns analysing the finances of all local authorities in England and Wales are unfortunately very belated in their appearance. Expenditure on income and capital account during the last four years for which figures are available was as follows:—

	(£ millions)		
	1930-31	1931-32	1932-33
Revenue account	432.7	435.0	430.3
Capital account	110.9	116.8	84.8
Total expenditure	543.6	551.8	515.1

Rate fund services in 1932-33 involved gross expenditure on income account of £320.8 millions, of which education accounted for £82.6 (decrease of £2.5 millions, largely owing to reduced salaries), housing for £41.6 millions (an increase of £1.6), highways and bridges for £46.8 millions (a decrease of £5.1 millions) and health services for £57.0 millions (an increase of £1.2 millions). Of the total revenue of £321.1 millions to cover these services, rates provided £146.3 millions (46 per cent.), fees, rents, etc., £53.0 millions (17 per cent.), general Exchequer grant under the 1929 Act £45.0 millions and specific Government grants for education, housing, police and highways and bridges, £74.9 (37 per cent. in all). Trading services, which are just self-supporting, cost £117.2 millions in the year, of which £35.7 was for loan charges—mainly as usual for water and electricity undertakings. In addition to expenditure on services, £20.5 millions were allocated to sinking funds by local authorities during the year.

Capital expenditure showed a very marked decrease compared with the previous year. Expenditure on housing fell by £18.3 millions, on highways and bridges by £8.5 millions, and on education by £4.3 millions to totals respectively of £21.2 millions, £11.1 millions and £6.0 millions. Most of this money was raised by loans, but the Government contributed grants of £5.2 millions out of a total of £7.4 millions for the acquisition of small dwellings, and

£6.5 millions out of a total of £12.8 millions for highways, bridges and private street works. At March 31, 1933, the net loan debt of local authorities in England and Wales amounted to £1,300.4 millions, an increase of £34 millions, of which £85.1 millions was on account of rate fund services and £449 millions of trading services. Sinking funds at that date for these two types of service were £60 millions and £33 millions respectively. Pension funds had over £42 millions standing to their account. The following table shows gross debt outstanding on different accounts before allowance has been made for sinking fund allocations:—

LOAN DEBT OF LOCAL AUTHORITIES IN ENGLAND AND WALES AT MARCH 31ST (£ millions)					
	1914	1930	1931	1932	1933
Education (elementary and higher)	52.1	56.8	65.4	71.4	75.0
Sewers and sewage disposal	44.1	59.3	65.2	70.2	74.8
Housing	12.5	444.7	423.1	448.5	466.7
Trading services	363.4	453.1	462.7	471.5	475.6
Other undertakings	90.5	210.8	287.4	295.2	301.5

Total 562.6 1,224.7 1,303.8 1,356.8 1,393.6

Later complete figures of local government finances are not available, but the amount raised by rates in England and Wales in 1934-35 was £152.9 millions, compared with £147.7 millions and £146.2 millions in the two previous years. The average rate was 10s. 8½d. in the £—a decrease of ½d. compared with 1933-34 and of 1½d. compared with 1932-33.

Loans (excluding those for housing) sanctioned by the Government in 1934-35 amounted to £26.0 millions, an increase of £5.7 millions compared with 1933-34. Of this £8.2 millions was for health (an increase for public parks, etc., of £1.4 millions), £4.5 millions for education (an increase of £500,000) and £4.3 millions for trading concerns. Housing loans of £20.8 millions were also sanctioned. Borrowing by local authorities during 1934-35 was concentrated in the first ten months of the year, and the rate varied between 3½ per cent. and 2½ per cent. at prices from 96½ to 101. The Exchequer grants under the 1929 derating Act amounted to £45.4 millions for 1934-35; while specific grants came to over £80 millions.

SOCIAL SERVICES

If the above figures are added to National Expenditure it will be found that net total expenditure by Local and Central Governments amounted in 1932-33 (the latest year for which complete figures are available) to some £1,170 millions. We now analyse the part of this total expenditure accounted for by "Social Services." In 1932-33 the figure was £490 millions (about 42 per cent. of the total), and in 1933-34 it had fallen by £11 millions to £479.3 millions. Expenditure on National Debt services, however, fell by nearly £60 millions in that year, so that the proportion of social service expenditure must have risen considerably. The actual decline was entirely due to the reduction of £16 millions in unemployment benefit payments. But the relief consequently enjoyed by the Exchequer, which had previously had to bear the whole burden of the Insurance Fund deficit as well as paying all transitional benefits, was gained to some extent at the expense of local authorities, who had to spend £2 millions more on poor relief.

	(£ millions)				
	1924	1931	1932	1933	1934
Unemployment insurance...	48.0	101.6	122.8	117.7	101.5
Health insurance¶	30.9	38.6	37.5	37.5	36.0
War pensions.....	69.6	49.2	47.0	44.5	42.8
Other pensions	24.0	72.1*	78.4*	81.3*	83.2
Education	86.6	104.8	103.3	101.5	102.3
Working-class housing	16.6	40.4	42.3	44.3	44.8§
Poor relief	41.9	42.5	41.2	44.1	46.1
Miscellaneous†	14.5	19.5	20.0	21.3	22.6
Total.....	332.1	468.7	492.5	492.2	479.3

Total, less War Pensions..... 262.5 419.5 445.5 447.7 436.6

* Includes widows', orphans' and old age contributory pensions under the Act of 1926.

† Including expenditure on hospitals, maternity and lunacy.

‡ Year ended March 31, 1933 for England and Wales.

§ Calendar years 1924, 1931, 1932, 1933 and 1934.

Changes in the cost of pensions are purely automatic, and for some time to come the decrease in war pensions will continue to counteract the increasing cost of old-age pen-

sions. With the increase in the average age of the population, however, this item will become steadily larger. The increased expenditure on housing and miscellaneous services is the most encouraging evidence of a more liberal attitude to constructive social services. The following table shows the sources of revenue for the different services:—

	Expenditure	Receipts from			Total Receipts	Number of persons (a) benefiting directly (Millions.)
		Local Rates	Parliamentary Votes or Grants	Other Sources (Fees, etc.)		
Unemployment Insurance benefit.....	49.3	...	19.7	39.5	49.2	11.5
Transitional benefit.....	52.2	...	52.2	...	52.2	
Health Insur.....	36.0	...	6.2	32.8	39.0	18.4
Pensions:						
Widows, etc.	42.2	...	...	22.9	22.9*	2.0
Old Age	41.1	...	41.1	...	41.1	1.7
War	42.8	...	42.8	...	42.8	1.0
Education.....	102.3	46.5	47.2	8.7	102.4	8.1
Housing	44.8	3.9	14.7	26.2	44.8	...
Poor relief.....	46.1	42.7	0.2	3.2	46.1	1.8
Other.....	22.6	19.7	0.3	2.5	22.5	...
Total	479.3	112.8	224.4	135.8	462.8	...

* Exchequer contribution of additional £12,000,000 to Treasury Pensions Account.

The significant feature of the above figures is a further increase in the proportion of Social Service expenditure borne by rates from 22 to 27 per cent. This was partly due to the expense of poor relief and partly to the increase from 44 to over 45 per cent. of the cost of education borne by the local authorities.

INFORMATION ON PUBLIC FINANCE

THE figures of the national accounts are to be found in a variety of official publications. Taking the series chronologically, the first to appear are the *Estimates*, which are published from four to six weeks before the financial year begins on April 1st, and contain a detailed review of esti-

mated expenditure on the Supply Services during the coming year. The Estimates are published under five heads—Army, Navy, Air, Civil Services and Revenue Departments; and the Civil Estimates are further subdivided into nine classes.

The estimated expenditure on the Consolidated Fund Services is revealed by the Chancellor of the Exchequer in his Budget Speech in April, and the *Financial Statement* which is issued at the same time contains complete estimates of total revenue and expenditure, as well as the results of the previous year's working.

Returns of Revenue and Expenditure are published weekly throughout the year and appear in every Wednesday's newspapers. Returns are also published at the end of each quarter. *Supplementary Estimates* for expenditure not included in the original Estimates are issued as White Papers as occasion requires in the course of the year.

After the financial year is concluded, the Chancellor of the Exchequer usually reviews its main features in his Budget Speech. In the following September the *Finance Accounts* are published, giving more detailed summaries of expenditure and revenue and of transactions relating to the National Debt and to the position of Sinking Funds. Finally, detailed accounts of expenditure, audited and commented upon by the Comptroller and Auditor-General, appear in the *Appropriation Accounts* and in the *Abstract Account of the Consolidated Fund*. Full details of revenue can be found in the *Annual Reports* of the Commissioners of Inland Revenue and of the Commissioners of Customs and Excise. Details regarding the National Debt over a series of years appear in two returns giving *Aggregate Liabilities and Cash Transactions of the State* and *Dead Weight Debt*, respectively. Other information is to be found in the *Post Office Commercial Accounts*, *Road Fund Accounts* and *Trading Accounts and Balance Sheets* (which refers to Trading and Commercial services of the Government).

Certain special aspects of public finances are to be found in a return entitled *Public Social Services* and in an annual report on *Public Departments, Gross and Net Cost*. Details of local authorities' finance may be found in the annual reports of the Ministry of Health and the Department of Health for Scotland.

THE GENERAL OUTLOOK

THE final section of last year's Budget Supplement was devoted to an attempt, under the heading above, to look both backwards and forwards ten years in British budgeting. It had to be recorded that the hopes of 1925 had been disappointed. Expenditure had not declined and revenue had not increased to the extent then expected, and substantial remissions of taxation had not been possible. Looking forward, we concluded that, in the decade 1935-45 "it is hard to foresee any reductions in expenditure; on the contrary, it is highly probable that there will be a moderate increase, which may be of the order of 5 per cent., plus whatever sinking fund we may decide to impose." On the side of revenue, some natural increases could be expected, but "buoyancy of the revenue is clearly not going to leave any very large margin over a rising total of expenditure for reductions of taxation. . . . So far as we can foresee the next decade, the fiscal barometer points to 'No Change.'"

After only twelve months, this forecast, cautious and conservative when it was penned, begins to have an optimistic air. Faced with the position of to-day, few prophets would venture even to breathe the possibility of reductions of taxation. Many would find the prospect of increases in taxation more worthy of discussion. This change has not been brought about by any failure of revenue. On the contrary, the increases in revenue in the past twelve months have been surprisingly good. The change has been entirely produced by a rapid increase in expenditure. The 5 per cent. increase which was anticipated for the whole decade has been achieved in a year—with the certainty of more to come.

The following table shows the movement of expenditure, under its main heads, during the past ten years. The years shown in the table have been selected as the most significant turning-points in recent British fiscal history. The first, 1925-26, besides being ten years prior to the year that has just closed, was also the first year of the post-war gold standard. The year 1929-30 marks the highest point reached by the very exiguous "prosperity" which Great Britain achieved while the pound remained on gold. The next year, 1931-32, is the "crisis year," when expenditure and revenue reached their peak. Finally, the table shows the last two completed years and the estimates—so far as they are available—for the current year.

EXPENDITURE, 1925-26 to 1936-37.
(£ millions)

	1925-26	1929-30	1931-32	1934-35	1935-36	1936-37*
National Debt services ..	355	355	360	224	224	(224)
Other Consolidated Fund....	9	9	9	13	14	(14)
Defence services	113	113	111	124	137	168†
Civil services (including tax collection)	272	272	319	358	375	379
Total expenditure	749	749	799	719	750	785

* Provisional. Figures in brackets are 1935-36 expenditure; other figures are original Estimates.

† Allowing £10 million for Supplementary Air Estimates, as forecast by the Chancellor of the Exchequer in the House of Commons, April 9, 1936.

The lessons of the table are all too clear. Expenditure has almost reached its 1931-32 peak. Moreover, this is after allowing only £10 millions for Supplementary Estimates in 1936-37, although much more than this is clearly in prospect. By the time 1936-37 closes, the expenditure will

almost certainly be higher than at any time since the years immediately after the war, when the war's legacy of high prices and free spending was still unexhausted. This increase in expenditure has been produced in spite of a fall of from £130 to £135 millions in the debt charge, due to the fall in interest rates, the disappearance of the payments to the United States and the suspension of the sinking fund. Compared with the "crisis year" 1930-31, both the defence and the civil services have increased their expenditure by about £60 millions. Compared with 1925-26, the increase is £55 millions and £105 millions respectively.

The increase in defence expenditure is proportionately the larger of the two and it is here that further increases can be expected. The public has not given the slightest sign of being prepared to submit to reductions of civil expenditure. But without such reductions an increase of total expenditure over £800 millions is a certainty in the immediate future. If rates of interest rise, and still more if a sinking fund is reinstated, a rise to above £850 millions will be difficult to avoid.

How are these enormous sums to be raised? It is conceivable that Parliament may be content to budget deliberately for a deficit, and finance it out of a Defence Loan. Such a procedure may, indeed, be inevitable if revenue is insufficient to meet expenditure. But necessity will not make such a policy any less unsound. There is no justification to be found in theoretical economics, and still less in the body of empirical precepts known as "sound finance," for financing rearmament in peace time by loan. We ought at least to make an effort to find the necessary sums out of revenue. "Out of revenue" means, virtually, out of taxation; for the non-tax revenue of the Treasury is only some £40 millions and, if receipts from loans be excluded, is unlikely to increase significantly.

The following table gives a ten-year comparison for tax revenue similar to that already given for expenditure:—

TAX REVENUE, 1925-26 to 1935-36
(£ millions)

	1925-26	1929-30	1931-32	1934-35	1935-36
Inland Revenue:					
Income Tax	258	238	288	229	238
Surtax	68	57	77	51	51
Death Duties	61	79	65	81	88
Stamps	25	25	17	24	26
Other Inland Revenue	15	3	3	3	2
Total Inland Revenue ...	427	402	450	388	405
Customs and Excise:					
Customs	103	120	136	185	197
Excise	134	128	120	105	107
Total	237	248	256	290	303
Of these:					
Sugar	19	14	16	12	
Tobacco	53	63	63	71	
Alcohol	135	124	113	96	
Entertainment	6	7	8	10	
Petrol	...	15	29	42	
All other duties	24	25	27	61	
Motor Vehicle Duties (Exchequer share)	4	5	5	5	5
Total tax revenue	668	655	711	683	713

* Details of Customs and Excise revenue for 1935-36 are not yet available.

It will be noticed that total tax revenue has also reached the peak of 1930-31, when higher rates were first imposed upon what were still, in the case of income tax and surtax at least, the incomes of semi-prosperity. The change that has come over the revenue during the past decade is very clearly visible from the table. Total tax revenue has increased by £45 millions. But the Inland Revenue has fallen by £22 millions, while indirect taxes have increased by £66 millions. Income tax is being threatened in its premier position as a revenue-getter. Ten years ago customs duties brought in only 40 per cent. as much as income tax. In 1935-36 the proportion had risen to nearly 83 per cent. Customs and excise together, from producing £21 millions less than income tax alone, now produce £14 millions more than income tax and surtax together.

This change has certain very important effects upon the incidence of taxation. But we are at present more concerned with yields, prospective as well as past. The income tax last year produced almost exactly as much as in 1929-30. The yield was still, however, £50 millions below that of 1931-32. But in that crisis year, the standard rate

was 6d. higher, and the exemptions and allowances were smaller than in either 1929-30 or 1935-36. In addition, five quarters' tax was collected on certain schedules. It would clearly be unwise to expect an increase of anything like £50 millions in the yield of income tax, without a rise in the rate, for many years to come. The yield of surtax in 1935-36 was still at the lowest figure recorded in the table. It was £6 millions below 1929-30, although the rates were increased by 10 per cent. in 1931. The time lag between the receipt of incomes and the payment of surtax on them is as long as two years. But even so, the failure of last year's receipt to increase is disappointing. To expect a return to the £77 million yield of 1931-32 would be very optimistic. The death duties, in contrast to surtax, show an almost continuous increase, in which the 1931 rise in rates has undoubtedly played some, but not the dominating role. A further increase can be expected, though it will undoubtedly be small.

Summing up on the Inland Revenue, the 1931-32 figure of £450 millions (an increase of £45 millions on last year) is the most that can, even with some optimism, be expected with the present rates of tax in the next few years. Even in 1921-22 the Inland Revenue (excluding Excess Profits Duty) only produced £489 millions. And that was with the standard rate at 6s., a much higher level of prices and the Irish Free State still within the United Kingdom.

How much more can be expected of Customs and Excise? The table above includes figures of the yield of the chief indirect duties. The most striking feature is the decline in the yield of duties on alcohol. Much the largest constituent of this, of course, is the beer duty, and the experiment of a few years ago appears to have demonstrated that even higher rates of duty will not produce a higher revenue. We must apparently reconcile ourselves to further declines under this head. On the other hand, the yield of the tobacco duty is still increasing. Since 1932-33 it has even displaced beer from the position of largest yielder, and there is probably still more revenue to be got out of tobacco, even without raising the rate. The population has, it is true, virtually stopped increasing; but the number of adults will continue to increase for some time to come. The petrol duty should also be able to show continued increases. The reduction in the motor licence duties, by encouraging the purchase of larger cars, may well result in increased purchases of petrol per car, apart altogether from the still rising number of cars on the road. Finally, there is the item of "all other duties," which includes, as its major constituents, the revenue resulting from the Import Duties Act, the Ottawa Duties and the Irish Free State Duties. The last-named may disappear, but the two former are apparently permanently with us. They should show some "natural" increase as trade revives, but the present indication is that their yield is not likely to be swollen by any increase of rates. Increase of rates might, indeed, have the effect of reducing the yield.

It is difficult to reach numerical conclusions on the probable future yield of Customs and Excise duties, as there is no past experience, over a large part of the field, to guide us. But for the purposes of a rough guess we may suppose that the tobacco, petrol and "all other" duties will each produce £10 millions more in the next few years, and that the alcohol duties will decline by another £5 millions. This very approximate calculation gives a total yield of Customs and Excise, without any increase of rates of duty, of about £330 millions. We may now add in the Exchequer share of the Motor Vehicle Duties (stabilised at £5 millions) and non-tax revenue, and we get a maximum figure for total revenue in the next few years of £825 millions. It goes without saying that all these calculations presuppose no onset of serious depression.

These, then, are the dimensions of Great Britain's budgetary problem. Expenditure, even without a sinking fund, looks like exceeding even the highest estimate of revenue that can be made, with any regard to caution, on the basis of the present rates of taxation. Unless the alarming increase in defence expenditure can be arrested—which involves considerations far wider than are appropriate to a Budget Supplement—the indications are that we shall soon have to choose between increased taxation or deliberate deficits.

THE ECONOMIST

TRADE SUPPLEMENT

New Series

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No. 155

THE STATE OF TRADE

ALTHOUGH the expansion of business activity in recent weeks exceeded the normal seasonal improvement at this time of the year, recovery from the recession between December and January was not complete by March. The momentum of recovery appears to have temporarily lost some of its force, due partly to the growing uncertainty concerning European political stability, but there is no evidence that the upward movement has exhausted itself. While the Budget provides no encouragement to enterprise, the latest reports from industrial centres point to steady progress in the majority of industries.

Recent changes in business conditions are revealed by the chart on this page, based on our Index of Business Activity. It will be seen that despite a rise in February and March, the index for the past month still remained two points below the December peak. All the group indices for March are higher than in the corresponding months a year ago. Between February and March all but four indices, including those relating to the consumption of coal, electricity and iron and steel as well as to building activity, registered an increase.

As in February, the increase in employment in the past month was more marked than usual. Indeed, employment reached a new peak on March 23rd, the total number of insured workers aged 16 to 64 in employment in Great Britain, at 10,360,000, showing an increase of 155,000 over February, and one of 411,000 over the corresponding month a year ago. The proportion of insured persons unemployed in March was 14.4 per cent. and, if the normal seasonal movement continues, the percentage is likely to fall well below 14 by May. The improvement between February and March was well distributed geographically, for unemployment showed a decline in all districts with the exception of Wales. Among other general indicators of business activity, our indices of the consumption of coal and electricity showed a decline, but those relating to the volume of imports of raw materials and of exports of British manufactures registered a rise. The increase in imports of raw materials is particularly encouraging as an indication of increased activity in the future. Industrial progress in the past month is also reflected in an increase in bank clearings and in the advances of the London clearing banks.

There is, however, one important factor limiting the scope of progress which has as yet received little attention, namely, the uneven incidence of recovery. Thus, while the capacity of a number of industries is unequal to meet demand at current prices, others, including coal and cotton, continue to suffer from an excess of plant and labour supply. The capacity of certain sections of the iron and steel industry, for example, is quite insufficient to meet requirements at current prices. Complaints of a shortage of pig

iron and of arrears in deliveries of semi-finished steel as well as of the difficulty of placing contracts for near delivery are growing more insistent. Again, progress in the engineering industry is hampered by a scarcity of skilled mechanics. The position has been aggravated by the fact that the nature of Government contracts enables manufacturers of armaments to offer higher wages than others can afford.

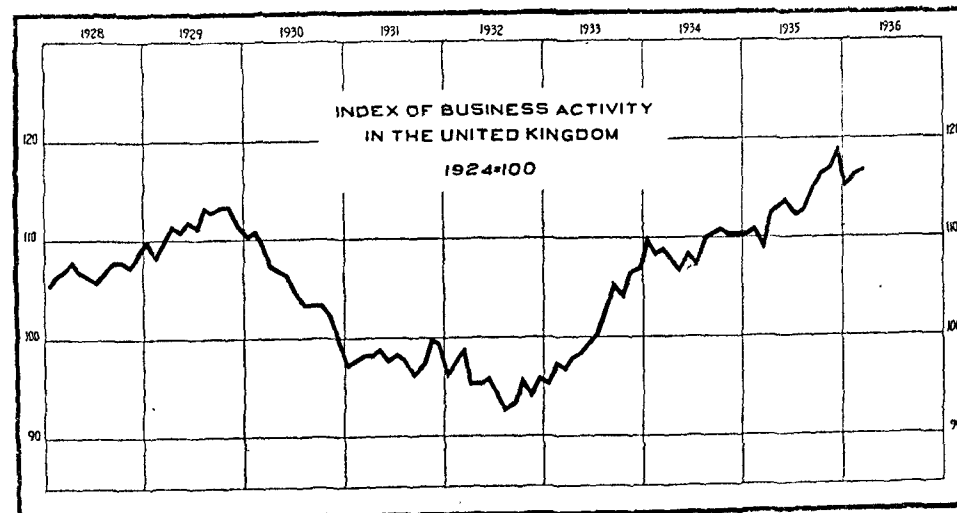
As our summaries of developments in individual branches of activity show, progress continued uneven. Demand for iron and steel and for the products of the engineering industry remains as active as ever, and in certain sections output is only limited by capacity. New orders for mercantile shipping tonnage in the first quarter of 1936 were somewhat smaller than in the previous quarter, but the volume of work on hand showed a further increase. It is noteworthy, however, that our index of building activity has not reached the level of December since the beginning of this year. The value of building plans passed by 139 local authorities in March was actually 8.3 per cent. below the level of a year ago.

The majority of consumers' goods trades experienced a seasonal improvement in recent weeks. Unemployment declined in the textile industry as a whole as well as in the clothing, leather and leather goods and food, drink and tobacco trades. The cotton and jute trades have

made little headway in recent weeks, but the wool textile industry remains active. The output of motor vehicles continues above last year's level, but exports of private cars in March showed a substantial decline on the corresponding month a year ago.

Abroad, the setback in activity in the United States during January and February was followed by an improvement in March which has since gained momentum. In Europe, most countries, with the exception of Holland and Switzerland, have either maintained the previous improvement or experienced further progress. Following the gradual decline in German business activity, that country has experienced a marked seasonal revival in March. Although France's financial difficulties are by no means solved, her industrial production continues to expand.

There has been no serious deterioration in the position of the majority of Latin-American countries. Activity in Japan remains at a high level and China's foreign trade has recently shown a tendency to expand. Reports from Empire countries reveal steady progress in Australia and South Africa, while Canada, after the setback in January and February, has since been forging ahead. Although the domestic recovery of the principal industrial countries has not been accompanied by a corresponding expansion of the international exchange of commodities, the latest statistics of world trade, published by the League of Nations, reveal a small measure of recovery.



HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of April. In the remainder they relate to the month of March.

COAL

On a daily basis, production showed a slight decline in March, although remaining above last year's level. This decline is reflected in the employment position, and the gradual increase in the number of persons employed at the coalfields, noticeable since last October, was reversed in mid-March. Meanwhile the output of industrial fuels is well absorbed, mainly on contract account, and the market in coke remains very strong. The house coal trade became slack towards the end of March, but April's unseasonable weather has caused a sharp increase of business in this section. But while conditions on the home market generally are not unsatisfactory, the export situation leaves much to be desired. Exports declined further last month and remained below the 1935 level. Little improvement has been recorded in recent weeks; a number of forward inquiries have been circulating, but exporters are unwilling to commit themselves too far ahead.

IRON AND STEEL

The iron and steel industry remains as active as ever, and output is only limited by its capacity. Despite a further fall in exports in March, accompanied by an increase in imports, the stringency in certain sections of the industry persists; for example, the output of pig iron cannot be increased proportionately to the rise in demand owing to the shortage of coke. The existence of bottle-necks is hampering the industry. Moreover, its limited capacity prevents an expansion in exports. Although prices of iron and steel materials have tended to rise, a sharp upward movement has been prevented so far by the intervention of the British Iron and Steel Federation.

ENGINEERING

Activity in the engineering industry continued to expand in recent weeks; indeed, the current volume of output is probably not much below that of the pre-depression year. The strengthening of the fighting services is an important factor in the recovery. The value and volume of exports in March was higher than in the corresponding month a year ago. Imports also registered an appreciable increase, a reflection of the improvement in domestic demand. The improvement in recent weeks has been most marked in the manufacture of machine tools and oil engines and in the locomotive and marine engineering sections. There was also an improvement in the demand for agricultural and electrical machinery, and business in mining and lifting machinery continued good. Confidence is increasing throughout the industry, but the recovery in engineering has revealed a serious scarcity of skilled labour, which is hampering developments.

ELECTRICAL ENGINEERING

Home demand continued to expand during the past month, and the volume of orders for heavy electrical machinery in March showed a substantial increase compared with February. On the other hand, export business was slightly less active.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*
(1920 = 100)

Period	Home	Export	Total
1928—March	71	141	89
1929	88	126	97
1930	71	236	113
1931	62	126	74
1932	46	112	57
1933	68	65	64
1934	41	101	58
1935—March	102	134	113
April	105	135	115
May	110	128	117
June	109	124	115
July	101	123	109
August	85	122	99
September	71	135	93
October	70	141	93
November	79	150	102
December	89	141	106
1936—January	90	149	110
February	97	152	115
March	107	151	122

* Copyright of the British Electrical and Allied Manufacturers' Association. The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

MOTOR INDUSTRY

On the home market progress has been well maintained. Thus during February 21,345 private cars were taxed for the first time, against 19,106 in 1935 and 15,549 in 1934. Registrations of goods vehicles also showed a satisfactory increase on the year, 6,277 new vehicles being licensed in February, compared with only 4,920 in the same month of last year. Imports of private cars remain below the 1935 level; the export position is less satisfactory, for overseas sales in March fell short of the 1935 figure. But exports of commercial vehicles remain above the level of a year ago.

CHEMICALS

Demand has been fairly active generally and prices have remained steady. Business in coal-tar products is quite active,

carbolic and cresylic acids and creosote being in good demand. Prices for wood distillation products are unchanged, and most items, except wood creosote and tar, have been good. The market in pharmaceutical products has shown a slight improvement, although most orders are for limited quantities. Bismuth salts, bromides and lactic acid have been good items. Exports in March were slightly below the level of the two previous years.

ELECTRICITY

INDEX OF GENERATION OF ELECTRICITY*
(Great Britain, excluding London and Wales)
(Monthly Average, 1923-24 = 100)

	(1)	(2)
1929	171	102.2
1930	167	93.1
1931	171	90.5
1932	181	87.5
1933	199	87.4
1934	227	98.6
1935	260	106.4
1935—March	260	103.0
April	230	104.0
May	241	105.0
June	236	106.0
July	229	108.0
August	227	109.0
September	257	111.0
October	281	111.0
November	298	109.0
December	352	110.5
1936—January	312	111.0
February	322	113.0
March	310	115.0

* Prepared by the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association.
† Corrected for seasonal fluctuations, for the increase in electrification (trend), and for connections to the "grid."
‡ Provisional.

COTTON

Available data suggest that, while the improvement over last year has been maintained, little progress was recorded last month. Thus, the number of workpeople employed and wages paid showed little change in March, but both are well above last year's level. Again, the percentage of spinning spindles in full production was unchanged at 81, compared with 70 at the end of March, 1935. On the other hand, the *Economist* index of cotton deliveries to spinners rose from 93½ in February to 96½ in March (1924 = 100), against 89½ in the same month last year. In recent weeks home trade buyers have been cautious, and both spinners and manufacturers have complained of the smallness of orders. The export situation showed no significant change last month, and sales overseas continue to be hampered by the uncertainties of the international situation. Demand for India is reported to have fallen off in recent weeks, and buying for other outlets has been irregular.

WOOL

Active conditions continue to prevail in the woollen and worsted industry. Employment continues good and a further improvement was recorded in March—especially in the woollen section. The position is much better than at this time last year, and a shortage of skilled operatives is reported from some districts. The pressure for immediate delivery of tops and yarns has abated somewhat, but demand remains active. Although some slackness was apparent over the holiday period, manufacturers report an active demand for the products of the industry, and order books are generally well filled. The export section is much less satisfactory. Exports of yarns and manufactures, although still above the 1935 level, recorded a slight decline last month.

JUTE

The depression in this industry continues. The Indian Jute Mills Association failed to secure the adherence of the "outside" mills to the scheme for restricting working hours, and some increase in the rate of production in India, coupled with a fall in prices, is regarded as inevitable.

RAYON

Business in yarns has been somewhat disappointing, confident forward buying by the weaving trade being absent. Some improvement in demand from the hosiery trade has, however, been recorded and certain special sections are active. But business generally has been affected by the unseasonable weather.

LINEN

Spinners have been purchasing considerable amounts of Russian flax and tow, mainly from merchants whose prices are below the official monopoly quotations. Supplies of Irish flax are limited and prices firm. Yarns have received more attention, while the demand for cloth remains seasonally quiet. Damask ranges and fine cambrics are, however, in more active request.

BOOTS AND SHOES

A further modest improvement in the footwear trades is reflected in an increase in employment and in wages paid. Exports recorded a slight increase in March and were above the level of a year ago.

POTTERY

Employment in this industry, although showing some improvement last month, remains slack in the main producing areas. Short-time is being worked by a high proportion of the operatives in North Staffordshire.

AGRICULTURE

Spring sowing is now in progress, but few plants are yet above ground. Autumn-sown crops improved in appearance during the latter part of March. The preparation of the land for potatoes is proceeding as rapidly as possible and planting of early varieties is progressing. Preparation of the land for sugar beet is very much in arrears. The fall of lambs amongst lowland flocks has been about average, but lambing prospects amongst hill flocks are not very favourable. Pastures are now showing signs of growth. Milk yields have been generally difficult to maintain, and all stock are showing signs of the trying winter.

SHIPPING

A further fall of 0.9 per cent. in our index of whole cargo shipping freights during March reflects the continuance of depression in shipping. The current figure of 89.8 (1898-1913 = 100) compares with 82.1 in the same month a year ago. Apart from

the movement of grain cargoes from the St. Lawrence, business has remained dull in recent weeks, the supply of tonnage being in excess of demand.

BUILDING

For the third successive month, our index of building activity in March failed to attain the peak level reached in December. Nevertheless, activity remains well above the 1935 level, and the current figure of 236 (1924 = 100) compares with 213 in March, 1935. Employment in the building trades showed a substantial seasonal improvement last month, and in some branches a shortage of skilled operatives was reported. The Ministry of Labour figure for the value of building plans approved by local authorities in March was below the corresponding total for 1935, the decline being in plans for dwelling-house construction. Plans approved for other purposes, however, continue their upward trend. Although the outlook is somewhat uncertain, no considerable decline in activity is yet anticipated.

RETAIL TRADE

Although the official figures are not available as we go to press, it appears likely that the improvement over 1935 was maintained in March. The termination of the period of national mourning is expected to give a fillip to sales in certain sections.

HOME TRADE STATISTICS—MARCH, 1936

	Feb., 1936	Mar., 1936	Compared with Mar., '35	Feb., 1936	Mar., 1936	Compared with Mar., '35
UNEMPLOYMENT— (State Insurance %)	15.4	14.4	—	2.0		
PRODUCTION—						
Coal (million tons)*	4.9	4.7	+	0.1		
Iron (thous. ")	584.7	633.6	+	79.4		
Steel (" ")	938.5	980.1	+	138.2		
FOREIGN TRADE—						
Imports (million £'s)	62.3	68.1	+	7.5		
Re-exports (" ")	5.7	5.9	+	1.4		
British Exports (" ")	35.1	36.5	+	0.6		
TRANSPORT—						
Railway Receipts (thous. £'s)*	2,706	2,789	+	80		
Shipping Freights (av. level†)	77.9	77.2	+	6.7		
COMMODITY PRICES (av. level‡)	70.8	70.9	+	4.8		
TRADE DISPUTES (thous. working days loss)	212	195	+	18		
SECURITY VALUES (av. level§)	129.6	128.6	+	4.9		
FINANCIAL DATA—						
Bank of England Notes (Mill. £'s)*	399	405	+	25		
Bank Deposits (" ")	2,123	2,108	+	185		
Bank Advances (" ")	824	849	+	82		
Banks' Cash Ratio (%)	10.8	10.3	—	0.8		
Bank Clearings:						
London (million £'s)*	748	750	+	40		
Manchester (" ")	10.4	10.2	+	0.1		
Three Months' Bank Drafts (Discount Rate %)*	3½	3½	+	½		
Day-to-Day Loans (%)	1½	1½	+	½		

(†) 1913 = 100. (‡) *Economist* Index No., 1927 = 100.
(§) *Bankers' Magazine* Index No. of 365 securities; December, 1921 = 100. (¶) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.
* Average weekly figures.

INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1924 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index		
		Coal	Electricity	Merchandise on Railways	Commercial Motors in Use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Town	Monthly	Three-Months' Moving Average	
1929	Daily Average	107	97½	147½	95½	159	116½	132½	112	104	113	109½	109	111½	123	112	...
1930		103	93	150	86½	168½	118	144½	98	77	101	86	108	109	124½	106½	...
1931		99	87	150½	74	175	117	136½	84½	80½	94½	64	98	106	109	98½	...
1932		98	85	155½	64½	180½	116	126	69	88	96	65½	95	106	97½	96	...
1933		101½	85	168	67½	187	118	162	81	94½	106	68	96½	111	99	101	...
1934	106½	92	188½	75	199	119½	194	108	92½	114½	74	99½	117	108	109½	...	
1935	109	94½	210	75	208½	122½	220½	115½	94½	114½	80	101	122	112½	113½	...	
1933—March	99	80½	152½	64½	184	114½	151½	70½	84½	98	68	93½	108	103	97	96½	
April	99	80½	152½	68	184	115	153½	75	85½	101	67	97	110½	96	98	97½	
May	100½	83	160½	67	185½	119	157½	71½	90	104	65	93	110	89½	98½	98	
June	101½	80½	155½	65½	186	117	159½	77½	98	106½	69	98	109½	88½	99½	98½	
July	102	79½	163	64½	187½	115½	164½	80	108	119	64½	97	113½	98½	100½	99½	
August	103	84½	164½	64½	188½	117	167½	86½	110½	132	68	98½	110	95½	103	101	
September	104	88½	169	70½	189½	116½	173	93	103	120½	74½	100	112	107	105½	103	
October	104	87	168	75½	190	117½	174½	88½	92	103	73½	98	114	104	104	104	
November	105	90½	181½	76½	191	118	177	93	97	109½	71	97	112½	107½	106½	105½	
December	104½	91½	183½	76½	193	120½	178	114½	90½	105	69	97	113½	106½	107	106	
1934—January	105½	103½	180½	68	195	119	178½	117½	95½	120	73	105	120½	113½	110	108	
February	105½	89½	179	74	196½	120	183	106½	98½	119	68	99½	117	130	108½	108½	
March	105½	94	185	75½	196½	117½	186	112½	87½	109	72	101	118	119½	109	109	
April	106	89	180½	77	197	118	190	106½	93½	113	71	97	117	108½	108	108½	
May	106½	88½	177½	75½	198	117	191	104	93½	110	70½	96½	114	107	108	108	
June	106½	85½	188	76	200	117	195½	103	103	123	74½	98	116	108½	108½	108	
July	106½	85	179	71	201½	116	197	107	97	127	70½	90	113	100½	110	108½	
August	107	93	183½	73	202	120	198½	107	95½	137	70½	100	113	100½	110	108½	
September	107½	91	186½	77½	201½	117½	198½	106	91	128	85	113	114	101½	111	110	
October	107	93	188½	80	199	119	202	109	85	119	78½	96½	118	101	111	110	
November	107	96	200	78½	198	119	205	103	81	99½	76	97	116	130½	110½	110½	
December	107	90	182	76	200	124	204	117	87	102	79	100½	120½	112	110½	110½	
1935—January	107	93	193	72½	203½	120	206	117	90	96	75	95½	123	128	110½	110½	
February	107	93	193	73	206½	121	209	110½	86	108½	80½	97½	121	106	111	110½	
March	107½	87	195	74	207	117	213	115	89½	102	79	99	118	105½	109½	110½	
April	108½	92½	203	75½	207	123½	216	105½	85½	120	81	100	120	109½	112	111	
May	108	97	207	77½	207	120	221	106	90½	119	84	101	121	113	113	112	
June	108½	94½	207½	75	207½	118	221	106	90½	119	84	101	121	113	113	112	
July	109	88	202	70½	208½	120	222	109	87	117	84	101½	126	120	114	113½	
August	109½	89½	207	71½	209	121	222	109	87	117	84	101½	126	120	114	113½	
September	110	96½	209	74½	210	122	223	110	88	118	77	102	126	113	112½	113½	
October	110	101	214	81	211	122	228	120	91	119	83	99½	121	108½	116½	115	
November	110½	100½	215	82½	211½	123	233	118½	101	120	80	101	120	107	117	116½	
December	110½	102	225	78½	213½	127	238	138	93	129	79½	104	126	124½	119	117½	
1936—January	110	102½	218	73½	215½	124	236	139	97	113½	79½	99½	124	105½	115½	117½	
February	111	98½	226½	76½	217½	124	237½	134½	93½	116½	79½	100	123½	105	116½	117½	
March	111½	95½	220½	78½	...	124	236½	132	96½	121½	80½	100½	125	108½	107½	116½	

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—A cable from the National Bank of Australasia states that favourable pastoral conditions exist, except in Western Australia and parts of Victoria, where rain is needed; butter production has rapidly declined. Meanwhile, gold production continues to expand, internal trade and building are active and competition was fully maintained at the closing wool sales. Foreign trade continues well above the previous year's level.

South Africa.—The progress of recovery continues. The Union Budget for the coming year reflects the highly satisfactory state of the country's finances, but the reliefs are extremely meagre. Meanwhile, foreign trade continues well above last year's level, the export position being good. Imports in March amounted to £6,910,000, against £6,093,000 in the same month of 1935, while exports, including gold, totalled £7,085,000, against only £4,365,000 in March last year.

Canada.—Abstracting from seasonal influences, business activity in Canada continues its gradual improvement. The movement is reflected in car-loadings and bank clearings, which remain well above last year's level, and also in the growth of building permits. Exports, at more than 60 million dollars, were greater in February than in any February since 1930, the gain over the previous year being 26 per cent. A moderate increase in imports also took place.

India.—The Bombay cotton market showed a strong tone during March, active buying by Japan being a feature of interest. Quotations for piece goods remain low, but the market is fairly steady at this level. The Calcutta jute market turned quiet towards the end of March, on favourable weather conditions. Some increase in the output of jute manufactures is expected owing to the failure of the Jute Mills Association to reach agreement with the outside mills.

EUROPE

France.—While the Government's financial difficulties have by no means been finally overcome, the trend of industrial activity remains upwards. It is interesting to note, however, that, according to a statement by the Minister of Finance, revenue from taxation last month exceeded the official estimates for the first time for nearly five years. Meanwhile the official index of industrial production rose from 97 (1913 = 100) in January to 99 in February, an increase of 6½ per cent. over the corresponding month last year. Moreover, with the exception of the figures for textiles and mining, all the group indices showed an improvement between January and February. The number of persons in receipt of unemployment benefit fell from 484,526 at the beginning of March to 457,750 at the beginning of April, a decline of 17,687 on the corresponding date last year. The upward trend of wholesale prices gave way to a downward movement at the end of March, and prices of industrial securities have not yet fully recovered from the setback caused by Herr Hitler's re-occupation of the Rhineland.

Germany.—Germany is in the midst of a seasonal improvement in business activity, reflected in the decline in unemployment from 2,514,900 at the end of February to 1,937,000 at the end of March. Coal production in March remained above the level of a year ago. Car-loadings increased from 124,100 per day during the first week in March to 131,500 per day during the first week in April. The value of imports rose from Rm. 334 millions in February to Rm. 355 millions in March, and exports increased from Rm. 374 millions to Rm. 379 millions. Consequently, the excess of imports over exports declined from Rm. 40 millions in February to Rm. 24 millions in March. The official index of wholesale prices remained practically unchanged in recent weeks, but quotations for industrial securities showed some improvement.

Belgium.—Belgium continues to make headway. The latest official statistics are, however, somewhat out-of-date. The index of industrial production rose from 66.9 in January, 1935, to 80.6 last January. Again, the number of wholly and partially unemployed workers declined from 381,706 to 266,941 during the same period. The improvement in business conditions has been accompanied by an appreciable expansion in foreign trade.

Norway.—Developments during recent weeks continued the favourable trend in evidence since the turn of the year. Foreign trade figures for February show an increase in the turn-over of nearly 15 per cent., compared with the same month last year, chiefly on account of heavy imports of raw materials. Industrial production and unemployment figures also indicate an appreciable improvement. The fact that the right of issue of notes of the Norges Bank has recently been raised by 75 million kroner may be ascribed to increased business activity.

Poland.—The gradual improvement in Polish business conditions has been maintained. The index of industrial production, calculated by the Polish Institute for Economic Research, rose from 67.3 in January to 68.6 in February, an increase of 6 per cent. over the corresponding month a year ago. Unemployment is lower, and the value of both imports and exports in February was appreciably higher than a year ago. During the past month recovery was retarded by a series of strikes.

UNITED STATES OF AMERICA

The latest evidence of business conditions in the United States indicates that the recession in January and February gave way to

a renewed upward movement in March. Thus, the *Annalist* index of business activity, after falling from 94.9 in December to 87.8 in February, rose again to 88.2 in March. The improvement continued in the first half of April, the *New York Times* index of activity rising from 94.0 during the week ended March 28th to 98.1 during the week ended April 11th. The principal branches of activity are all making headway; construction contracts awarded are appreciably higher than a year ago; production of steel and machine tools is increasing, and there has been a sharp upturn in the output of motor vehicles. But although industrial activity is once more on the up-grade, the future is still fraught with uncertainties, reflected in the sagging tendency of the prices of industries securities.

AMERICAN TRADE STATISTICS—MARCH, 1936

	Feb., 1936	Mar., 1936	Mar., '35
EMPLOYMENT —(1923-25 = 100)†	84.0	...	+ 2.1||
PRODUCTION —			
Bituminous coal (Thous. tons)	41,375	30,692*	- 8,156
Pig-iron { " " }	1,824	2,040	+ 270
Steel { " " }	2,968	3,346	+ 515
Steel Corporation—shipments			
(Thous. tons)	676	784	+ 116
Building permits (Thous. \$)	51,560	78,120	+ 33,063
FOREIGN TRADE —			
Imports (Thous. \$)	189,855	...	+ 37,318||
Exports { " " }	182,630	...	+ 19,624||
TRANSPORT —			
Weekly average of car loadings (Thous. cars)	627	605	+ 2
SECURITIES —			
30 industrial stocks—			
Highest quotations†	154.43	158.75	+ 55.48
Lowest quotations†	149.58	150.42	+ 53.71
Thous. shares sold during month—			
(New York)	60,871	51,025	+ 35,176
Capital issues excl. refunding (Thous. \$)	230,700	...	+ 87,900||
BANK DEBITS —			
New York (Million \$)	15,806	19,629*	+ 3,733
Other cities { " " }	15,766	17,878*	+ 2,047
RETAIL BUSINESS —			
Total sales, mail order houses‡ (Thous. \$)	45,087	61,153*	+ 6,254

* Preliminary estimates made by Messrs Moody, subject to revision. † Federal Reserve Board Index of Factory Employment. ‡ Closing prices. § Partly estimated. || Compared with Feb., 1935.

LATIN AMERICA

Harvesting of the Argentine maize crop, officially expected to yield 9,650,000 tons, or 1,830,000 tons less than last year, is actively proceeding. Following publication of this estimate, the Government announced an advance in the basic purchasing price of the Grain Regulating Board for maize from 4.40 pesos to 5.00 pesos per 100 kilos. Export demand for grain continues poor, and there is the possibility of further drawings upon the Government's Exchange Profits Fund to offset losses of the Grain Regulating Board. Consequently, it appears doubtful whether the Government could contemplate further exchange concessions to British interests, notwithstanding their known desire to do everything possible to further the negotiations for the renewal of the Roca Agreement. Chile's foreign trade figures for January, 1936, made a satisfactory showing; exports rose in value to 54.5 million pesos of 6d. (gold), against 39.9 millions in December, 1935, while imports were reduced to 28.3 million pesos, against 31 millions. The improvement in Chilean internal conditions generally is maintained. Brazil's active balance of trade was reduced last January to a lower level than has been recorded for that month for many years, while export demand for coffee on the local markets continues restricted. In Venezuela, the coffee crop is poor, and there is temporary stringency in the foreign exchange market. The export of coffee from Colombia has been delayed owing to transport difficulties. While the crops of Central American coffee producing countries generally showed somewhat varied results, a large part of this season's harvest has already been sold.

THE FAR EAST

Business conditions in Japan show little change. The output of cotton yarn increased in February, but production of rayon declined. Quotations for rayon and cotton yarn have been steady in recent weeks, but raw silk was weak. The market in Government bonds and shares has remained steady and the new 3½ per cent. conversion loan is expected to be well received. Imports during March totalled 293 million yen and exports 223 million yen, against 235 and 224 million yen, respectively, in the same month of 1935. Meanwhile, China's imports rose to 79.18 million dollars in March, against 63.23 millions in February and 97.29 millions in the same month of 1935, while her exports recovered to 48.19 millions, compared with 46.36 millions in the previous month and 39.05 millions in March, 1935.

STATISTICS

In the following tables we give trade and other statistics for as many countries of the world as possible, our endeavour being to combine brevity with comprehensiveness. The greater number of the figures are taken from the *Monthly Statistical Bulletin of the League of Nations* (published by George Allen and Unwin, Ltd.)

PRODUCTION (Thousands of Metric Tons)

Period	COAL										LIGNITE		
	United Kingdom	Belgium	Czechoslovakia	France	Germany	Netherlands	Poland	U.S.S.R.	Canada	South Africa	British India	Japan	United States
1913	24,337	1,903	1,189	3,338	15,842	156	748	...	1,037	665	1,311	1,776	43,088
1929	21,837	2,245	1,377	4,432	13,620	985	3,853	3,472	1,023	1,052	1,893	2,855	46,026
1932	17,717	1,785	913	3,858	8,723	1,093	2,403	5,358	825	895	1,581	2,338	27,183
1933	17,525	2,107	878	3,906	9,141	1,048	2,293	6,020	645	872	1,528	2,710	28,989
1934	18,708	2,199	898	3,967	10,465	1,023	2,436	7,792	801	992	1,703	2,755	31,398
1935	18,877	2,207	914	3,851	11,918	990	2,395	8,652	776	1,104	1,765	2,909	31,576
1935—March	19,593	2,170	847	3,808	10,946(i)	931	2,247	8,578	691	1,005	2,019	3,092	37,863
April	17,683	2,175	816	3,820	11,019	984	2,282	8,437	653	1,055	1,832	2,983	24,261
May	19,589	2,132	817	3,931	11,624	1,011	2,023	8,042	751	1,146	1,847	2,958	28,751
June	16,397	2,148	759	3,678	10,884	919	2,027	7,354	764	1,044	1,659	2,707	32,395
July	17,721	2,243	811	3,770	11,985	1,058	2,355	8,693	813	1,187	1,584	2,760	23,394
August	17,167	2,245	890	3,690	12,098	973	2,337	8,671	748	1,224	1,410	2,599	26,039
September	18,007	2,198	1,004	3,710	11,978	857	2,544	8,589	771	1,110	1,661	2,760	26,365
October	20,152	2,402	1,087	4,146	13,455	1,081	2,826	9,722	923	1,178	1,688	3,068	37,166
November	20,605	2,205	1,115	3,987	13,178	991	2,536	9,004	876	1,137	1,738	3,145	32,722
December	19,908	2,282	1,055	3,915	13,049	1,011	2,497	10,781	774	1,119	1,836	3,279	35,788
1936—January	21,908	2,527	1,000	4,087	13,679	1,056	2,556	10,270	760	1,161	1,907	2,935	39,752
February	19,955	2,337	909	3,854	12,625	960	2,260	...	771	1,142	2,134	...	37,467
March	...	...	...	...	...	...	...	...	...	...	...	...	30,330

PIG IRON										STEEL							
Period Monthly Average	United King- dom	Bel- gium & Luxem- burg	France	Saar	Ger- many	Sweden	U.S.S.R.	Canada	United States	United King- dom	Bel- gium & Luxem- burg	France	Saar	Ger- many	Sweden	Canada	United States
1913	<i>b</i> 869	<i>a</i> 419	434	114	<i>g</i> 1,397	61	...	85	2,601	649	<i>a</i> 307	391	159	<i>g</i> 1,467	62	88	<i>o</i> 2,564
1929	643	579	864	175	1,117	41	362	92	3,580	818	567	808	184	1,354	60	117	4,598
1932	303	392	461	112	328	22	521	12	735	445	395	470	122	479	44	29	1,128
1933	349	386	527	133	439	27	597	19	1,119	595	383	544	139	632	53	35	1,913
1934	506	405	513	152	728	44	867	35	1,348	750	407	514	152	890	73	64	2,139
1935	544	411	482	...	11,045	47	1,042	51	1,778	833	405	522	...	1,342	77	79	2,824
1935—March	563	400	489	<i>h</i>	11,000	50	1,051	45	1,798	855	394	505	<i>h</i>	11,299	78	59	2,914
April	535	406	478	...	934	51	1,016	44	1,690	822	407	517	...	1,224	74	70	2,683
May	568	436	502	...	1,001	58	1,044	46	1,755	867	441	555	...	1,316	86	74	2,678
June	538	419	465	...	979	42	1,058	45	1,577	782	404	504	...	1,249	56	75	2,267
July	556	420	488	...	1,093	39	1,096	51	1,545	816	409	545	...	1,448	71	87	2,307
August	552	413	479	...	1,145	45	1,085	55	1,789	772	406	538	...	1,496	82	84	2,966
September	538	387	474	...	1,113	41	1,046	55	1,801	870	368	522	...	1,378	76	92	2,875
October	553	409	492	...	1,198	47	1,077	46	2,010	922	404	557	...	1,551	85	97	3,166
November	538	416	469	...	1,196	44	1,020	66	2,099	918	412	508	...	1,483	82	96	3,204
December	568	426	506	...	1,194	49	1,151	72	2,140	925	421	560	...	1,442	81	100	3,131
1936—January	605	429	503	...	1,279	47	1,140	62	2,059	926	428	561	...	1,585	75	102	3,098
February	594	419	501	...	1,173	45	...	57	1,857	954	422	535	...	1,489	73	95	3,016
March	664	...	...	...	...	...	...	...	2,073	996	...	...	...	...	...	...	3,400

a Figures for Luxembourg communicated by the "Groupe des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal since end 1921, excluding Ireland. e British Provinces only. f Establishments whose production in 1935 amounted to 99.39% of the total. g Excluding Luxembourg. h Until end 1928. i Since 1922, excluding Polish Upper Silesia. j Since March, 1935, Saar Territory included with Germany. k Excludes Saar. l Coal sold. m Including coal waste.

WHOLESALE PRICES

Monthly Average	U.K.		Belgium	Czechoslovakia	Denmark	France	Germany (Official)	Holland	Italy	Norway	Poland	Spain	Sweden	Switzerland	Australia	British India	Canada	South Africa
	Board of Trade	Economist																
1913	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1929	127.2	85.6	85.1	100	150	627	137.2	100	481	149	96.3	167.7	140	141.2	165.7	141	149.4	116.5
1932	85.6	86.1	532	74.5	117	427	96.5	64.8	310	122	65.5	166.7	109	96.0	129.7	91	104.2	91.5
1933	85.7	86.9	501	72.2	125	398	93.3	63.1	283	122	59.1	159.1	107	91.0	129.5	87	104.8	91.5
1934	88.1	90.3	473	74.1	132	376	98.4	63.2	276	124	55.8	163.4	114	89.8	135.2	89	111.8	94.8
1935	88.9	94.3	537	77.2	134	339	102.0	61.7	...	127	53.1	...	116	89.8	135.1	91	112.6	101.7
1935—March	86.9	90.9	464	76.3	132	335	100.7	60.8	289	126	52.1	164.8	115	86.4	132.6	87	112.5	...
April	87.5	91.8	531	77.0	132	336	100.8	61.1	299	125	52.2	164.8	115	87.1	132.7	88	113.2	92.5
May	88.2	94.3	552	77.4	131	340	100.8	61.1	304	125	52.8	167.2	115	87.6	134.0	91	113.0	...
June	88.4	93.7	553	79.1	130	330	101.2	61.1	315	126	52.6	164.4	116	88.6	134.7	91	111.7	...
July	88.0	93.7	553	77.2	131	322	101.8	60.8	319	127	52.9	162.8	116	89.9	135.9	91	111.7	95.5
August	88.4	93.0	552	77.2	134	330	102.4	61.0	329	128	53.6	163.4	115	91.4	137.8	89	111.9	...
September	89.6	96.1	560	77.0	137	333	102.3	62.0	337	128	54.2	...	117	93.3	137.8	93	114.3	96.5
October	91.1	98.5	574	77.5	139	342	103.0	63.5	352	130	54.5	...	118	92.6	135.9	92	113.8	...
November	91.2	98.2	582	77.4	139	348	103.2	62.9	...	130	54.5	...	118	91.9	134.3	93	113.6	...
December	91.4	98.3	578	77.9	139	354	103.7	62.7	...	131	52.6	...	118	91.0	...	92	114.0	99.5
1936—January	91.8	98.1	581	77.1	139	359	103.8	62.6	...	131	52.1	...	118	90.3	...	91	113.4	...
February	91.7	97.4	578	77.3	139	371	103.8	62.2	...	132	52.2	...	118	...	...	...	...	...
March	91.7	97.4	582	...	139	376	103.8	61.7	...	...	...	...	118	...	...	...	...	...

FINANCE

Notes in Circulation—(000,000's omitted)

Period	United Kingdom	Austria	Belgium	Bulgaria	Czechoslovakia	Denmark	Finland	France	Germany	Greece	Hungary	Jugoslavia	Netherlands
End of	Bank of England Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Reichsbank Notes	"Rentenbank"	Bank Notes	Bank Notes	Bank Notes
	£	Schilling	Francs	Leva	Koruna	Kron.	Markka	Francs	Reichsmark	Reutenmks.	Drachma	Pengö	Dinars
	£	£	£	£	£	£	£	£	£	£	£	£	£
1913.....	29.6	...	1,067	189	152	113	113	2,742g	397	5,193	501	5,818	951
1929.....	369.8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	422	4,003	5,172	1,023
1931.....	361.2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	413	4,714	353	962
1932.....	371.2	914	18,135	2,635	6,267	332	1,085	85,028	3,580	392	4,449	369	912
1933.....	392.0	952	17,093	2,984	5,906	375	1,184	82,613	3,645	385	5,686	381	912
1934.....	405.2	964	17,650	2,449	5,840	388	1,277	83,412	3,901	398	5,988	417	869
1935.....	424.5	976	20,583	2,497	5,761	384	1,381	81,150	4,285	398	5,988	417	869
1935—February.....	377.4	902	18,237	2,176	5,253	363	1,372	81,917	3,617	396	5,221	353	857
March.....	381.4	914	18,851	2,140	5,560	369	1,441	83,044	3,664	395	5,541	370	843
April.....	393.2	925	19,063	2,173	5,500	370	1,431	82,352	3,711	384	5,694	369	871
May.....	390.4	926	20,157	2,123	5,567	375	1,369	82,776	3,810	377	5,319	358	808
June.....	396.9	937	20,153	2,152	5,780	378	1,328	82,099	3,895	373	5,417	375	809
July.....	408.3	942	20,397	2,133	5,454	361	1,310	81,128	3,878	398	5,366	376	808
August.....	398.6	963	20,576	2,268	5,524	375	1,317	82,240	4,032	396	5,493	391	809
September.....	398.2	953	20,702	2,408	5,750	368	1,302	83,306	4,159	399	5,613	391	809
October.....	399.9	963	21,035	2,433	5,715	387	1,319	82,447	4,186	379	5,910	392	809
November.....	401.3	953	21,035	2,433	5,715	387	1,319	82,447	4,186	379	5,910	392	809
December.....	424.5	976	20,583	2,497	5,761	384	1,381	81,150	4,285	398	5,988	417	869
1936—January.....	397.1	929	20,505	2,177	5,208	365	1,342	81,503	4,098	398	5,614	391	809
February.....	399.9	931	20,362	2,113	5,210	375	1,445	81,239	4,177	399	5,521	393	809
March.....	406.5	929	20,817	2,293	5,413	371	1,520	83,197	4,267	...	5,670	391	809

Period	Italy	Norway	Poland	Roumania	U.S.S.R.	Sweden	Switzerland	Australia	Canada	South Africa	Egypt	United States	Japan
End of	Bank Notes	State Notes	Bank Notes	Bank Notes	Token Notes and Coins	Bank Notes	State Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Federal Reserve Notes	All notes, certificates & coins
	Lire	Lire	Kroner	Zloty	Zloty	Leu	Gd. Rbls.	Rbls.	Kronor	Francs	£	Dollars	Yen
1913.....	42,284	499	108	...	...	437	...	...	234	314	10.0	...	428
1929.....	16,774	80	318	1,340	259	21,144	1,028	1,501	569	999	42.2	1,862	1,642
1931.....	14,295	...	334	1,218	241	23,750	2,370	1,784	583	1,609	48.2	2,603	1,331
1932.....	13,672	...	315	1,003	332	21,594	2,922	2,925	598	1,611	45.0	2,716	1,426
1933.....	13,243	...	327	1,004	342	21,219	3,069	3,433	648	1,510	45.1	3,044	1,545
1934.....	13,145	...	333	981	384	22,307	...	3,499	708	1,440	45.2	3,176	1,627
1935.....	...	...	348	1,007	404	23,127	...	...	786	1,366	46.4	3,667	1,767
1935—February.....	12,634	...	311	940	379	21,225	...	...	659	1,330	41.5	3,119	1,327
March.....	12,894	...	323	945	388	21,904	3,501	3,978	705	1,358	41.8	3,135	1,334
April.....	12,891	...	322	946	389	21,786	...	...	675	1,319	43.5	3,120	1,355
May.....	12,872	...	322	946	389	21,786	...	...	675	1,319	43.5	3,120	1,355
June.....	12,872	...	322	946	389	21,786	...	...	675	1,319	43.5	3,120	1,355
July.....	13,858	...	330	932	396	21,234	...	...	683	1,281	41.4	3,223	1,306
August.....	14,095	...	330	932	396	21,234	...	...	683	1,281	41.4	3,223	1,306
September.....	15,273	...	331	981	406	21,993	...	...	711	1,317	41.7	3,362	1,322
October.....	...	...	329	1,047	417	22,430	...	...	743	1,325	42.0	3,438	1,443
November.....	...	...	331	1,034	412	22,329	...	...	733	1,323	42.6	3,612	1,443
December.....	...	...	348	1,007	404	23,127	...	...	786	1,366	46.4	3,667	1,767
1936—January.....	...	...	339	959	386	22,298	...	...	756	1,274	42.4	3,598	1,481
February.....	...	...	346	979	408	22,127	...	...	795	1,319	43.6	3,727	1,587
March.....	...	...	...	...	...	...	...	...	...	...	...	...	...

a Until November, 1928, including State notes, then transferred to Bank of Canada.
b Prior to March, 1935, including Dominion Notes then transferred to Bank of Canada.
c Net issue.
d In terms of new lire = 8,373 millions.
e Marks—including Reichsbank and Darlehenkassenscheine.
f Excluding notes held by Reichsbank.
g Token coins only.
h Since 1926, excluding notes held by the State Bank.
i Since 1926, excluding notes held by the State Bank.
j Since 1926, excluding notes held by the State Bank.
k Since 1926, excluding notes held by the State Bank.
l Since 1926, excluding notes held by the State Bank.
m Since 1926, excluding notes held by the State Bank.
n Since 1926, excluding notes held by the State Bank.
o Since 1926, excluding notes held by the State Bank.
p Since 1926, excluding notes held by the State Bank.
q Since 1926, excluding notes held by the State Bank.
r Since 1926, excluding notes held by the State Bank.
s Since 1926, excluding notes held by the State Bank.
t Since 1926, excluding notes held by the State Bank.
u Since 1926, excluding notes held by the State Bank.
v Since 1926, excluding notes held by the State Bank.
w Since 1926, excluding notes held by the State Bank.
x Since 1926, excluding notes held by the State Bank.
y Since 1926, excluding notes held by the State Bank.
z Since 1926, excluding notes held by the State Bank.

LONDON RATES OF EXCHANGE

	Paris	Brussels	Milan	Zurich	Madrid	Amsterdam	Stockholm	Oslo	Copenhagen	Berlin	Vienna	New York	Buenos Aires
	Francs to £1	Belgas to £1	Lire to £1	Francs to £1	Pesetas to £1	Florins to £1	Kronor to £1	Kronor to £1	Kronor to £1	Marks to £1	Schillings to £1	Dollars to £1	Pence to Dollars
Par level.....	124.21	35.00	92.46	25.22	25.22	12.107	18.159	18.159	18.159	20.43	34.58	4.86	47.62
Highest, 1935.....	75.50	29.53	66.00	15.40	36.50	7.43	19.45	19.45	22.45	27.50	4.98	4.98	83
Lowest, ".....	70.56	19.95	65.62	14.33	34.00	6.87	19.35	19.35	22.35	11.57	24.25	4.71	40
Beginning of—													
July, 1914.....	25.15	125.35	25.25	21.16	26.10	12.11	18.30	18.25	18.30	20.49	34.52	4.87	47.62
January, 1928.....	124.00	34.92	92.32	25.27	28.24	12.09	18.11	18.34	18.20	20.45	34.42	4.87	47.62
January, 1929.....	124.10	34.88	92.64	25.18	28.24	12.09	18.11	18.34	18.20	20.45	34.42	4.87	47.62
January, 1930.....	124.10	34.88	92.64	25.18	28.24	12.09	18.11	18.34	18.20	20.45	34.42	4.87	47.62
January, 1931.....	123.64	34.76	92.74	25.04	28.24	12.09	18.11	18.34	18.20	20.45	34.42	4.87	47.62
January, 1932.....	86.37	24.37	66.62	17.37	40.18	8.44	17.75	18.25	18.12	14.25	30.00	3.38	40
January, 1933.....	85.50	24.09	65.12	17.34	40.90	8.31	18.37	19.40	19.31	14.00	28.50	3.33	40
January, 1934.....	83.00	23.39	61.84	16.79	39.53	8.09	19.40	19.90	22.40	13.71	29.50	5.13	35
January, 1935.....	74.68	21.02	57.62	15.22	36.06	7.28	19.40	19.90	22.40	12.28	26.50	4.92	35
December.....	74.84	21.17	...	15.25	36.12	7.28	19.40	19.90	22.40	12.25	26.50	4.92	35
January, 1936.....	74.43	21.24	61.25	15.15	35.93	7.25	19.40	19.90	22.40	12.25	26.50	4.92	35
February.....	74.84	21.32	62.12	15.18	36.09	7.28	19.40	19.90	22.40	12.27	26.50	4.99	35
March.....	74.70	21.27	62.25	15.10	36.06	7.26	19.40	19.90	22.40	12.27	26.50	4.95	35
April.....	75.10	21.26	62.62	15.21	36.25	7.29	19.40	19.90	22.40	12.30	26.50	4.95	35

	Rio de Janeiro	Monte Video	Valparaíso	Bombay	Hong Kong	Shanghai	Kobe	Singapore	Place	Method of Quoting	March Quotations		
	Pence to Milreis	Pence to Dollar	Pesos to £1	Pence to Rupee	Sterling to Dollar	Sterling to Tael	Sterling to Yen	Sterling to Dollar			Highest	Lowest	Average
Par level.....	16	51	40.00	s. d. 1 6	s. d. 1 3	s. d. 1 2	s. d. 2 0	s. d. 2 4	New York.				
Highest, 1935.....	2.50	18.86½	128	1 6½	1 3½	1 2½	1 1½	2 4	Mar., 1935	Dollars to £1.	4.85½	4.71½	4.778
Lowest, ".....	3.50	22.50	115	1 6½	2 8½	1 10½	1 2½	2 4½	Feb., 1936		5.03½	4.97½	5.000
									Mar., 1936		4.99½	4.94½	4.971
Beginning of—									Paris.				
July, 1914.....	16½	51½	49½	1 3½	1 10½	2 6½	2 0½	2 3½	Mar., 1935	Francs to £1.	73.81½	70.56½	72.10
January, 1927.....	50½	39.65	1 6½	1 11½	2 5½	2 0½	2 4½	2 3½	Feb., 1936		75.15½	74.56½	74.86
January, 1928.....	51	39.64	1 6½	2 0½	2 7½	1 11½	2 3½	2 4½	Mar., 1936		75.18½	74.65½	74.88
January, 1929.....	51	39.64	1 6½	2 0½	2 7½	1 10½	2 3½	2 4½					
January, 1930.....	51	39.80	1 5½	1 8	2 1½	2 0½	2 3½	2 4½	Amsterdam.				
January, 1931.....	4½	35½	39.89	1 5½	1 1½	1 5	2 0½	3 3½	Mar., 1935	Florins to £1.	7.21	6.87	7.00
January, 1932.....	4½	31½	28.00	1 6½	1 5½	1 11½	2 1½	2 4½	Feb., 1936		7.32	7.25½	7.28
January, 1933.....	5½	30½	1 6½	1 3½	1 7½	1 3	2 3½	2 4½	Mar., 1936		7.32	7.25½	7.28
January, 1934.....	4½	35½	1 6½	1 5½	1 4½	1 2	2 4½	2 4½					
January, 1935.....	3½	20½	117	1 6½	1 8½	1 5	1 4½	2 4½	Berlin.				
December.....	2½	21½	125	1 6½	1 3½	1 2½	2 4½	2 4½	Mar., 1935	Rchmks. to £1.	12.13	11.64	11.88
January, 1936.....	2½	22½	127	1 6½	1 3½	1 2½	2 4½	2 4½	Feb., 1936		12.33	12.26	12.29
February.....	2½	23½	129	1 6½	1 3½	1 2½	2 4½	2 4½	Mar., 1936		12.38	12.26	12.32
March.....	2½	22½	128	1 6½	1 3½	1 2½	1 1½	2 4½					
April.....	2½	22½	132	1 6½	1 3½	1 2½	1 2½	2 4½					

CAPITAL ISSUES.—(000,000's omitted)													
Period	United Kingdom	Austria	Czechoslovakia	France	Germany	Italy	Netherlands	Poland	Roumania	Sweden	Switzerland	British India	Japan
Monthly Average	£	Schilling	Koruna	Francs	Mark	Lire	Gulden	Zloty	Lei	Kronor	Francs	Ruppes	Yen
United States	Dollars												
1913	16.3	...	...	...	...	...	...	...	...	...	...	...	...
1929	23.8	8.6	55	1,259	80.2	23	13	20	18	...	...	...	...
1931	8.5	3.1	42	1,362	65.2	361	20	6.4	210	28	48	27	261
1932	15.7	4.9	27	511	12.3	304	31	11.6	37	11	32	33	318
1933	20.4	17.9	21	300	7.3	...	...	3.0	47	8	15	...	551
1934	14.1	...	...	...	...	...	...	...	...	...	...	...	...
1935	...	...	...	...	...	...	...	...	...	...	...	...	...
1936	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	6.7	9.8	19	358	11.4	152	3	3.3	122	8	50	21	655
Apr.-June	25.6	11.0	10	551	5.1	290	58	1.5	70	10	20	120	658
July-Sept.	9.4	9.0	13	306	8.5	531	2	1.1	115	9	11	27	425
Oct.-Dec.	14.5	...	...	...	...	...	...	...	...	...	...	...	...
1935	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	9.1	...	...	...	...	...	...	...	...	...	...	...	83
Apr.-June	11.6	...	...	...	...	...	...	...	...	...	...	...	78
July-Sept.	8.7	...	...	...	...	...	...	...	...	...	...	...	117
Oct.-Dec.	95.4	...	...	...	...	...	...	...	...	...	...	...	231
1936	...	...	...	...	...	...	...	...	...	...	...	...	...
January	33.7	...	...	...	...	...	...	...	...	...	...	...	123
February	17.1	...	...	...	...	...	...	...	...	...	...	...	231
March	11.1	...	...	...	...	...	...	...	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of Roumania and Czechoslovakia. In the case of the Netherlands, Switzerland and the U.K. both bonus shares and conversions are excluded. *c* Excluding Treasury Bills. *d* Excluding large railway issues. *f* "Rivista Bancaria." *h* Issues exceeding £10,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. *m* Since 1924, excluding amalgamations and conversions. *n* Until end 1922 paper mark. *o* "Société de Banque Suisse," figures of net amount of new capital paid-up. *p* Compiled by "Commercial and Financial Chronicle." *y* Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES													
	1930	1931	1932	1933	1934	1935	1936						
	End of	End of	End of	End of	End of	End of	End of						
	June	Dec.	June	Dec.	June	Dec.	June						
London	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
Paris	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
Berlin	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
New York	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
Amsterdam	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
Brussels	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
Rome	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
Switzerland	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
Vienna	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
Warsaw	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
Tokyo	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
Calcutta	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						

* Federal Reserve.

LONDON BANKERS' CLEARING RETURNS

(000's omitted)				
Town	Metropolitan	Country	Total	
1913	14,191,275	855,648	1,389,481	16,436,404
1929	30,935,924	1,881,989	3,078,764	44,896,677
1931	31,815,808	1,667,852	2,752,209	35,235,869
1932	27,833,633	1,610,407	2,667,919	32,111,959
1933	27,714,480	1,656,675	2,766,471	32,137,626
1934	30,740,117	1,789,528	2,984,512	35,494,157
1935	32,443,575	1,887,112	3,229,064	37,559,751
1935 (April 13)	9,562,407	556,334	929,225	11,047,966
1936 (April 15)	9,702,880	598,080	1,024,019	11,324,979

U.K. IMPORTS AND EXPORTS.—(000,000's omitted)

	Food		Raw Materials		Manufactures		Imports of		Exports of	
	Imports	Exports	Imports	Exports	Imports	Exports	Wheat	Raw Cotton	Sheep's and Lambs' Wool	Cotton Piece Goods
Monthly Average	£	£	£	£	£	£	Cwts.	Centals	Centals	Sq. Yds.
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	589
1929	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	306
1932	31.1	2.7	13.7	3.6	13.1	23.0	8.8	1.0	0.8	182
1933	28.3	2.3	15.0	3.8	12.6	23.5	9.4	1.2	0.8	179
1934	28.8	2.5	17.5	4.0	14.3	25.4	8.6	1.1	0.7	172
1935	29.7	2.6	17.6	4.4	15.4	27.4	8.4	1.1	0.7	162
1935—August	27.0	2.5	16.0	4.1	15.8	27.2	7.0	0.6	0.4	161
September	29.6	2.8	15.3	3.7	15.5	34.1	7.3	0.6	0.3	150
October	37.5	3.4	18.0	3.7	17.6	30.6	7.9	1.4	0.4	161
November	34.4	3.8	19.7	5.1	16.9	29.3	9.9	1.7	0.6	158
December	34.4	2.7	23.6	4.2	16.0	26.2	9.1	2.1	0.8	148
1936—January	31.3	2.8	22.4	4.1	16.0	26.6	6.6	1.4	0.9	167
February	27.5	2.5	18.9	4.1	15.7	27.6	6.6	1.2	1.0	169
March	30.2	2.9	19.6	4.1	17.9	28.6	9.3	1.1	1.1	173

* Yards.

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

	Austria		Germany		Italy		Canada		United States	
	(b) (h)	(a)	(e) (i)	(c) (e)	(d)	(f)	(g)	(j)	(k)	(l)
Monthly Average—	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.
1929	379	5,745	1,017	4,831	59,897	34,047	31,508	31,508	31,508	31,508
1932	221	3,242	840	3,092	31,508	34,047	31,508	31,508	31,508	31,508
1933	245	3,479	759	2,845	33,475	36,202	36,202	36,202	36,202	36,202
1934	262	4,165	714	3,184	36,202	37,992	37,992	37,992	37,992	37,992
1935	242	4,667	777	3,025	40,275	40,275	40,275	40,275	40,275	40,275
1935—March	234	3,941	702	2,965	38,008	38,008	38,008	38,008	38,008	38,008
April	255	4,411	694	2,899	36,008	36,008	36,008	36,008	36,008	36,008
May	248	4,569	720	3,093	37,862	37,862	37,862	37,862	37,862	37,862
June	258	4,619	...	3,417	33,823	33,823	33,823	33,823	33,823	33,823
July	269	4,867	...	3,068	37,866	37,866	37,866	37,866	37,866	37,866
August	288	5,158	...	4,392	40,463	40,463	40,463	40,463	40,463	40,463
September	318	5,573	...	4,675	45,551	45,551	45,551	45,551	45,551	45,551
October	310	5,081	...	3,593	40,103	40,103	40,103	40,103	40,103	40,103
November	279	4,660	...	3,106	38,215	38,215	38,215	38,215	38,215	38,215
December	226	5,016	...	...	...	...	...	...	...	...
1936—January	...	4,627	...	...	...	...	...	...	...	...
February	...	...	...	...	...	...	...	...	...	...
March	...	...	...	...	...	...	...	...	...	...

* Inc. live-stock. (a) "Reichsbahn." (b) Ex. free-hauled. (c) State and private railways, including freight on foreign lines. (d) Railways with annual operating revenues of at least \$500,000. (e) Including free-hauled. (f) Excluding free-hauled. (g) Long ton = kg. 1,016.05; mile = metres 1,609.34. (h) Fiscal year ending June 30. (i) From January, 1932, onwards figures relate to 4-week periods. (j) Figures from 1933 not comparable with previous figures. (k) Figures from 1933 not comparable with previous figures. (l) Figures from 1933 not comparable with previous figures.

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THE ECONOMIST BANKING SUPPLEMENT

A SURVEY OF BRITISH AND FOREIGN BANKING

VOL. CXXIII]

SATURDAY, MAY 16, 1936

[No. 4838]

Contents include

The Year's Results

British Banking Trends

Banking Costs

Bank Advances

Deposit v. Commercial Banking

Exchange Clearing

American Banking

French Banking

German Banking

Scandinavian Banking

The Supplement also includes a complete record of the position of the Bank of England, and of the English, Scottish and Northern Irish joint-stock banks, together with the latest balance sheets, both of these institutions, and of the chief private banks, discount houses and all Dominion and Foreign banks possessing offices in London.

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PROGRESS AND PROBLEMS OF BRITISH BANKS

THE YEAR'S RESULTS

BRITISH banks in 1935 shared to a not unsubstantial extent in the general economic recovery of the country. This is reflected in the profits disclosed; for though they are not yet anything like back to their 1929 level, they were rather better, as the following table shows, than in the early stages of recovery during 1932 and 1933:—

ENGLISH BANK PROFITS AND DIVIDENDS

	1929	1931	1932	1933	1934	1935
Barclays:—						
Net profit (£ thous.)...	2,332	1,795	1,574	1,605	1,708	1,784
Dividends { "A".....	10%	10%	10%	10%	10%	10%
{ "B" & "C".....	14%	14%	14%	14%	14%	14%
Lloyds:—						
Net profit (£ thous.)...	2,542	1,927	1,551	1,439	1,632	1,643
Dividends { "A".....	16½%	13½%	12%	12%	12%	12%
{ "B".....	5%	5%	5%	5%	5%	5%
Midland:—						
Net profit (£ thous.)...	2,665	2,057	2,019	2,267	2,292	2,353
Dividends.....	18%	16%	16%	16%	16%	16%*
National Provincial:—						
Net profit (£ thous.)...	2,190	1,747	1,593	1,603	1,644	1,685
Dividends.....	18%	15%	15%	15%	15%	15%
Westminster:—						
Net profit (£ thous.)...	2,160	1,602	1,495	1,465	1,525	1,403†
Dividends { "A".....	20%	18%	18%	18%	18%	18%
{ "B".....	12½%	12½%	12½%	12½%	12½%	12½%
District:—						
Net profit (£ thous.)...	503	424	416	419	430	420†
Dividends { "A".....	18½%	16½%	16½%	16½%	16½%	16½%
{ "B".....	10%	10%	10%	10%	10%	10%
{ "C".....	...	...	...	...	...	...
Martins:—						
Net profit (£ thous.)...	836	703	637	655	672	693
Dividends.....	16%	14%	14%	14%	14%	14%
Williams Deacon's:—						
Net profit (£ thous.)...	298	275	268	273	274	279
Dividends { "A".....	13½%	12½%	12½%	12½%	12½%	12½%
{ "B".....	12½%	12½%	12½%	12½%	12½%	12½%

* Also special centenary bonus of 2 per cent. † After providing for the centenary bonus to staff, pensioners, and widows. ‡ Prior to 1935 net profits were shown after deducting income tax other than income tax on dividend. The 1935 net profits are shown after making provision for all income tax, including that on dividends. In actual fact there has been an increase in net profits.

If it is legitimate to compile a total of the net profits of the banks included in this table, in 1929 the total was £13.5 millions. By 1932 it had fallen to £9.6 millions, and by 1934 it had recovered to £10.2 millions. The 1935 total was also £10.2 millions, but the comparability of the later figures is vitiated first by the District Bank's absorption of the County Bank, and change in its method of providing for income tax; and, second, by the fact that Westminster Bank paid its centenary staff bonus before striking its net profits. The 1935 figures of £10.2 millions, therefore, is to a small extent an understatement of profits on a comparable basis.

During the year 1935, earnings were assisted by the expansion in resources and earning assets which has occurred in comparison with previous years. On the other hand, short-term interest rates remain extremely low. Little or no profit can be obtained by taking deposits, either subject to interest or consisting of active current accounts, if the proceeds have either to be lent at call or invested in Treasury bills at ½ per cent. Long-term interest rates are much the same as in 1934, and, of course, a substantial proportion of the banks' investments were acquired before the big drop in long-term yields occurred. Finally, the 1935 increase in advances has brought with it additional income.

Other sources of profit and loss must also have remained favourable. The year 1934 was notable for the fact that comparatively little provision was needed for bad and doubtful debts, and, indeed, many debts which previously had been written off were recovered. The succeeding year must have proved equally favourable so far as writings-off were concerned, but it is doubtful if there was so much scope for further recoveries.

The next table shows the relation which net profits bear to capital and reserves, and also to total resources:—

PERCENTAGE RATIO OF NET PROFITS—(a) TO CAPITAL AND RESERVES. (b) TO TOTAL LIABILITIES

	1929	1931	1932	1933	1934	1935
Barclays:—						
(a).....	8.9	6.9	6.0	6.1	6.5	6.8
(b).....	0.61	0.48	0.38	0.39	0.41	0.40
Lloyds:—						
(a).....	9.8	8.3	6.2	6.0	6.8	6.8
(b).....	0.59	0.49	0.35	0.33	0.37	0.36
Midland:—						
(a).....	9.9	8.0	7.9	8.8	8.9	9.1
(b).....	0.60	0.50	0.44	0.50	0.50	0.48
National Provincial:—						
(a).....	11.5	10.0	9.1	9.2	9.4	9.5
(b).....	0.71	0.60	0.50	0.51	0.51	0.51
Westminster:—						
(a).....	11.6	9.5	8.9	8.7	8.2	7.5*
(b).....	0.65	0.52	0.44	0.42	0.42	0.38*
District:—						
(a).....	12.0	10.1	9.9	10.0	10.2	7.0*
(b).....	0.85	0.75	0.66	0.66	0.69	0.49*
Martins:—						
(a).....	9.6	10.1	9.1	9.1	9.3	9.5
(b).....	0.85	0.86	0.65	0.70	0.71	0.69
Williams Deacon's:—						
(a).....	10.3	10.2	9.9	10.1	10.2	10.3
(b).....	0.83	0.82	0.71	0.70	0.71	0.69

* See footnotes to previous table.

This table illustrates very clearly the effect of cheap money. In 1929, after paying their expenses and making all other necessary provisions, the banks were able to earn between 0.59 and 0.85 per cent. net on their resources. By 1932 this percentage had fallen to a range of 0.35 to 0.71 per cent., and it has since remained practically unchanged. Thus the recent improvement in total profits is mainly due to the expansion in resources. The proportion of net profits to capital and reserve has also shrunk. It is still adequate; but if allowance could be made for undisclosed reserves, which equally are the property of the shareholders, the proportion would be appreciably smaller.

The third table shows the changes in the resources of the English clearing banks during the current year. In January last the District Bank was elected to the Clearing House, and so since the New Year the aggregate returns of the English clearing banks comprise ten banks instead of nine. To facilitate the comparison with last year, the return has been compiled in alternative form, so as both to include and exclude the District Bank.

(In £ millions)

	Mar., 1935 (a)	Feb., 1936 (a)	Mar., 1936 (a)	Jan., 1936 (b)	Feb., 1936 (b)	Mar., 1936 (b)
Capital and reserves....	125.7	125.8	125.8	131.8	131.8	131.8
Acceptances, etc.	117.6	100.4	100.2	105.6	105.9	105.1
Deposits (including undivided profits, etc.)	1,885.2	2,015.5	2,001.6	2,127.1	2,085.2	2,071.6
Total liabilities ...	2,128.5	2,241.7	2,227.6	2,364.5	2,322.9	2,308.5
Cash	210.9	217.9	206.3	224.5	225.3	213.5
Cheques, balances and items in transit	47.5	52.2	56.3	53.9	54.0	58.1
Money at call.....	128.9	146.6	150.1	154.8	152.5	157.7
Discounts	205.3	236.7	247.0	344.4	292.9	250.4
Investments	597.7	585.3	590.0	614.6	613.7	619.8
Loans and advances ...	751.5	784.3	809.3	796.8	808.7	834.0
Investments in affiliated banks.....	25.2	25.1	25.1	25.1	25.1	25.1
Cover for acceptances, premises, etc.	161.5	143.6	143.5	150.4	150.7	149.9
Total assets	2,128.5	2,241.7	2,227.6	2,364.5	2,322.9	2,308.5

(a) Excludes District Bank. (b) Includes District Bank.

During this spring banking resources have followed their normal trend. Revenue payments have slightly reduced deposits, while the redemption of Treasury bills out of the seasonal revenue surplus has reduced discounts. Advances have been expanding. This movement is partly seasonal, for it is not everyone who can pay his income tax without help from his banker; while the building trades usually borrow more so soon as the spring

is far enough advanced to permit the more general resumption of outside work. Still the expansion in advances is sufficiently marked to indicate a continuance of the general recovery in trade.

In one sense 1935 may have been an uneventful year, and yet it contained several important landmarks in banking history. Last August the District Bank absorbed the County Bank. This not only confirmed it in its position of one of the three chief Lancashire banks, but also made it one of the seven biggest British banks. Its election to the Clearing House, which took effect in

January, was no more than a well-merited tribute to the new position, but it filled an obvious gap in the banking structure of the Kingdom. This year the Midland and Westminster Banks are celebrating their centenaries. Special bonuses were voted to shareholders, pensioners, and staffs, and a history of each bank is being published. It is true that these banks have reached their centenary when interest rates are low. Yet bank profits are adequate, and even a cursory examination of the history of these and other banks shows how the British banking system has developed into the strongest in the world.

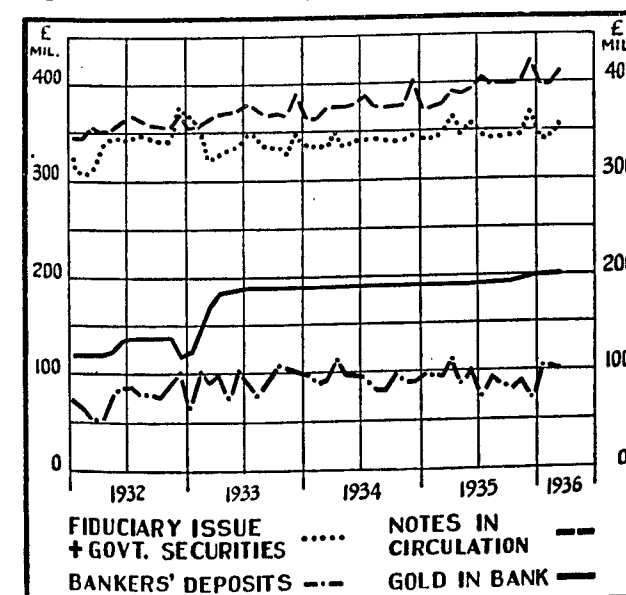
BRITISH BANKING TRENDS

In analysing changes in the condition of the banking system of a country there are two main points to be borne in mind. The first is any change in the factors governing the total supply of bank credit, and this quickly reduces to changes in the supply of bank cash. The second is alterations in the demand for bank credit, and this introduces such matters as the quantity of bills and securities offered to the banks, together with the demand for bank loans.

In England the supply of bank cash is largely determined by the authorities—that is by the Government and the Bank of England, working in co-operation with each other. Bank cash consists, first, of the currency held by the joint-stock banks in their tills; and, second, of those deposits at the Bank of England, shown in the Bank return as bankers' deposits. Till-money as a rule is determined by the deposits at the joint-stock banks, for each branch usually carries currency equal to about 5 per cent. of its deposits. Hence the ultimate determinant of the size of both the joint-stock banks' deposits and earning assets is not the total amount of bank cash, but bankers' deposits at the Bank of England.

Bankers' deposits depend mainly upon four other large items in the Bank return, these being (a) the gold held by the Bank of England, (b) the size of the fiduciary note issue, (c) Government securities in the banking department, and (d) the size of the note circulation. Any increase in the first three of these items tends to expand bankers' deposits, while an increase in the note circulation contracts bankers' deposits. Other items in the Bank return affect bankers' deposits to a minor degree, and in particular an accumulation of funds to public deposits causes a contraction in bankers' deposits.

The first chart illustrates what has actually happened since recovery first began four years ago. To simplify the diagram, the securities represented by the fiduciary note issue and the Government securities in the banking department are added together:—



The main movement is the increase in gold, which, between the beginning of 1932 and July, 1933, rose from

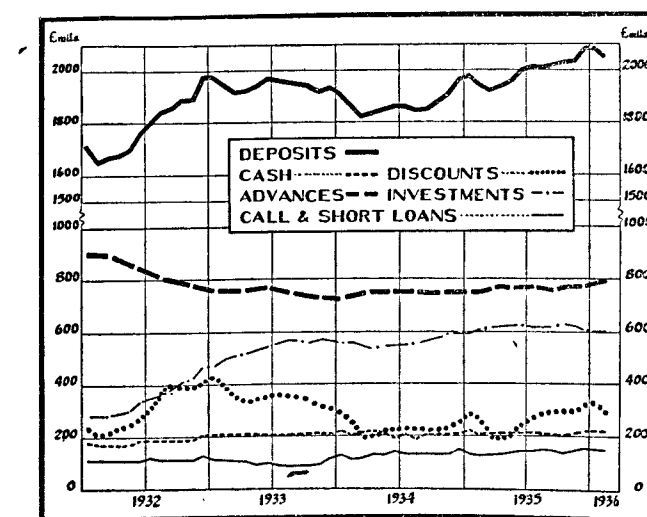
£120 to £190 millions, and has since risen to just over £200 millions. The expansion in the combined total of the fiduciary note issue and Government securities in the banking department is more moderate, but nevertheless amounts to £35 millions as a whole. On the other hand, the note circulation has risen from £346 to £413 millions. This increase of £67 millions is due to more active trade and spending, partly to the expansion in bank deposits and so in till-money, and partly to foreign hoarding.

Over the period as a whole, gold plus fiduciary issue and Government securities have risen by £115 millions, and the note circulation by £67 millions. This left room theoretically for an increase of £48 millions in bankers' deposits, but the actual increase was only £28 millions.

The increase in clearing bank cash during the same period was £26 millions. Superficially this compares very closely with the increase of £28 millions in bankers' deposits, but the close correspondence is the actual result of two extraneous influences, which largely cancel each other out. Bankers' deposits, at the Bank of England, do not consist solely of clearing bank balances, but of those held by other British banks as well. On the other hand, about half the clearing banks' cash consists of currency in their tills, while only the remaining half is lodged by them at the Bank of England.

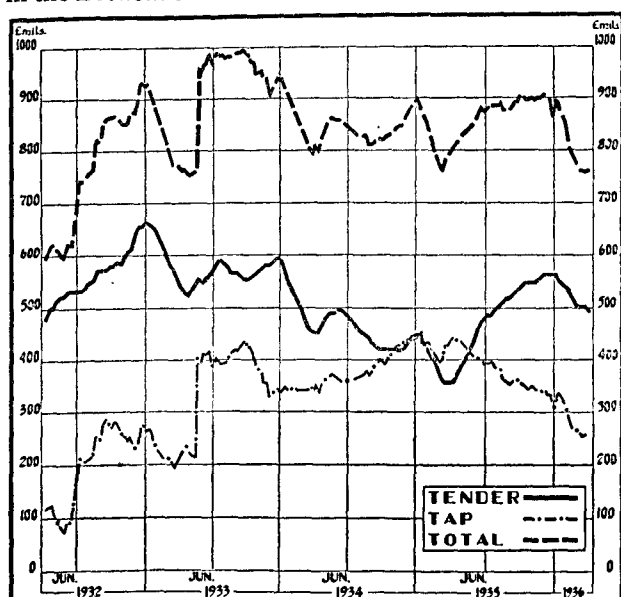
Theoretically, this increase of £26 millions in clearing bank cash permitted of an increase of £260 millions in deposits at the clearing banks. The actual increase was £288 millions, and the difference from the theoretical increase is insignificant. These last figures provide the measure of the past four years' increase in the supply of bank credit.

The demand for bank credit is determined largely by the authorities, and also by the general public. A single bank, acting by itself, cannot increase its own deposits by acquiring fresh assets. If it tries to do so, it will only end by losing cash. Yet if all the banks hold surplus cash and try simultaneously to turn it into remunerative assets, then the net result will be a general increase in bank deposits. This is illustrated in the following chart:—



Taking the past four years as a whole, the problem before the clearing banks was that of acquiring a net £262 millions of earning assets. To some extent the solution of the problem was beyond the banks' control. They could not force customers to borrow or prevent them from repaying their loans, and in many cases both banker and customer were only too glad that the trade revival in its earlier stages was reflected mainly in a liquidation of loans previously frozen. Nor could the banker prevent a customer from selling securities to the banking system outright instead of lodging them as collateral for loans. Something might have been done by reducing the interest charged on bank advances, as is suggested in an article on a later page, but here there is much to be said on both sides. It is not, therefore, surprising that up to the end of 1933 the trend of advances was downwards, or that the subsequent increase has not yet brought the curve back to its pre-revival level.

Nor could the banks determine the supply of bills, for in these days of exchange restrictions and attenuated foreign trade, bills largely mean Treasury bills. The banks' total holding of Treasury bills had to conform closely in its trend to that of the total tender issue of Treasury bills. For purposes of comparison we reproduce below the chart illustrating changes in the size and composition of the Treasury bill issue, which appeared in the *Economist* of March 21st last.

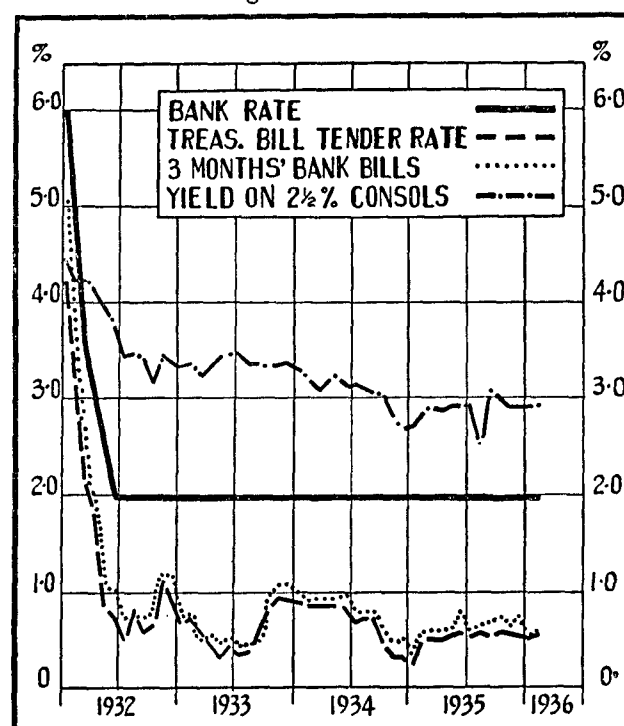


At that time we pointed out that the supply of Treasury bills issued by tender was conditioned not only by the state of the Budget or the progress of debt refunding, but also by the operations of Exchange Equalisation Account and the extent to which new Government stock issues had to be taken up "inside." Whether the Exchange Account is buying gold or the Departments are paying calls on new Government stock taken up by them, the payments have to be financed, and this entails the issue of fresh Treasury bills by tender. Conversely, when either gold or securities are being sold officially, tender bills can be retired out of the proceeds.

During 1933-34, when debt refunding was reducing the total supply of Treasury bills and when gold or *devisen* had at times to be sold in support of sterling, the volume both of tender Treasury bill issues and bank discounts fell heavily. During 1935 there was little further funding of the Floating Debt, while the Exchange Account turned a heavy buyer of gold. Tender issues

and bank discounts therefore increased. On balance the banks were holding about £50 millions more of bills in early 1936 than at the beginning of 1932, but the intermediate fluctuations had been very wide. Moreover, the small net increase in the supply of bills by no means kept pace with the big increase in banking resources and so in the potential demand.

This last fact had two consequences. First, it was the direct cause of the present era of ultra-low short-term interest rates. Second, it drove the banks into making very heavy additions to their investments, which rose during the period under review from £283 to £601 millions. This at once reacted upon the price of gilt-edged securities and so upon long-term interest rates. The decline in both short-term and long-term rates is illustrated in the following chart:—



The fall in short-term rates is by far the most pronounced, but the decline in the long-term rate has had the more important consequences. It facilitated the refunding and conversion of the National Debt, and it reduced the cost of capital not only to the Government, but to every borrower and entrepreneur in the country. Hence it was a potent cause of the trade revival, and it is hardly an accident that recovery began in 1932 immediately after the steeper part of the fall in the interest rate curves.

All the trends illustrated in the different charts point irresistibly to a common conclusion. It is that the banking system has been deliberately and successfully used by the authorities as a lever for recovery. This means that the banks have to some extent played an automatic part which has been thrust upon them from above. Yet they have played it adequately; and by their action they have not only helped the country, but have also added to their own resources, earning power, safety and liquidity. Net profits are increasing, the need for making due allowance for doubtful debts has been reduced, and while the ratio of investments to deposits is high, the risk of depreciation is well covered by inner reserves. Meanwhile the pound has remained stable internally and externally, capital has become cheap, and trade and employment continue to revive

BANKING COSTS

(BY A BANKING CORRESPONDENT)

IN the eyes of the general public the most visible development of banking over the course of the last twenty years has been the multiplication of bank branches. In 1915 the total number of offices of banks in the United Kingdom was 8,822. In 1934 there were 13,350—an increase of over 51 per cent. Less obvious than the horizontal growth of banking is its vertical development. Before the War, except among the trading community, the possession of a banking account was confined generally to people of substance, the professional class, large salary-earners and those whose incomes, however moderate, were derived mostly from investments. To-day almost every salary-earner keeps a banking account; large institutions have adopted the practice of paying salaries direct to the accounts of their clerical employees; and certain public bodies make all their payments, including wages, by cheque. The cheque is being used by an ever-widening public for periodical payments such as telephone subscriptions, and standing orders are accepted for instalment buying and a host of minor purposes.

The extent to which the use of the cheque has increased would be exaggerated if inferred from the growth in deposits, unless due allowance were made for the fact that in the period of credit expansion since 1932 a bigger proportion of the volume of deposits consists of inactive funds which are not being drawn upon. It may be hazarded from such evidence as is available that, apart from the increase in the actual number of accounts, while the average credit balance per account has expanded since 1932 by some 17 per cent., the number of transactions per account has been increased by nearly half that extent, or by about 7½ per cent.

Bankers are aware that the increase in the work which falls to them is due largely to the accretion of detailed business. In pre-war days, with fewer accounts, when it was customary for private individuals to maintain a higher average balance, and seldom to draw cheques of small denominations, banks could afford in most cases to transact the bulk of the services required of them free of charge. Shortly before the War, business had reached a point when bankers were obliged to recognise that many accounts on their books were being run at a loss unless a charge was made. The arrangement known as "country terms" some years ago provided for interest being allowed to the customer on his drawing account in conjunction with a percentage charge on turnover, but as in post-war years transactions became more numerous in relation to the size of accounts, a turnover percentage was sometimes found to be an unsatisfactory measure of the work involved in clearing cheques.

An alternative method sometimes used is on the basis that the cost to a bank of a cheque cleared upon it was formerly estimated at 6d. per item. This calculation covers, apart from the machinery of "inclearing," all operations relative to the "out-clearing" of cheques, etc., received for collection. It comprises the unassessed credit entries in the bank's books, but it ignores the legal risks incurred by the banker. According to this method the cost of a customer's account is estimated by setting off in his favour against the inclusive expense of the number of debit transactions during, say, a half-year, the value of the free credit balance from day to day within the period. A charge so computed covers, in addition to items cleared by the bank, all other services for which it is not customary to make a specific charge.

This practice of regarding each debit item or ledger folio as the unit of cost is admittedly unscientific, but it is analogous to the system followed by doctors and solicitors of charging a flat fee per "visit" or "letter," and, generally speaking, it is probably the fairest from the customer's point of view. From that of the banker, unless reluctantly he increases his charge per unit, it is

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defective owing to the rise in the last few years in the cost of services and overhead expenses. To illustrate this last point, *The Times* recently stated that bank salaries had been approximately doubled since 1914 and that "it had been estimated that each cheque drawn upon a bank costs anything between 6d. and 9d."

There are probably few bankers who would care to base the charge required to cover an unremunerative account upon anything approaching the higher of the two figures mentioned by *The Times* estimate, even if the calculation allowed fully for the value of the customer's "free balance" from day to day at the current call rate. Yet they might fairly contend that since their charges are lower than those which are customary with any other banking system in the world, a protracted period of exceptionally cheap money has not only reduced the revenue from their earning assets, but has also increased the expense ratio to a level that cannot be maintained indefinitely.

It is said that in some cases a profit is not looked for from a new branch for many years, during which time connections are established and business is built up. If the neighbourhood throughout the period declines in commercial importance, certain branches opened by different banks may prove to have been redundant. If not, there will probably be room for all. Admittedly, it would be possible here and there for the "Big Five" to rationalise by the closing of redundant branches, but such a course would lay them open to criticism that banks were seeking to place themselves in a position of monopoly. As things are, free competition means that a customer who feels grounds for complaint against the services of one bank is free to apply for better terms from its friendly rival and hot competitor round the

corner. Where it is known that competition is keen, the public cannot feel just cause for complaint upon issues such as rates of interest, unwillingness to grant advances, or the rendering of services generally. In any case, the term "redundant" is inappropriate if applied to a branch at which business is still apparently in the course of development, although the profit-earning stage may be looked for some years ahead.

To their shareholders the justification that bankers could adduce for many new ventures in growing areas by citing evidence of the rapid development of business would surprise their critics, but beyond looking to the prospect of immediate profit it is their duty to estimate, as it is in every other business, the trend of future, as well as the existence of present, public demand for the services which the community calls for.

In present conditions the banker's problem of covering his costs is not easy. He deals with a public for which the very nature of his services is enveloped in mystery. The delusion of the lady who thought that the cost of keeping her account was amply covered by the 2d. per cheque due to the Revenue, and which she thought went to the bank, is by no means unique; nor is that of the customer in whose opinion interest calculated from day to day upon an overdraft should suffice to cover every duty he may call upon his banker to render. Although higher efficiency and up-to-date mechanical appliances may moderate service costs, bankers are faced with a dilemma: should they educate their growing public to pay adequately for the work they render, or should they rely upon the principle *solvitur ambulando* until such time that higher money rates come to the rescue, and the value of the average balance on the small account rises towards the cost of its keep?

BANK ADVANCES

AMONG the assets of British banks, advances to customers are always the most remunerative. That simple fact has been emphasised again and again by bank chairmen in recent years. The paramount influence of advances upon profits is the strongest refutation of the charge that the banks do not do their best to accommodate the business world. Within the limits set by British standards of liquidity and safety, all banks lend as much as they can.

British deposit banks must perforce keep a larger proportion of customers' resources in highly liquid form than do most banks on the Continent, where the cheque system is less fully developed. In good times a bank's deposits are normally employed roughly as follows—10 or 11 per cent. in "idle" cash; 9 per cent. in call money; some 30 per cent. divided between bills and investments; and about half, certainly not much more than 55 per cent., in advances.

The fact that a banker keeps at least 45 per cent. of his resources in "quick" assets is no licence to him to employ the remainder in "lock-up" securities or in ways which might cause loss of the shareholders' or customers' property. A banker must be sure that behind an advance there will be security in fact as well as in name. And a deposit banker must be sure, too, that he is granting only short-term accommodation. His job is to lend floating capital, not fixed capital. Strictly speaking, all his advances should also be "self-liquidating": the mere provision of funds should enable the borrower to procure the wherewithal for repayment when the loan is due. Even on these "purist" principles there are, of course, many other types of advance which are entirely legitimate, even though they are not technically self-liquidating. Many thousands of private customers, having deposited what is called "personal" security (such as a life policy), overdraw their accounts each quarter-day. Here the mere granting of the loan does nothing automatically

to guarantee its due repayment, but if the banker is satisfied with the standing of his customer, the advance is evidently both secure and liquid.

It is evident, then, that a banker will be guided by the circumstances of each case as well as by the general principles of lending. A wise discretion may bring in many millions of perfectly safe and liquid business which would be ruled out by purist principles alone. But a good banker will rigidly use those principles as the basis of discrimination when his resources are less than the demand for them. He should also recognise that a security is not always as good as it looks. Bankers may recognise, too, the need of watching the scale of a customer's commitments in relation to his capital, and of curtailing excessive credits even when the immediate security looks good; but, as recent experience on the Baltic and in Mincing Lane shows, they may not always be alive to the need for watching also the general scale of commitments in the market.

This defines the ideal duties of a branch manager and Head Office Controller regarding individual applications for loans. Head Office must also consider advances as a whole—both their "ratio" and their distribution. The general aim must be to secure the maximum of diversification, apart altogether from the individual security. If it seems that a given trade, or a given area, is beginning to decline, or is likely to face difficult times, then the bank must take steps gradually to shorten sail in that direction, irrespective of the apparent quality of the security offered.

How far is it possible to apply these various principles in practice? In active times, would-be borrowers are numerous, and the banks have both maximum scope and maximum need for the application of sound principles, for liquid resources are then comparatively strained. But it is also at such a time that there is the greatest risk that a banker may fail to detect inflated prices or excessive commitments, for in active trade

confidence runs high. In slack times, that risk will be negligible, but the banker will be severely handicapped by the need to maintain earnings. He will then consider types of advances which he would at other times reject, and he will be justified in so doing, for his position will then be very liquid.

This leads to another practical point—to the fact that, in the short run at least, the distribution of advances between different classes of business is determined much more by the nature of a bank's connection, and by the need for preserving it in the face of competition, than by any decision upon general policy. This raises problems which only extreme tact, patience and care can solve. In such matters the banks usually have to steer a middle course between rigid principles and the demands of customers. Some banks have been at pains to stress that in no circumstances do they undertake long term financing (such as house-purchase business), but it is noteworthy that, at the last meeting of Lloyds Bank, Mr Beaumont Pease remarked that "in my memory there never has been a time when we have been less critical on purely theoretical grounds as to the merits of applications for advances."

That is all to the good, for in times like the present the system should be elastic and should not interpret academic canons with undue rigidity. But the relaxation has brought only a slow growth in advances—even now, at £824.5 millions, they have risen by only 12 per cent. since their low point of £734.5 millions in January, 1934. This sluggishness in a period of rapidly reviving trade is not difficult to explain. First, there is the fact that recovery of international trade has lagged far behind that of domestic trade. Secondly, the traditional slump and post-slump wave of conversion and funding operations has been accentuated by the fact that an abnormally severe fall in interest rates has followed a very long period of more than usually high rates. Moreover, the wave of conversions and fundings has been prolonged by the official policy of keeping money cheap, and by the regulation of new issues.

Thirdly, in consequence of the rapid extension of rationalisation and cartelisation, a given volume of trade calls for a smaller amount of *direct* bank credit than it did a decade ago. In an industry of small units some will be in debit at their bankers while others are in credit; but if amalgamations are effected (without the over-capitalisation which sometimes occurs, but is not by any means a necessary feature of the process of amalgamation), many of the debits will be offset by credits, and bank loans will be repaid.

Moreover, a second type of "internal" financing of industry—by sales of securities normally carried as liquid reserves—has assumed great importance in recent years, and has probably exerted a greater effect on bank advances than any of the other influences just mentioned. It is, indeed, apparent that it is largely by this means that the credit created by the authorities has percolated through to the business world, for although there has been no major rise in the supply of gilt-edged securities, the banks' portfolios have risen enormously. In deciding to sell gilt-edged instead of borrowing, a company must naturally have been influenced by the high prices obtainable. But it may be questioned whether this "internal" financing would have assumed such dimensions had the cost of bank credit been lower—for the fall in the "standard" lending charge has been very small. Mr McKenna stated in 1934 that a 1 per cent. all-round reduction in loan rates would involve either a one-third cut in salaries or a suspension of dividends. But would it? Is it not possible that a 1 per cent. cut in rates would have enabled the bank substantially to increase their advances at the expense of lower-yielding investments? With no early restoration of international trade in prospect, and with rationalisation effecting a permanent change, it may be asked whether a new and bolder policy may not be necessary if advances are to be raised to anything approaching their normal ratio to the volume of trade.

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DEPOSIT v. COMMERCIAL BANKING

(BY A CORRESPONDENT)

ALL banks have deposits. All banks, save those owned and run by the State, are commercial, in the wider sense. Why, then, this antithetical description of two kinds of banking—"deposit" and "commercial" (sometimes "industrial")—rather like the raging, tearing dispute exactly a century ago over the functions of central banks: Should they be regulated by "banking" or by "currency" considerations? Just as a central bank has to perform both currency and banking functions, so an ordinary bank has to perform both commercial (or industrial) operations, and also serve as a kind of safe-deposit for current purchasing-power.

In the specific sense in which "deposit banking" is opposed to the "commercial" (or "industrial") variety, these terms really refer only to two sets of criteria, by reference to which a bank's assets are invested. Thus, a "deposit" bank disposes of its assets in such a way that their liquidity is ensured, i.e. that the bank's clients, the depositors, can be as certain as possible of being able to withdraw their deposits at will. "Deposit" banking generally means liquidity, both of deposits and, necessarily, of assets. This excludes investment of bank assets in anything like a "lock-up," e.g. industry, unsecured loans for long and irregular periods, real property, etc. Commercial or industrial banking, on the other hand, while paying "reasonable" attention to the risk of immediate withdrawal of all deposits, is concerned rather to invest a proportion of bank assets in the financing of industrial or commercial activities for anything longer than the ordinary three-months' discounting of actual trade bills, and short-term advances against immediately realisable security. While "deposit" banking is the rule in England, it is rather the exception in France, Germany and many of the other highly industrialised countries with developed banking systems.

This difference in the relative liquidity of bank assets arouses several reflections. First, the difference is not as fundamental as one might suppose; for it is not so much a difference of kind in the functioning of the two systems of banking, as only one of the degree to which their assets are engaged at relatively long-term, i.e. are relatively frozen. A "commercial" bank must obviously maintain a certain minimum percentage of immediate liquidity in its assets, quite apart from cash holdings; and a "deposit" bank must equally obviously find remunerative employment for most of its resources, by investing them in assets of reasonable but not complete liquidity. Thus, when a general slump in business and a Stock Exchange panic coincide—as they did in August, 1914—the most scrupulously directed "deposit" bank may find its assets every bit as frozen as those of the more venture-some "commercial" banks; for its securities may prove unsaleable, its bills unpayable, and its depositors clamorous. Such a run on the entire national banking system will spare neither "commercial" nor "deposit" banks from default, for the liquidity of the latter would only suffice, in such a happily rare situation, if its legal tender resources were fully 100 per cent. of deposits. And if it were, the profit for a bank could only come from the charge to its customers for keeping their money in a kind of "safe-deposit" or cloakroom. At such a time, however, Government action is certain to be invoked; and while Government action could easily ensure liquidity for Government and other gilt-edged securities—by means of a rediscounting operation for the banking system as a whole—it could only ensure sufficient liquidity to the much more frozen industrial and longer-term assets of "commercial" banks by giving its guarantee or by other measures involving some risk to public funds. That would involve Government appraisal of the value of investments in various industrial ventures, of financing this trade or that section of it, and of calculating the less or more

which might ultimately be deemed realisable for the "commercial" bank. Thus, the "deposit" bank, come what may, can face a "run" with greater equanimity.

Secondly, however, the extent to which "commercial" banking increases in any country will clearly be a function of that country's capital market—of the extent to which the machinery for canalising savings into the country's capital equipment and industrial development has been perfected. A "commercial" bank engages in all kinds of industrial financing, from long-, to medium-, and to short-term investments. In France and Italy, and especially Germany, "commercial" banks fulfil the rôle of company promoter, issuing-house, and stock-broker, as well as banker, to new industrial concerns. If these companies fall on bad times, the commercial banks reconstruct ailing, or failing, undertakings; nominate directors and accountants for the enterprise; and supply its need of short- and medium-term, as they have already arranged for its supply of long-term capital. These operations involve the fortunes of the "commercial" bank with those of the particular enterprise, of the industry to which it belongs, and of the secular trend of the trade cycle, in a much more intimate way than those of a "deposit" bank. While the enterprise, or combination of them, in which a "commercial" bank may be interested, thereby enjoys greater command of capital resources during the ordinary swings of business activity, a far-reaching slump seriously affects the bank's liquidity, through the industrial connection. (This was notably the case throughout Germany and Central Europe after 1930.) Even then, however, the bank's liquidity depends on the extent to which the entire banking system is liquid or frozen; for if liquid, the other banks, or ultimately the central bank, can always "take over" and "carry" the frozen assets of the "commercial" bank in difficulties, provided only that the industrial assets promise to be of ultimate worth. (The history of the Kreuger financial clean-up has shown that where there were industrial investments, they have proved almost wholly sound, once the initial *crise de confiance* had been overcome.)

It may therefore be doubted if sound "commercial" banking incurs so many and more serious risks than "deposit" banking in a country where a comprehensive capital market is fully developed; for in that case the only type of real "commercial" banking will be that confined to medium-term financing of industry and trade, and to such short-term financing as is not viewed by the "deposit" banks as permitting a sufficiently high degree of liquidity. After all, in Great Britain to-day there is very little likelihood indeed of a general banking "run"; yet there is a wide sphere of industrial financing—the provision of medium-term capital for the installation of new machinery and equipment, big repairs, small extensions, etc.—which "deposit" banks must necessarily ignore, but for which a new issue of capital for public or private subscription would be either unsuitable, unsuccessful, or disproportionately costly.

It may well be that in countries with highly organised deposit banking systems and with specialised capital markets, the main need will be for the provision of the medium-term finance which more roundabout methods of production necessitate. For this purpose, soundly conducted "commercial" banks rather than an outgrowth from the Stock Exchanges, may play a useful intermediary rôle, without impairing the liquidity of the "deposit" banking system. They will need adequate capital resources, which means a high proportion of time-deposits; a wide "spread" of industrial investments; and higher returns on their advances than could be demanded by "deposit" banks. They would therefore have to offer a higher rate of interest on such time deposits; and in view of the lack of sufficient openings for long-term investment to-day, the accumulation of current savings, and the general preference for short-

term investment, the difference between the "deposit" banks' deposit-rate and the new "commercial" banks' deposit-rate might not need to be so great. The costs of running a "commercial" bank would be lower than those of a deposit bank; there would be fewer cheques to clear; and its deposit rate might be much the same as the "deposit" banks' average country-rate for time deposits—a rate settled in each case by negotiation. Such a "commercial" bank might usefully be-

come a kind of reservoir for medium term credit, fed by liquid funds, and supplying industry's new current needs without danger to the banking structure. The principles upon which it would operate would need to be stringently devised and scrupulously adhered to in execution. But there is no reason to view such requirements as insuperable obstacles, or altogether to doubt the feasibility of a sound and profitable "commercial" banking system.

SOME CONSEQUENCES OF EXCHANGE CLEARING

OF the many and complicated chapters now being written in the story of economic practice not the least interesting is that of clearing agreements and their correlated phenomena of "compensation" and barter trading. The great slump has produced a very fine crop of these devices, with almost every possible variation and degree of complication. The conditions giving rise to them in the first place are, of course, the same, namely, the plea of a debtor country that it has not a sufficient supply of foreign currencies or their equivalent to enable it to pay the sums which it owes to other countries. Accordingly it lays down that its creditors' claims can only be satisfied by payment in its own inland currency, whose transfer into the creditors' currency is either forbidden or made subject to severe restrictions, which involve a heavy loss for the foreign creditor. Such pleas seem plausible enough from the point of view of a debtor country which is unable by its exports and services rendered to foreigners to amass sufficient foreign means of payment to cover the service of its foreign indebtedness, as well as the cost of its own essential current imports. But they inevitably arouse indignation and anger in the creditor country to whom large sums are owed by way of service on loans, or even, as was the case when the Anglo-German Payments Agreement was concluded, in respect of goods shipped; for the creditor is not responsible for the lack of equilibrium in the balance of payments and may often have ground for complaint against the debtor country's monetary policy in general or even for charges of discrimination. In any case, where the visible balance of trade between the two countries is in favour of the debtor country the plea is most unlikely to be accepted.

At a first glance, the imposition of exchange clearing in such circumstances would appear a formidable weapon in the hands of the creditor country with which to enforce his will on the recalcitrant debtor and ensure

that he receives payment of his claims at least to the full extent that the creditor's own purchases from the debtor allow. The arrangements are relatively simple, inasmuch as it is no more troublesome for the citizen of the creditor country to settle his debt to the citizen of the debtor country by a payment in his own currency to his own central bank—or whatever other banking institution may have been appointed by his Government to run the clearing account—than it would be to pay the sum in accordance with the instructions from the party to whom it was owing: it may indeed be simpler. Similar arrangements are, of course, a necessity in the debtor country, as there will no longer be any question of remittances from the debtor country to the creditor country, all payments between the two being settled over the clearing accounts at the respective central banks. So long as the balance of trade remains approximately unchanged this is, from the point of view of the commercial community, clearly a great advantage, the procedure being simple and all the difficulties and labours connected with obtaining foreign exchange being obviated. It is worth while, however, to look a little more closely into this aspect of the matter, for if the method is not applied to all countries alike, it may produce quite unexpected results.

For example, the German importer, who wishes to purchase goods from a country with which Germany's intercourse is regulated merely by the general foreign exchange restrictions, has endless forms to fill in and permits to obtain before he is assured of the remittance to cover the cost of his purchase. If the foreign exchange shortage is acute and the article he wishes to import not on the essential list, he may be compelled to try to induce the seller to accept part payment in blocked marks, and as these are of depreciated external value, the seller will raise his price and the cost of the goods in marks will thus be increased. But if the importer is dealing with a country with which a clearing arrange-

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ment is in force, this labour and difficulty is avoided. He makes payment in his own currency, and, moreover, that currency is accepted at its full face value. The result is that, quite apart from any action which might be taken officially to influence the direction of Germany's import trade, German imports from clearing countries naturally tend to increase as soon as a clearing scheme is inaugurated. Moreover, this tendency is furthered by the state of mind which the institution of a clearing tends to produce in the exporting community of the creditor country. There, the exporters are inclined to feel that the clearing gives some kind of a guarantee of payment, and they therefore relax their caution.

On the other side of the picture, exports from the debtor country to the creditor country tend to decline. For whereas, when no clearing exists, the importer in the creditor country has great opportunities of finding means of paying for his purchases with some kind of blocked and depreciated currency of the debtor country, which is already in his possession or which he can buy relatively cheaply, this opportunity ceases on the imposition of a clearing. Payment has then to take place through the prescribed official channels, namely, the banks operating the clearing account, and the currency of both countries is taken at the full official rate of exchange. The rapidity with which the favourable trade balances which Germany has traditionally had with a number of continental countries have been drastically reduced, if not altogether eliminated, soon after a clearing has been instituted, provides remarkable evidence of the truth of this theory. It is thus evident that clearing schemes have an inherent tendency to defeat their own ends. So far from being a reliable aid to the creditor country which is trying to collect the debts owing to it, they are in point of fact more likely to encourage the debtor country unnecessarily to increase its imports and thus to reduce the amount of foreign income available for payment of its foreign indebtedness and to delay the liquidation of arrears.

Another interesting example of the possibilities of profiting from adversity by clever manipulation is to be found in that development of barter which is known as compensation dealings and which is operated on a fictitious currency known as "compensation" or "Aski" marks. In this case, however, the speciousness of the advantages is more immediately apparent, for this system has one fundamental difference. The basic factor is not an impatient or nervous foreign creditor who sells

his claim at a discount, but the pressing need for raw materials, coupled with the fact that the higher price-level ruling inside Germany enables the manufacturer to work at a profit, even though he has to pay for his imported raw materials at a price considerably in excess of the equivalent in marks of the free world market price. Thus, for example, the Brazilian cotton shipper receives in payment for his cotton a sum in compensation marks considerably greater than the sum corresponding to the world price converted into marks at the official rate of exchange. These compensation marks can be used to pay for imports of German goods to the extent permitted by the German authorities. The high price paid by the German importer in compensation marks is sufficient to allow the Brazilian cotton shipper to sell these marks at a discount and yet realise a price for his cotton in his own currency at least as high, and perhaps higher, than the price he could have obtained by a sale on the free world market. On the other hand, the Brazilian importer of the German goods can afford to pay high prices in marks for his goods, for he is buying the marks cheap. Compensation marks and their kindred thus form a useful implement, both for encouraging German exports and for facilitating imports. Moreover, the value of this fluctuating currency can to a large extent be controlled by Germany, by limitation of the types or destinations of exports for which payment may be made in this currency. The effects are naturally highly disturbing to those who are competing for the export trade and have no such flexible and adaptable currency instrument to assist them. They may, however, be comforted by the thought that the cost of the subsidy is met not out of a sacrifice by foreign creditors, but by a rise in the cost of living inside Germany, and the system which is causing their discomfiture thus bears the seeds of its own destruction.

Still the main fact remains. So long as Germany and other countries seek to maintain an artificial parity with gold by means of exchange restrictions, clearing schemes and special kinds of currency dealt in at special exchange rates fixed according to each country's particular needs, these anomalies are bound to arise and to add to the difficulties and disequilibrium of world trade. The only real remedy is the fixation of new parities bearing some relation to current facts, accompanied by a general freeing of world trade and exchange. Until the world is ripe for these general remedies, it must reconcile itself to the continuance of these dangerous absurdities.

BANKING ABROAD

SIX MONTHS REVIEW OF AMERICAN BANKING

(BY A CORRESPONDENT)

IN the six months that have elapsed since the end of August, 1935, the trend of the items in America's banking system has not greatly differed from that of the previous period. There has in that time been no legislation, but there have been several major administrative changes. The Banking Act of 1935 is now in effect. A new Board of Governors have replaced the former Federal Reserve Board. Furthermore, the new Board, composed of seven (less one vacancy), contains only two members of the former Board, and of these but one has held that office for more than two years. It is also now technically correct to refer to the central banking system, for the new Board marked its inauguration by the removal of a number of officials of the several Reserve Banks, thus emphasising the end of the scheme of regional autonomy contemplated by the original Reserve Act.

RESERVE BANK AND TREASURY ITEMS (\$000,000)

	Feb. 27, 1935	Aug. 28, 1935	Feb. 26, 1936
Monetary gold stock.....	8,524	9,197	10,163
Gold certificates in reserve banks	5,543	6,482	7,670
Money in circulation	5,442	5,573	5,775
Bills discounted.....	6	9	7
Bills bought	6	5	5
U.S. securities.....	2,430	2,430	2,430
Member bank reserves	4,588	5,346	5,839
U.S. Treasury, general account	99	50	433
Federal reserve notes	3,139	3,352	3,735
Silver certificates*	718	860	1,059
National bank notes*	872	629	431

* End of month figures.

The continued influx of gold lifted the monetary stock by \$966 millions, compared with \$673 millions in

the previous six months. This increment is the more remarkable, as in the two months, January-February, the gold increment was only \$40 millions.

While the monetary gold stock increased \$1,639 during the year ended February last, the increase in the gold monetised through the issue of certificates to the Reserve Banks amounted to \$2,127 millions, or to \$488 millions more. This is explained by the use of a portion of the gold profit to retire the national bank currency, which declined by approximately the same figure.

The influx of gold occasioned, of course, an increase in member bank reserves, amounting to \$758 millions in the period between February and August and only \$493 millions in the six months between August and February. This relatively small increase was largely the result of positive action by the Treasury, for in place of its former practice of only carrying small balances at the Reserve Bank the Treasury has since December increased the balances to above \$400 millions. As a result, member bank balances have not since recovered their highest level (above \$6,000 millions) reached in early December, 1935. The current figures, however, represent reserves approximately double the required amount. The reserve account has likewise been influenced by the increased demand for currency. Money in circulation has risen in the past year by more than \$300 millions; and as the issue of silver certificates did not keep pace with the retirement of National Bank notes, the Reserve Banks were called upon not merely to make up the deficiency but to meet the increase. The expansion in the Federal Reserve note issues amounts to about \$600 millions, with a proportionate effect on member bank reserves.

REPORTING MEMBER BANK ITEMS (\$000,000)

	Feb. 27, 1935	Aug. 28, 1935	Feb. 26, 1936
Total loans and investments	19,581	19,839	21,006
Loans on securities	3,105	3,109	3,117
All other loans.....	4,956	4,808	4,842
U.S. securities	7,791	7,877	8,690
U.S. guaranteed securities	731	1,035	1,201
Other securities	2,998	3,110	3,156
Reserve with F.R. banks	3,643	4,354	4,788
Demand deposits adjusted.....	11,793	13,263	14,090
Time deposits	5,012	4,960	4,900
Government deposits	1,098	557	510

During recent years the increase in deposits has as a rule outdistanced the increase in total loans and investments. While gold imports seem to have been the major factor in increasing deposits, the increase in the public debt has been the principal (indeed, the sole) influence in lifting total loans and investments. Loans have only shown a slight increase. This is rather remarkable, as the period from February to February covered one of the great bull markets of American history, as will be noted, almost without any increase in direct credit to the stock market. In fact, the entire recovery in the American economy has taken place without any increase in loans, whether secured by stock market collateral or otherwise; and also, it might be added, without any appeal by industry to the capital markets for new capital as distinguished from refunding.

The next table compares 1936 with 1929 and 1933. The demand deposit figures are not comparable, because of the difference between "net demand deposits" and "demand deposits adjusted."

REPORTING MEMBER BANKS (\$000,000)

	Feb. 27, 1929	Mar. 1, 1933	Feb. 26, 1936
Total loans and investments.....	22,338	17,823	21,006
Loans on securities	7,573	4,234	3,117
All other loans.....	8,793	5,393	4,842
U.S. securities	3,042	4,908	9,891
Other securities	2,930	3,288	3,156
Reserve with F.R. banks	1,746	1,599	4,788
Borrowings from F.R. banks	712	488	3
Demand deposits	13,387	10,593	14,090
Time deposits	6,879	5,288	4,900
Government deposits	36	90	510

Bank credit extended to the public has contracted over the three years of recovery, secured loans are

reduced by 25 per cent., and commercial loans are lower by 10 per cent., while even the holdings of "other securities" have been slightly reduced. Conversely, the bank credit extended to the State has doubled, if one includes the holdings of "fully guaranteed" obligations; and just under 50 per cent. of the assets of these banks now consist of Government securities.

The "reflation" of bank credit was one of the objectives attributed to the Administration's programme, and the data show that this objective has been reached, so far as the reporting member banks are concerned. In fact, deposits subject to cheque are now substantially higher than in 1929. The three "reflationary" forces were, in rising order of importance, open market operations by the Reserve Banks, especially in 1932 and 1933; gold imports in 1934 and 1935; and the financing of the Federal deficit continuously from 1930 on. The process has completely altered the character of American banking. The function of commercial lending has shrunk until in the reporting member banks commercial loans of all sorts (exclusive of loans to banks) amount to only \$4,776 millions, compared with cash reserve balances of the same banks of \$4,788 millions. In some areas the disappearance of the commercial loan is almost complete. For example, the reporting member banks of Chicago (February 26, 1936) showed total loans and investments of \$1,980 millions, of which only \$275 millions were classed as commercial; while their holdings of Government and Government-guaranteed securities amounted to \$1,266 millions; indeed, for Chicago the combined total of Government securities plus balances with the Reserve Bank substantially exceeded the figure of demand deposits, adjusted. On the other hand, in the Boston district, commercial loans are larger than the holdings of Government securities.

In short, the variations in practice in different parts

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of the country are wider than differences between individual banks in a given section. The recognition of sectional variations has always been more or less a feature of American banking; and it was this fact that

introduced the theory of regional autonomy into the original Federal Reserve Act. The fact of sectional variation is perhaps more distinct and more relevant now than at any time in the past.

FRENCH BANKING AND CAPITAL EXPORTS.

(BY A CORRESPONDENT)

DURING the last year French banking was dominated by French political troubles, both internal and external, and also by the weak position of the Treasury, which has now avowedly become dependent upon the Central Bank's support. Enormous amounts of short-term funds were exported, not only by investors but mainly by holders of liquid balances, in May and November, 1935, and again in March, April and May, 1936; and they have not yet returned.

The net result of these successive storms is that between the end of March, 1935, and the 2nd of April, 1936, the gold reserve of the Bank of France has been reduced by Frs. 21,866 millions, while a further Frs. 3,000 millions is now customarily regarded as reserved against the London credit of February, 1936. In the face of a 27 per cent. depletion of the French gold stock, the time-honoured saying that the Governors of the Bank of France cannot bear the sight of a large gold outflow has been proved a fallacy.

The counterpart of this depletion of the metallic reserve, which leaves, however, the reserve ratio at 65 per cent., was not a contraction in the note circula-

tion (except during a short spell in December, when some hoarded notes were returned), but heavy and nearly continuous withdrawals at the banks. The four large banks alone lost over 4 per cent. of their deposits between January 1, and June 30, 1935, and another 7 per cent. from that date onward to the end of January, 1936. The proportion seems to have been generally larger in the case of the other banks, and these withdrawals must have proceeded at a greatly accelerated rate during the past few weeks. It is likely that part of the franc withdrawals does not appear in the balance sheets, having simply been converted into sterling or dollar accounts. Some of these conversions resulted in transfers from the Paris office of the larger French banks to their foreign branches. The marked rise in the "balances with other banks" item on the assets side of the banks' statements seems to reflect both these increased deposits with foreign banks (especially London agencies) and increased assistance granted by some of them to their French affiliates.

Another result of the shortage of francs on the Paris market was the exceedingly high rates which prevailed

RETURNS OF FOUR PARIS BANKS

(End of month; in Frs. millions)

	Dec., 1934	June, 1935	July, 1935	Aug., 1935	Sept., 1935	Oct., 1935	Nov., 1935	Dec., 1935	Jan., 1936
<i>Liabilities</i>									
Deposits	30,952	29,573	28,854	28,641	28,690	28,804	28,118	27,559	27,553
Acceptances.....	193	316	294	257	237	269	330	337	349
<i>Assets</i>									
Cash and Bank of France	5,835	4,152	4,347	4,212	4,074	3,996	3,908	3,738	3,449
Balances with other banks	1,421	2,308	2,152	2,399	2,363	2,413	2,559	2,483	2,563
Discount portfolio (including collections).....	18,303	17,949	17,464	17,225	17,585	17,692	16,529	16,140	16,601
Secured advances and current accounts.....	8,353	8,213	7,955	7,848	7,689	7,773	8,049	8,365	8,114

BANK OF FRANCE RETURNS

(Frs.—millions)

	Dec. 28th 1934	June 26th 1935	July 26th 1935	Aug. 30th 1935	Sept. 27th 1935	Oct. 30th 1935	Nov. 29th 1935	Dec. 27th 1935	Jan. 31st 1936	Feb. 28th 1936	Mar. 27th 1936	April 10th 1936
<i>Assets</i>												
Gold reserve	82,124	71,017	71,277	71,742	71,952	71,989	66,191	66,296	65,223	65,789	65,587	62,972
Foreign Exchange	741	987	1,017	1,015	1,016	1,045	1,171	1,121	1,120	1,117	1,110	1,131
Total	82,865	72,004	72,294	72,757	72,968	73,034	67,362	67,417	66,333	66,906	66,697	64,103
Discounts (including bills bought)	4,193	8,245	7,524	7,796	8,277	8,590	11,218	9,918	9,413	9,949	12,239	13,758
30-day advances	...	735	692	543	192	371	1,090	573	969	932	671	704
Security loans	3,211	3,277	3,171	3,103	3,098	3,141	3,267	3,253	3,350	3,250	3,325	3,414
Total	7,404	12,257	11,387	11,442	11,567	12,102	15,575	13,744	13,732	14,131	16,235	17,873
<i>Sight Liabilities</i>												
Bank notes in circulation...	83,412	82,099	81,128	82,240	82,399	83,306	82,447	81,150	81,503	81,239	83,197	83,841
Deposits with Central Bank	19,076	13,951	14,330	13,909	13,899	13,509	12,187	11,578	10,886	11,559	11,323	10,104
Total	102,488	95,050	95,458	96,149	96,298	96,815	94,634	92,728	92,389	92,798	94,520	93,945
Ratio, gold to sight liabilities (%)	80.13	73.94	74.67	74.61	74.72	74.36	69.94	71.50	70.60	70.89	69.39	67.03

for long periods. From August 8th to November 14th the discount rate stood at 3 per cent., but since then it has varied from 3½ to 6 per cent., and remained at 6 per cent. during the whole of December. The raising of the rates by the Central Bank usually followed the trend of the market (and in each case it was interpreted as an unequivocal sign that the Bank was prepared to fight for the gold standard), but when in January its own rates were lowered the Central Bank undoubtedly brought pressure upon the market in order to obtain an easing off of other rates, particularly those applying to Treasury bills and Bons de la Defense Nationale. Open discount and other banking rates followed parallel trends, but with narrower variations. Contango rates on the Stock Exchange went as high as 5½ per cent., which corresponds to a charge of about 11 per cent. for the borrower. As to francs borrowed on the forward exchange market, the rates were artificially increased by the reluctance of the Paris banks to lend in this manner. They reflect the existence of large speculative positions and follow closely the changes of opinion as to the future of the franc. This became obvious once more in March when one month's exchange commanded a proportionately higher premium than three months' commitments. These rates, which have since moved to still wider discounts, render prohibitive the cost of covering commercial exchange operations, and some traders have apparently preferred to run the exchange risk and finance themselves directly in foreign currencies. This would explain in part the marked increase in acceptances outstanding.

Deprived of an important part of their borrowed funds, the banks not only drew heavily on their balances with the Bank of France (thus reducing their cash ratio), but had to reduce their discount portfolio to quite a serious extent. As, however, the Central Bank is lending them its support in every possible form (30-day loans since February, 1935, and rediscounts of Treasury bills since June, 1935), the large French banks are assured that the Treasury paper held by them will be rediscounted, and that they could lose part of their deposits without impairing their liquidity. Their careful lending policies have, however, not changed, and the report of the Crédit Lyonnais complains of the difficulty of finding good commercial paper. As far as earnings are concerned, the high money rates should have proved profitable to most banks, and as a matter of fact nearly all large institutions announced slightly better results for 1935 than for 1934.

The present situation may thus be described as follows: the French banks remain safe in spite of the protracted depletion of their clients' deposits, but they have to look to the Central Bank for support whenever new withdrawals take place. The growing parallelism between gold withdrawals and increased rediscounts even suggests that the floating supply of short-term francs which may be converted into foreign currencies at call has been reduced to a minimum. In fact, however, the Central Bank has lent its assistance very liberally to the market.

Figures relating to what may be termed "Central Bank credit" rose by about Frs. 10,000 millions within the year, covered by the attached tables, Frs. 9,000 millions representing discounts. During the whole period from the end of 1934 until May 1, 1936, rediscounts alone increased by nearly Frs. 11,000. It should not be inferred therefrom that the amount of Treasury bills held by the Bank of France is exactly equivalent, for some of the increase can be ascribed to the rediscounting of other short-term assets previously held by the banks. It has sometimes been held that the Central Bank's policy would provoke inflation. That this policy bears an inflationary character cannot be disputed, but up to the present it has done no more than arrest inflation. Deposits with the commercial banks and the Central Bank have dwindled continuously, in spite of the fact that the Bank of France has replaced part—but part only—of its gold reserves by increased credits. The banknote circulation registered practically no change. Even the 2,000 millions of notes which were issued in March were not for circulation, but obviously for hoarding, as many people, remembering the banking moratorium of 1914, wished to keep their balances in cash and in their own safes.

Nevertheless, the Bank, by expanding its credit at the time when all commercial banks were suffering from withdrawals, on the one hand annulled in parts its own policy of franc protection, and on the other hand gained a strong hold on the market. The banks have for the moment ceased to be the primary source of credit in France, for the slow decline of their deposits has put them under the domination of the Central Bank. Should, however, for one reason or another, the exported capital flow back to France, the banks would again, thanks to their sound position, be able to increase their activity, and the extraordinary assistance granted to them by the Central Bank might well disappear as quickly as it has grown during the last twelve months.

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GERMAN BANKING IN 1935

(BY A CORRESPONDENT)

FOR the first time since 1930 all the five leading German banks paid a dividend on their share capital. The Reichskredit Gesellschaft and the Berliner Handelsgesellschaft, which had never failed to pay, maintained last year's rate of 6 per cent., while the Dresdner Bank, the Deutsche Bank and the Commerz und Privat Bank paid a maiden distribution of 4 per cent. All three state that they paid because they had earned the money, and that full provision had been made for bringing every asset down to its proper value. In the case of the Dresdner Bank the shareholders received their money only after a beginning had been made of the repayment of the State Loan of 1932. Not much information is available concerning the re-sale of the banking shares in the Deutsche Bank, Dresdner Bank and Commerz und Privat Bank acquired by the State in 1932. It is believed that the majority of the shares in the Deutsche Bank are again in the hands of private individuals, but that the Reich still holds 90 per cent. of the capital in the Dresdner Bank and more than half of the capital in the Commerz Bank. In the course of the year the remainder of the advances made by the Acceptance Bank and the other State emergency institutions to the commercial banks were repaid. Thus, at least as far as the balance sheets are concerned, the process of reconstruction has come to an end.

This recovery of the German banks is entirely due to the continuation of the policy of credit expansion, which has been steadily pursued since the accession of the National Socialist Government to power. During 1933-34 the aim was to finance the Government's employment programme; during 1935 it served to finance the open rebuilding of the German Army. According to the *Frankfurter Zeitung*, credit expansion in 1935 was at least 50 per cent. above what it had been in the preceding year, and that paper estimates the rise in 1935 at between Rm. 2,500 millions and Rm. 3,000 millions.

	Dresdner Bank		Deutsche Bank und Disconto-gesellschaft		Commerz und Privat-Bank		Berliner-Handels-gesellschaft		Reichs-Kredit Gesellschaft	
	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935
	Rm. mill.	Rm. mill.	Rm. mill.	Rm. mill.	Rm. mill.	Rm. mill.	Rm. mill.	Rm. mill.	Rm. mill.	Rm. mill.
Cash and balances at banks	99.5	85.9	151.0	182.0	58.0	50.0	29.1	26.9	53.1	34.2
Bills and Treasury bills	514.6	513.2	820.0	957.0	467.2	504.0	76.7	90.9	224.3	226.3
Advances against goods	83.8	66.1	148.0	112.0	89.0	41.0	28.0	16.5	42.8	38.7
Investments	349.8	369.0	145.0	181.0	112.1	82.0	23.8	27.1	10.0	17.5
Participations and syndicates	89.4	77.0	101.0	85.0	23.1	24.0	10.5	7.2	5.7	5.9
Debtors	1,334.4	1,192.2	1,490.2	1,332.0	654.7	683.0	95.4	96.6	171.2	143.8
Creditors	1,928.7	1,781.7	2,535.4	2,582.0	1,061.8	971.0	199.4	197.9	439.1	389.5
Acceptances	331.8	392.9	229.3	230.0	170.4	152.0	31.5	32.2	8.5	13.0
Endorsements	339.1	197.3	108.3	193.0	172.1	180.0	21.9	12.5	30.0	7.9

The volume of new investments in 1935 exceeded that of the previous year by about 30-40 per cent. and about 60-80 per cent. of the total is accounted for by State orders against 20 per cent. in 1928. The increase found its outlet entirely through capital goods. The increase in the capital indebtedness of the State, which was to be financed by the new volume of credit, has in the absence of official figures long been purely conjectural. It is estimated to-day at anything between Rm. 40,000 millions and Rm. 50,000 millions, against Rm. 18,000 millions at the beginning of 1933. It is admitted that this rapid expansion, and also the preponderance of floating indebtedness, is causing the authorities increasing anxiety, and little progress has yet been made in funding this debt.

During 1934 the reduction in private indebtedness resulting from the general revival of home business enabled the banks and the credit institutions to re-invest the returned funds in Government paper. During 1935 this process was continued, but in the second half of the year it became apparent that the tide in the repayment of commercial and industrial indebtedness was again on

the turn. The demand for new credits exceeded loans repaid, and instead of placing the surplus cash funds with the banks, or investing them in Government paper, traders and manufacturers began to find new uses for them in their own concerns.

The banking figures reflect these developments. The fall in the item Debtors which had become apparent in 1934 continued until the latter part of 1935, and so did the rise in home and saving deposits. Foreign deposits decreased still further, and about Rm. 350 millions (against Rm. 500 millions in the previous year) were repaid under the standstill agreement, bringing the total down to Rm. 1,603 millions. Beginning with the last quarter of the year borrowing again increased, and there was no further rise in saving and deposit accounts.

The figures for 1935 are not strictly comparable with those of 1934, since under the new Banking Act book-keeping changes have taken place between various items, and very strict rules now prevail concerning the proper definition of all assets and liabilities. The figures, however, fail to give any idea of the continued change in the quality of the banks' assets. According to private investigations carried out by a number of banks, over 50 per cent. of the item Debtors is directly or indirectly due to Government orders, and in some cases the percentage is as high as 80 per cent. The volume of bills drawn in respect of the Government employment programme, and shown under the heading commercial bills, is probably now 50 per cent. of the total in the case of the commercial banks, and even more in the case of the so-called special banks and the Reichsbank. Since these bills carry sixteen to twenty renewal forms attached to them, they cannot be called short-term paper. As to Treasury bills, the development of the State finances shows that the probability of their repayment becomes steadily more remote.

In reviewing the German banking structure, the development of the special banks must be considered. They are the primary means by which the State finances its transactions, and their acceptances, quite insignificant a few years ago, now exceed those of the commercial banks by 50 per cent. and are discounted by them as commercial paper. Their assets are entirely dependent upon the ability of the State to meet its obligations, and their deposits and endorsements have now reached a total of Rm. 5,000 millions, although funding operations have since somewhat reduced this figure.

During the last few months of 1935 the German banking system has indubitably entered upon that stage in the inflationary cycle where demands for credit from industry are beginning to run concurrently with the demand for new loans from the State. The movement is gathering impetus, and although the State may be able for some time to keep the money market easy by increasing the volume of credit, the day cannot be far off when the race between rising prices and rising demands upon the credit structure will begin in earnest. In this connection it must be realised that the Reichsbank has given an

undertaking to re-discount bills drawn in respect of certain Government orders which are at present held by the commercial banks, savings banks and private individuals or firms; and that these holders have only discounted the bills on the strength of this undertaking. The estimated amount varies between Rm. 2,000 millions and Rm. 4,000 millions. The Reichsbank's bill holding already exceeds the note issue, and since gold and foreign exchange holdings still continue to decline, any further rediscounting of bills at the central institu-

tion can only be financed through an expansion of the note issue. This danger is particularly great, since in such an event funding operations could hardly be carried through except by legal enactments which would severely affect the confidence of the public. Only the balancing of the German Budget can arrest the disaster, but even if the Budget should be stabilised during the year, German banking will have to face a second task of reconstruction of far greater magnitude than was necessary during the 1931 crisis.

RECOVERY AND BANKING IN SCANDINAVIA

THE four Scandinavian countries—Norway, Sweden, Denmark and Finland—have enjoyed a striking measure of recovery since they abandoned the gold standard in the wake of the pound sterling, and, like Great Britain, followed a policy of internal credit expansion.

Sweden and Finland have benefited more than Norway and Denmark from the building, constructional and armaments boom in Britain and other European industrial countries—mainly by reason of a greatly increased export trade in iron ore, timber, woodpulp and paper; whereas Norway has been hit by the falling-off in demand for whale oil and shipping, and Denmark by the reduced British market for her agricultural exports. These specific dissimilarities apart, all four Scandinavian countries have quickly shown an abnormally high degree of liquidity, whether in banking, industry or the capital market. This greatly increased available supply of funds for investment, together with its consequences, low interest rates and expanding domestic trade, have been almost exclusively produced by national credit policies, easily executed by co-operation, existing or induced, between the central and commercial banks in all four countries. An examination of the chief items in the returns of the central and largest commercial banks of all the Scandinavian countries from 1929 to the end of last year is instructive; for it throws a light on the decisive rôle of credit and banking policy in their differing national economies.

SWEDISH RIKSBANK
(Amounts in October of 1929=100)

	October, 1931	October, 1933	October, 1934	October, 1935	April 7, 1936
Chief Assets					
Gold.....	82.1	104.5	116.0	155.6	177.8
Govt. securities: Swedish	90.5	7,306.0	5,160.0	2,339.0	863.6
" Foreign	0.4	336.0	66.4	99.4	97.1
" together	183.6	6.1	4.4	3.9	4.4
Bills payable in Sweden	0.9	4.5	458.0	579.9	414.5
" abroad	141.3	5.7	108.2	135.6	99.0
" together	33.8	406.5	118.0	190.0	233.2
Advances	89.4	73.3	55.5	55.7	53.0
Chief Liabilities					
Note circulation.....	110.8	109.2	123.8	138.5	143.7
Govt. deposits.....	64.2	98.5	81.0	74.2	114.2
Private deposits.....	585.0	4,040.0	3,854.0	4,085.0	3,051.2
All deposits	92.1	300.1	283.6	289.5	270.7

NATIONAL BANK OF DENMARK
(Indices: 1929=100)

	October, 1931	October, 1933	October, 1934	October, 1935	March 31, 1936
Chief Assets					
Coin and bullion	95.1	76.5	76.5	68.2	68.2
Loans and discounts	151.5	116.1	149.5	122.7	127.2
Debtors abroad.....	61.2	29.8	56.1	...	...
Securities	115.0	360.4	487.3	366.7	236.5
Chief Liabilities					
Note circulation.....	94.5	100.8	104.3	104.2	105.0
Sight deposits.....	121.4	320.4	531.5	238.0	266.0

BANK OF NORWAY
(Indices: 1929=100)

	October, 1931	October, 1933	October, 1934	October, 1935	March 31, 1936
Chief Assets					
Gold.....	80.5	80.6	80.7	81.5	81.0
Balances abroad and foreign bills.....	47.0	92.5	36.6	61.2	90.2
Norwegian and foreign Govt. securities	183.0	196.0	215.0	170.5	193.1
Loans and discounts	94.1	88.1	100.7	77.1	83.6
Chief Liabilities					
Note circulation.....	95.5	96.0	101.1	106.0	117.6
Sight deposits	121.1	79.1	76.2	80.5	90.1

BANK OF FINLAND
(Indices: 1929=100)

	October, 1931	October, 1933	October, 1934	October, 1935	March 31, 1936
Chief Assets					
Gold.....	101.5	106.8	106.8	150.3	166.5
Balances abroad and foreign bills.....	86.0	197.0	238.0	230.9	246.3
Finnish and foreign Govt. securities	118.0	82.1	107.0	128.0	112.4
Loans and discounts	74.0	60.3	54.9	51.9	66.5
Chief Liabilities					
Note circulation.....	84.4	77.8	88.0	92.4	106.6
Sight deposits	61.1	232.3	248.0	530.0	593.4

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In all four countries the note circulation and central bank deposits (save, in the latter case, that of Norway) reached their "lows" in 1931, after which the expansion to levels well above those of 1929 was striking. In Sweden and Denmark, deposits at the central banks rose by about the same percentage between 1929 and 1936; but in Sweden the expansion of the note circulation was much greater than in Denmark—or, indeed, than in any other of the Scandinavian countries—while the bulk of the expansion in deposits occurred between 1931 and 1933 in private accounts (those of commercial banks, etc.), after which there were two recessions. In Finland, deflation had been carried farthest by 1931; note circulation and deposits had then fallen to the deepest "lows," compared with 1929, of all four countries. Yet the expansion of the note circulation has been regular since 1933; and deposits have shown the greatest percentage rise of all the countries. In Norway, a very restrained central bank policy was pursued until 1934, when deposits reached a "low"; thereafter the note circulation rose sharply.

How have these four central banks secured these varying degrees of credit expansion? A glance at their chief assets gives varying answers. In Sweden, between 1931 and 1933 "all securities" recorded their greatest rise—from 4 per cent. of their 1929 level to 336 per cent.—of which the bulk lay in a vast increase in the volume and value of Swedish securities purchased. In the same period the bill portfolio was allowed to run dry; while, by reason of currency depreciation and improvements in foreign trade, balances abroad rose sharply. Securities were then steadily unloaded year by year, while gold, foreign Government securities and bills payable abroad were accumulated. This process diminished once more the liabilities of the Riksbank, which had been increased in the bad years. In Denmark foreign trading and exchange difficulties circumscribed central bank policy; but again, while gold and balances abroad were steadily reduced, security holdings were increased by big "open market" operations in 1932, and carried to a peak in 1934, after which these holdings were reduced. Consequently, deposits and, on the assets side, loans and discounts and securities, all show a peak in 1934. In Finland, financial stringency came earlier—in 1928—and the need for "open market" operations was lessened between 1931 and 1934 in virtue of the increasingly active balances of trade and payments, which steadily increased the holdings of balances abroad and foreign bills and the gold holdings in the central bank. In Norway, the security portfolio was increased up to 1934, and then reduced as in the other countries; but the movements in other assets were uneven, balances abroad showing sharp fluctuations.

Now what effects of these central bank operations can be traced in the variations of each country's commercial banking assets and liabilities? The following table has been constructed, representing 60 per cent. of the total assets of all commercial banks in Denmark, Sweden and Norway, and 86 per cent. of all those in Finland.

SCANDINAVIAN COMMERCIAL BANKS: INDICES OF BALANCE
SHEET ITEMS
(Amount in 1929=100)

Country and Years	Cash	At Call	Bills	Advances and Loans	Investments	Total Assets	All Deposits
Denmark							
1931	105.2	52.6	143.6	98.7	88.8	95.3	91.6
1933	219.7	78.9	127.5	88.1	104.6	99.9	94.9
1934	223.4	80.1	129.4	89.6	123.5	103.7	101.5
1935	206.7	68.2	103.5	94.9	113.8	102.8	98.4
Sweden							
1931	101.1	60.0	102.8	108.6	103.1	107.2	107.2
1933	247.2	52.6	127.4	89.2	156.7	110.7	118.7
1934	245.8	56.9	117.3	86.6	270.6	104.4	109.7
1935	268.8	49.1	115.3	87.1	263.9	103.8	108.2
Norway							
1931	69.7	73.9	96.2	92.4	80.4	89.9	93.3
1933	74.9	50.2	81.8	87.9	73.4	82.0	82.8
1934	91.9	67.8	83.7	86.9	65.9	83.1	82.7
1935	73.5	75.8	90.8	90.0	77.1	85.8	88.7
Finland							
1931	100.9	108.6	99.5	135.1	129.4	113.7	115.6
1933	209.9	160.1	101.6	143.1	188.9	124.8	137.5
1934	173.5	330.1	100.2	175.6	378.6	130.7	141.1
1935	282.6	159.3	102.2	173.6	411.8	132.7	145.5

It is evident that Finland's earlier entry into the deflationary crisis, in 1928, enabled the measures which she then took in isolation from the rest of the world to place her in an extremely advantageous position as soon as the pound sterling depreciated. Clearly, the regular advance of total assets and deposits in the Finnish commercial banks reflects little else than the "double boom" in the country: that induced by the pre-1931 deflation, which, in the most primitive of the four countries, was carried very far; and that by currency depreciation. But in Finland, as a result of the freezing of all credits in 1931, it must be recalled that new banking laws in 1933 limited the opening of bank branches, prohibited any kind of banking participation in commerce or industry, limited bank investments to 10 per cent. of their funds, and laid down that there was to be a cash reserve of at least 20 per cent. of all sight liabilities. Hence, largely the greater increase in the cash holdings of the Finnish banking system. Thus Finland has travelled a road of banking experience essentially due to conditions quite other than those experienced in the other three countries.

There is more stability and regularity in the indices of movements in the assets and liabilities of Norwegian commercial banks than in those in any other of the Scandinavian countries. On the other hand, there is less evidence of an expansionist policy, either in the central bank's figures or in those of the commercial banks. Norway comes next to Finland for a low ratio of loans and advances to deposits (58 per cent. in 1929 and 59.4 per cent. in 1935); and the ratio of bills to deposits, unlike that of Finland, was the second lowest in 1929 (27.3 per cent.) and the lowest in 1935 (21.5 per cent.). On the other hand, the cash and call money ratio to deposits in the Norwegian commercial banks was only 12.5 per cent. in 1929, about the same as that of the Swedish banks, and the lowest of all—7.5 per cent.—in 1935, against the 11.7 per cent. of Finland, 11.6 per cent. of Sweden, and 29.4 per cent. of Denmark. And while the ratio of investments to deposits in the commercial banks of the other three countries has sharply risen, that of the Norwegian banks has fallen from 27.3 per cent. in 1929 (next highest to Denmark) to 21.5 per cent.

In Sweden and Denmark, despite the greater degree of industrialisation and the greater advantages of the foreign trade of Sweden, the commercial banks show broadly the same experience. Their cash holdings and their investments (especially in shares during 1935) notably increased as loans and advances were reduced; the bill portfolio was reduced in Denmark, but increased and maintained in Sweden; and, to offset it, money at call fell in Sweden and rose in Denmark. Recently, in Denmark, there is evidence of a greater demand for loans and advances. In both countries deposits have risen since 1931; though in both there has recently been a decline from the peak—which, in the case of Sweden, came as early as 1933. In both countries, again, the ratio of loans to deposits is the highest ratio of all the Scandinavian countries' banks. The ratio of cash and call money to deposits in Denmark rose from 24.9 per cent. in 1929 to the abnormal figure of 33.5 per cent. in 1933, falling to 29.4 per cent.—the highest of all four countries—in 1935. In Sweden, the same ratio fell from 12 per cent. in 1929 to as low as 7.8 per cent. in 1931, rising to 11.6 per cent. in 1934, where it remained in 1935. Neither in Sweden nor in Denmark was the ratio of bills to deposits greatly altered in 1935 from 1929—though in 1931 the Danish banks had to meet the crisis by enlarging their bill holdings. But the Swedish banks, concurrently with the fall in loans and advances, saw the ratio of investments to deposits rise from a mere 10 per cent. in 1929 and 9.9 per cent. in 1931 to 24 per cent. in 1934 and 1935. The Danish banks' ratio, which is higher, rose from 30 per cent. in 1929 to 34.4 per cent. in 1933.

Greater liquidity has developed in Finland and Norway, while there has been more of an expansionist policy in Sweden and Denmark. Nevertheless in all four countries there has been substantial progress. There is in fact a high degree of interdependence between British and Scandinavian prosperity, upon which the banking systems of both are alike largely dependent.

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PROFITS OF BRITISH BANKS FOR LAST COMPLETED FINANCIAL YEAR

BANK	Year Ended	Profits	Dividend	Rate	Reserve	Premises	Staff	To Carry Forward		Profits a Year Ago
								Increase	Decrease	
ENGLISH	1935	£	£	%	£	£	£	£	£	£
Barclays	Dec. 31	1,783,784	1,614,275	{ A 10, B & C 14 }	150,000	...	19,509	...	...	1,708,174
British Mutual	Dec. 31	38,524	14,400	12	21,000	500	2,624	...	...	29,809
District	Dec. 31	419,589	318,759*	{ A & C 16, B 10 }	40,000	50,000	10,830	...	...	430,229
Joyds	Dec. 31	1,642,785	1,392,380	{ A 12, B 5 }	250,000	...	405	...	...	1,651,506
London Merchant	Dec. 31	15,660	...	...	15,660	...	...	...	...	17,762
Parsons	Dec. 31	693,117	582,406	14	50,000	50,000	10,711	...	...	672,258
Midland	Dec. 31	2,353,099	1,987,598†	16	250,000	300,000	404,499	...	...	2,292,217
National Provincial	Dec. 31	1,665,437	1,421,912	15	100,000	100,000	43,525	...	...	1,643,760
Union of Manchester	Dec. 31	124,607	58,125	10	29,000	5,000	482	...	...	121,930
Vestminster	Dec. 31	1,402,656	1,313,891†	{ A 18, B 12½ }	...	200,000	...	111,235	...	1,524,880
Williams Deacon's	Dec. 31	278,536	234,375	12½	...	30,000	14,161	...	...	274,180
Totals		10,417,794	8,938,121	...	565,660	675,500	102,247	515,734	10,527,957	
SCOTTISH	1936									
Bank of Scotland	Feb. 29	316,092	209,250	18	50,000	25,000	1,842	...	...	310,887
British Linen	Jan. 15	289,963	155,000	16	50,000	50,000	...	15,037	...	286,310
Lydesdale	Dec. 31	312,472	208,000	16	50,000	20,000	4,472	...	...	310,195
Commercial of Scotland	Oct. 31	396,950	282,875§	{ A 16, B 10 }	50,000	50,000	...	15,925	...	379,337
National of Scotland	Nov. 1	270,273	136,400	16	...	80,000	55,000	1,127	...	271,597
North of Scotland	Dec. 31	259,528	182,560	16	50,000	15,000	6,968	...	...	255,416
Royal of Scotland	Oct. 12	629,257	498,040	17	76,217	25,000	...	...	...	621,427
Union of Scotland	Apr. 2	316,621	216,000	18	25,000	20,000	5,621	...	...	313,463
Totals		2,791,156	1,888,125	...	351,217	275,000	18,903	32,089	2,748,632	
IRISH	1935									
Belfast Banking	Dec. 31	105,182	68,200	11	...	...	36,982	...	...	102,173
Northern	Dec. 31	98,601	60,547	{ A 12½, B 6½ }	30,000	1,843	6,211	...	...	97,866
Ulster	Dec. 31	180,514	140,000	14	35,000	...	5,514	...	...	175,341
Totals		384,297	268,747	...	65,000	1,843	48,707	...	...	375,380

* Tax paid.

† Includes 2 per cent. Centenary Bonus.

‡ Includes 2 per cent. Centenary Bonus on the "A" shares.

§ Includes 2 per cent. bonus on the "A" shares.

BANK OF ENGLAND
END OF YEAR POSITION

END OF YEAR POSITION																			
Last Return of Year	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS						
		Capital	Per Cent.	Rest	Per Cent.	Note Circulation	Per Cent.	Post Bills	Per Cent.	Deposits	Per Cent.		Coin and Bullion	Per Cent.	Govt. Securities	Per Cent.	Other Securities	Per Cent.	
1910 ...	11	14,553,000	14.2	3,187,804	3.1	28,610,215	29.0	24,848	...	55,952,860	54.7	102,338,727	31,355,727	30.6	34,349,568	33.6	36,633,614	35.8	
1920 ...	10	14,553,000	4.3	3,338,587	1.0	132,851,150	39.0	7,639	...	189,859,334	55.7	340,610,710	128,267,670	37.6	126,314,798	37.2	86,028,242	25.6	
1925 ...	10	14,553,000	4.4	3,344,666	1.1	144,730,510	43.6	2,021	...	169,044,292	51.0	331,674,489	144,556,367	43.6	83,837,526	25.3	103,280,598	31.1	
1926 ...	10	14,553,000	4.8	3,390,348	1.1	140,784,940	46.7	1,959	...	142,974,783	47.4	301,695,030	151,118,648	50.1	53,917,539	17.9	96,658,843	32.0	
1927 ...	10	14,553,000	4.9	3,382,834	1.1	133,711,420	47.0	2,515	...	138,536,802	47.0	295,186,571	152,408,849	51.6	59,594,092	20.2	83,183,630	28.2	
1928 ...	10	14,553,000	2.8	3,381,508	0.6	383,242,899	73.8	2,500	...	119,970,102	22.8	526,150,059	159,306,490	30.3	311,882,028	59.2	54,961,541	10.5	
1929 ...	10	14,553,000	2.8	3,390,838	0.7	379,573,841	74.0	1,984	...	115,666,738	22.5	513,186,401	150,548,712	29.4	311,761,133	60.6	50,876,556	10.0	
1930 ...	9	14,553,000	2.7	3,400,255	0.6	368,801,566	65.5	1,264	...	175,189,157	31.2	561,945,242	152,640,787	27.2	325,174,789	57.8	84,129,666	15.0	
1931 ...	9	14,553,000	2.6	3,417,512	0.6	364,150,042	65.4	1,071	...	174,471,468	31.4	556,593,093	125,401,728	22.6	349,065,659	62.7	82,125,706	14.7	
1932 ...	9	14,553,000	2.7	3,430,563	0.6	371,193,057	69.4	1,510	...	145,035,194	27.2	534,213,324	124,309,107	23.3	368,598,410	69.0	41,305,807	7.7	
1933 ...	9	14,553,000	2.5	3,421,526	0.6	391,981,846	68.7	1,429	...	159,916,147	28.2	569,873,948	195,228,035	34.3	342,245,007	60.0	32,400,906	5.7	
1934 ...	9	14,553,000	2.6	3,436,737	0.6	405,163,800	72.5	...	...	135,422,521	24.3	558,576,058	195,234,129	35.0	344,114,924	61.6	19,227,005	3.4	
1935 ...	9	14,553,000	2.6	3,428,981	0.6	424,506,785	75.3	...	...	121,333,662	21.5	563,822,428	201,914,149	35.8	339,211,232	60.2	22,697,047	4.0	

BANK RATE SINCE 1852

Year	No. of Changes	Highest	Lowest	Average	Year	No. of Changes	Highest	Lowest	Average	Year	No. of Changes	Highest	Lowest	Average	Year	No. of Changes	Highest	Lowest	Average
1852 ...	2	2½	2	2½	1873 ...	24	9	3	4½	1894 ...	2	3	2	2½	1915 ...	None	5	5	5
1853 ...	5	5	3	4	1874 ...	13	9	3	4	1895 ...	None	3	2	2	1916 ...	1	5	5	5
1854 ...	7	5½	5	5½	1875 ...	12	9	3	4	1896 ...	3	4	2	2½	1917 ...	2	5	5	5
1855 ...	5	5	4	4½	1876 ...	5	9	3	4	1897 ...	6	4	4	4	1918 ...	None	5	5	5
1856 ...	7	6	4	5	1877 ...	7	5	3	4	1898 ...	6	4	4	4	1919 ...	1	6	5	5
1857 ...	10	6½	6	6½	1878 ...	10	6	3	4	1899 ...	6	5	4	4	1920 ...	1	7	6	6½
1858 ...	6	6	5	5½	1879 ...	5	5	3	4	1900 ...	6	6	5	5	1921 ...	4	7	5	6
1859 ...	4	6	4	5	1880 ...	2	5	3	4	1901 ...	6	6	5	5	1922 ...	4	5	3	4
1860 ...	11	6	4	5	1881 ...	6	5	3	4	1902 ...	3	4	3	3	1923 ...	1	4	3	3½
1861 ...	11	6	3	4	1882 ...	6	6	3	4	1903 ...	3	4	3	3	1924 ...	None	4	4	4
1862 ...	5	6	3	4	1883 ...	6	6	3	4	1904 ...	2	4	3	3	1925 ...	4	5	4	4½
1863 ...	12	6	3	4	1884 ...	6	5	3	4	1905 ...	3	4	3	3	1926 ...	None	5	5	5
1864 ...	15	6	3	4	1885 ...	7	5	3	4	1906 ...	6	6	5	5	1927 ...	1	5	4	4½
1865 ...	16	7	3	4	1886 ...	7	5	3	4	1907 ...	7	7	4	4	1928 ...	None	5	4	4½
1866 ...	14	10	3	4	1887 ...	7	5	3	4	1908 ...	6	6	5	5	1929 ...	5	6	5	5½
1867 ...	3	3	2	2½	1888 ...	9	6	3	4	1909 ...	6	5	4	4	1930 ...	4	6	5	5½
1868 ...	2	3	2	2½	1889 ...	8	6	3	4	1910 ...	9	5	4	4	1931 ...	5	6	5	5½
1869 ...	7	4	2	3	1890 ...	11	6	3	4	1911 ...	4	4	3	3	1932 ...	6	6	5	5½
1870 ...	10	6	2	3	1891 ...	12	5	2	3	1912 ...	4	4	3	3	1933 ...	None	2	2	2
1871 ...	10	5	2	2½	1892 ...	4	3	2	2½	1913 ...	2	5	4	4	1934 ...	None	2	2	2
1872 ...	14	5	3	4	1893 ...	12	5	2	2½	1914 ...	8	10	3	4	1935 ...	None	2	2	2

POSITION OF THE BANK OF ENGLAND FROM APRIL 24, 1935, TO APRIL 15, 1936

(000's omitted)																
Date	Issue Department		Banking Department			Gold in or out of Bank	Bank Rate	Issue Department		Both Depts.		Banking Department				
	Notes Issued	Circulation	Public Deposits	Bankers' Deposits	Other Deposits			Govt. Debt and Securities	Other Securities	Gold Coin and Bullion and Reserve Ratio	Govt. Securities	Discounts and Advances	Other Securities	Reserve and the "Proportion"		
1935	£	£	£	£	£	£	%	£	£	£	%	£	£	£	£	%
April 24	452,578	393,182	7,624	98,136	39,598	22 in	2	257,887	209	193,067	35½	87,731	5,820	9,620	59,885	41½
May 1	452,578	392,579	8,007	115,523	40,025	Nil	2	258,025	182	193,110	34½	104,871	6,003	9,873	60,532	37
8	452,639	394,250	7,248	104,559	38,012	61 in	2	258,054	154	193,246	35½	92,476	5,799	10,295	58,997	39½
15	452,639	390,321	7,367	103,008	38,490	Nil	2	257,896	315	193,311	35½	86,906	5,708	11,025	62,990	42½
22	452,639	387,610	4,357	100,782	35,570	Nil	2	257,938	277	193,404	35½	85,486	5,368	11,838	65,795	43½
29	452,639	390,406	23,077	88,041	35,989	Nil	2	258,043	162	193,411	36	85,421	5,254	11,241	63,005	42½
June 5	452,664	395,891	7,612	102,592	36,110	24 in	2	257,936	273	193,455	35½	89,976	5,380	11,226	57,564	39½
12	452,664	398,761	7,789	101,740	35,942	Nil	2	257,998	208	193,419	35½	92,346	5,872	10,463	54,657	37½
19	452,716	395,730	13,595	104,026	37,005	52 in	2	257,889	319	193,411	35½	94,941	5,795	14,127	57,681	37½
26	452,716	396,860	16,163	102,361	38,755	Nil	2	257,945	261	193,322	34½	96,181	10,165	12,426	56,463	35½
July 3	452,717	401,371	9,629	110,513	37,978	Nil	2	257,948	256	193,264	34½	98,196	13,488	12,250	51,893	32½
10	452,717	400,652	8,361	108,593	36,366	Nil	2	258,076	236	193,272	34½	95,801	10,373	12,582	52,620	34½
17	452,717	399,568	7,883	103,582	38,845	Nil	2	257,638	675	193,239	35½	91,886	9,277	13,549	53,672	35½
24	452,717	400,810	8,871	100,815	36,607	Nil	2	257,394	966	193,260	35½	88,741	10,322	12,891	52,450	35½
31	452,774	408,262	24,360	75,680	38,500	58 in	2	257,446	1,016	193,362	35½	87,371	10,842	13,359	45,100	32½
August 7	452,774	411,836	17,240	82,662	37,845	Nil	2	257,909	544	193,344	35½	87,201	14,078	13,115	41,508	30½
14	452,774	405,546	16,718	86,275	37,021	Nil	2	257,934	527	193,370	35½	82,045	15,171	13,154	47,824	34½
21	453,252	400,440	15,902	93,898	36,900	477 in	2	257,732	729	193,909	35½	83,490	12,952	15,002	53,469	36½
28	453,355	399,565	9,360	96,935	36,454	103 in	2	257,620	842	194,084	35½	81,275	12,935	12,261	54,519	38½
Sept. 4	453,355	401,622	5,860	100,063	38,646	Nil	2	257,620	842	194,115	35½	83,415	14,051	12,841	52,493	36½
11	453,402	400,256	16,036	91,036	37,843	8 in	2	257,603	857	194,227	35½	84,556	12,419	12,232	53,971	37½
18	453,478	398,150	17,465	92,018	37,581	75 in	2	257,431	1,030	194,315	35½	83,160	11,853	14,160	56,166	38½
25	453,573	398,164	19,491	87,241	38,956	95 in	2	257,311	1,541	194,360	35½	83,165	12,411	12,191	56,196	38½
Oct. 2	453,643	402,033	25,453	80,875	39,135	70 in	2	257,331	1,130	194,434	35½	82,520	17,252	11,597	52,401	36
9	453,673	402,116	35,991	75,078	38,596	30 in	2	257,379	1,081	194,464	34½	85,495	17,619	11,848	52,348	35½
16	453,673	399,618	32,120	78,801	37,761	Nil	2	257,382	1,080	194,504	35½	86,155	13,660	11,649	54,886	36½
23	454,324	397,014	35,325	78,708	37,084	651 in	2	257,340	1,120	195,181	35½	86,775	11,386	12,497	58,166	38½
30	454,684	399,889	26,226	82,524	38,552	360 in	2	257,172	1,285	195,522	35½	85,890	11,210	12,270	55,633	37½
Nov. 6	455,483	402,158	21,009	89,559	36,641	799 in	2	256,962	1,499	196,407	35½	87,215	10,986	12,493	54,250	36½
13	456,458	401,449	15,809	92,867	36,700	975 in	2	256,970	1,493	197,377	36½	83,475	11,105	12,631	55,927	38½
20	457,189	398,900	21,630	90,941	36,501	731 in	2	257,300	1,161	198,069	36½	83,620	9,713	14,360	59,169	39½
27	457,632	401,345	19,707	90,887	36,536	443 in	2	257,315	1,142	198,439	36½	85,545	9,500	12,820	57,094	38½
Dec. 4	458,409	405,567	7,074	103,711	37,537	777 in	2	257,348	1,113	199,140	35½	89,417	10,714	12,501	53,572	36½
11	459,409	410,931	6,843	94,387	37,204	1,000 in	2	257,372	1,089	200,063	36½	84,213	10,080	12,912	49,132	35½
18	460,051	419,464	10,254	79,802	37,340	641 in	2	257,544	1,104	200,667	36½	82,750	7,173	14,181	41,204	32½
25	460,051	424,507	12,146	72,079	37,109	Nil	2	257,356	1,392	200,662	36½	81,855	8,501	12,805	36,155	29½
1936																
Jan. 1	460,051	411,750	9,966	130,543	37,290	Nil	2	257,368	1,377	200,609	34½	110,365	23,655	12,953	48,859	27½
8	460,161	405,558	11,259	107,833	36,792	110 in	2	257,465	1,435	200,818	35½	84,390	21,260	13,057	55,260	35½
15	460,161	397,722	13,816	110,105	37,539	Nil	2	257,493	1,397	200,837	36½	83,890	20,029	12,527	63,115	39
22	460,246	394,919	13,075	118,867	36,374	85 in	2	256,853	2,049	200,898	35½	86,680	19,280	14,511	65,979	39½
29	460,469	397,138	15,851	106,040	36,723	223 in	2	256,957	1,943	201,116	35½	80,045	18,753	13,988	63,978	40½
Feb. 5	460,528	399,833	10,989	102,877	37,025	59 in	2	256,725	2,172	201,188	36½	79,415	14,440	13,855	61,355	40½
12	460,528	399,281	10,981	103,627	36,302	Nil	2	255,920	2,976	201,221	36½	79,190	13,408	14,564	61,941	41
19	460,611	396,885	11,080	107,630	35,973	83 in	2	256,661	2,249	201,312	36½	78,720	11,653	18,099	64,428	41½
26	460,612	399,881	8,823	106,189	35,457	Nil	2	256,769	2,147	201,357	36½	82,105	10,999	14,128	61,475	40½
March 4	460,613	404,029	7,931	104,522	36,639	0·8 in	2	255,888	3,027	201,351	36½	83,440	11,922	14,663	57,323	38½
11	460,613	404,537	14,239	91,570	36,064	0·5 in	2	257,177	1,781	201,357	36½	78,580	9,945	14,792	56,820	40
18	460,613	404,368	16,891	90,849	37,203	Nil	2	257,308	1,648	201,365	36½	80,160	8,606	17,463	56,997	39½
25	460,615	406,494	18,000	83,617	36,959	1·7 in	2	257,505	1,493	201,394	37	80,305	4,963	16,711	54,899	39½
April 1	460,850	413,018	9,736	102,648	38,469	235 in	2	258,106	917	201,634	35½	95,875	10,108	14,583	48,616	32½
8	461,150	421,416	9,605	93,440	37,142	300 in	2	258,623	401	201,949	36	93,862	9,773	13,692	40,534	28½
15	461,630	421,891	9,904	104,911	36,569	480 in	2	255,618	402	202,379	35½	106,672	8,756	13,162	40,489	26½

COMPARATIVE STATEMENTS

JOINT STOCK BANKS OF ENGLAND AND WALES (EXCLUDING BANK OF ENGLAND)

Year	Banks	No. of Brchs.	Capital and Reserves	% of Liabilities	Deposits	% of Liabilities	Acceptances	% of Liabilities	Total Liabilities	Cash in Hand and Money at Call & Notice	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
			£		£		£		£	£		£		£	
1890	104	2,203	67,826,000	14.5	368,663,000	79.4	22,693,000	4.9	464,075,000	83,955,000	18.0	182,816,000	17.8	269,507,000	58.0
1895	99	2,690	69,213,000	12.4	455,561,000	81.6	23,724,000	4.2	558,744,000	111,208,000	19.9	107,498,000	19.2	311,678,000	56.7
1900	77	3,757	73,847,000	11.3	586,726,000	84.0	21,530,000	3.0	698,762,000	144,400,000	20.7	127,766,000	18.3	395,313,000	56.6
1905	59	4,558	82,010,000	10.8	627,529,000	82.6	30,225,000	5.2	758,712,000	179,530,000	23.6	131,731,000	17.3	401,485,000	52.9
1910	45	5,202	80,946,000	9.4	720,687,000	83.6	52,263,000	6.0	862,134,000	199,724,000	23.0	137,711,000	16.8	467,880,000	54.3
1914	38	5,869	81,904,000	7.9	895,561,000	86.6	47,802,000	4.6	1,034,486,000	276,046,000	27.6	146,493,000	12.6	553,499,000	53.5
1915	37	6,027	81,731,000	7.1	992,555,000	86.4	62,512,000	5.5	1,146,807,000	262,453,000	22.9	310,771,000	14.2	503,617,000	43.9
1916	35	5,993	81,080,000	6.2	1,154,877,000	87.9	68,726,000	5.2	1,316,220,000	369,460,000	28.0	323,002,000	27.0	542,773,000	41.4
1917	34	6,004	84,475,000	5.5	1,365,297,000	89.2	65,775,000	4.3	1,528,631,000	427,855,000	28.0	339,631,000	24.6	685,677,000	44.9
1918	26	6,501	92,902,000	5.3	1,583,412,000	90.9	58,850,000	3.4	1,742,724,000	481,220,000	27.6	347,230,000	22.2	834,668,000	47.9
1919	21	7,195	106,273,000	5.0	1,874,184,000	87.9	151,138,000	7.1	2,137,908,000	452,765,000	21.3	398,611,000	20.0	1,129,582,000	53.0
1920	20	7,612	128,154,000	5.8	1,961,527,000	89.0	102,920,000	4.7	2,200,317,000	449,153,000	20.4	368,734,000	18.7	1,263,091,000	57.4
1921	20	7,963	129,131,000	5.9	1,974,898,000	90.0	74,166,000	3.4	2,185,438,000	438,519,000	20.0	375,564,000	16.7	1,280,171,000	58.3
1922	20	8,235	129,173,000	6.3	1,833,971,000	89.0	85,687,000	4.2	2,056,242,000	423,092,000	20.6	424,413,000	17.1	1,102,643,000	53.7
1923	19	8,491	129,004,000	6.2	1,822,067,000	88.1	111,490,000	5.4	2,069,847,000	413,532,000	20.0	404,392,000	20.6	1,116,866,000	54.0
1924	18	8,676	132,103,000	6.3	1,813,513,000	86.9	132,318,346	6.3	2,085,016,802	437,889,000	20.9	361,416,000	19.5	1,132,070,000	54.3
1925	18	8,873	134,846,000	6.5	1,806,810,000	87.1	125,005,000	6.0	2,073,810,000	441,787,000	21.3	317,572,000	17.3	1,167,952,000	56.3
1926	18	9,105	138,717,000	6.6	1,848,174,000	87.9	108,686,000	5.2	2,102,747,000	444,014,000	21.1	307,661,000	15.3	1,208,975,000	57.5
1927	17	9,381	139,444,000	6.4	1,892,948,000	86.8	140,159,000	6.4	2,179,372,000	492,652,000	22.6	290,544,000	14.6	1,220,983,000	56.0
1928	16	9,595	141,516,505	6.1	1,951,477,697	83.5	237,140,923	10.1	2,337,234,765	493,841,201	21.1	293,156,061	13.3	1,268,803,457	54.3
1929	16	9,815	141,593,545	6.3	1,911,007,360	85.4	179,295,205	8.0	2,238,855,706	481,341,704	21.5	285,176,223	12.5	1,250,763,477	55.8
1930	16	10,082	144,323,133	6.4	1,976,805,092	87.6	128,023,846	5.7	2,255,681,859	472,358,357	20.9	329,286,947	12.7	1,281,039,732	56.8
1931	16	10,178	134,472,636	6.5	1,820,986,812	87.9	109,740,433	5.3	2,071,539,059	414,540,355	20.0	329,472,822	14.6	1,165,818,695	56.3
1932	16	10,066	135,224,636	5.9	2,064,334,875	89.5	96,673,580	4.2	2,302,302,796	446,214,089	19.4	520,853,312	22.6	1,188,312,612	51.6
1933	16	10,060	135,352,136	5.9	2,025,230,732	88.5	122,069,412	5.2	2,288,936,892	446,089,501	19.5	612,298,669	26.8	1,057,004,290	46.1
1934	16	10,086	137,709,293	5.9	2,061,910,349	88.1	131,156,679	5.6	2,337,238,827	477,430,516	20.4	636,807,780	27.2	1,040,932,750	44.5
1935	15	10,118	137,741,609	5.7	2,172,713,497	89.5	109,137,702	4.5	2,425,754,979	498,889,932	20.6	653,702,429	27.0	1,113,833,463	45.9

PRIVATE BANKS

Year	Number of Banks	LIABILITIES							ASSETS							
		Capital and Reserves	Per Cent. of Liabilities	Notes	Per Cent. of Liabilities	Miscellaneous	Per Cent. of Liabilities	Deposits	Per Cent. of Liabilities	Total Liabilities or Assets	Cash in Hand and Money at Call and Notice	Per Cent. of Liabilities	Investments	Per Cent. of Liabilities	Discounts and Advances	Per Cent. of Liabilities
		£		£		£		£		£	£		£		£	
1895	38	11,834,400	13.9	412,600	0.5	2,864,800	3.4	70,372,000	32.2	85,483,700	20,476,300	23.9	25,099,700	29.4	36,320,000	42.5
1900	19	6,192,800	12.8	151,760	0.3	1,264,100	2.6	40,420,500	34.3	48,029,200	10,523,400	21.8	14,633,700	30.5	20,919,600	43.5
1905	12	4,393,900	13.2	83,500	0.3	1,018,000	3.1	27,775,000	83.4	33,270,400	7,271,500	21.8	10,150,600	30.5	14,738,600	44.3
1910	9	5,535,100	11.2	57,920	0.2	1,096,700	3.5	26,808,000	85.1	30,369,900	6,478,000	20.6	8,113,100	25.8	15,912,700	50.3
1914	8	3,269,406	8.8	58,990	0.2	955,795	2.6	32,874,025	88.4	32,274,570	6,641,997	17.8	8,018,873	21.6	21,360,580	57.1
1915	7	3,180,707	8.6	60,400	0.2	786,018	2.1	32,890,739	89.1	37,158,216	8,038,863	21.7	8,879,329	24.0	18,635,160	50.7
1916	7	3,182,584	7.4	77,495	0.2	591,666	1.4	30,183,354	90.9	36,917,864	10,176,174	23.5	8,785,019	20.3	22,855,849	53.0
1917	7	3,189,219	6.6	93,755	0.2	675,379	1.4	44,696,800	91.8	43,035,099	12,007,542	24.6	10,190,618	21.0	25,135,069	51.7
1918	7	3,735,082	6.7	122,930	0.2	821,153	1.5	51,271,230	91.6	68,655,163	16,249,863	29.0	16,356,332	23.9	24,625,408	44.0
1919	6	3,636,591	5.8	153,690	0.3	1,188,226	1.9	56,246,064	92.0	55,950,395	13,183,181	21.4	14,325,897	23.4	31,728,358	52.7
1920	5	3,123,098	5.7	...	...	1,024,656	1.9	50,864,631	92.4	61,124,671	11,537,610	21.3	6,186,350	11.2	35,501,368	61.0
1921	5	3,186,738	6.1	...	...	970,412	1.9	48,306,822	92.0	55,012,385	8,484,742	16.2	6,108,554	11.6	36,214,429	69.2
1922	8	3,813,420	6.8	...	...	1,124,254	2.0	50,955,682	91.2	62,463,972	8,593,043	15.4	11,524,744	20.6	33,301,819	59.0
1923	5	2,816,442	7.2	...	...	2,557,637	6.6	33,485,334	86.2	55,893,356	3,185,610	8.2	5,159,713	13.3	27,756,144	71.4
1924	4	2,675,000	7.1	...	...	4,431,214	12.3	29,161,063	80.6	38,859,363	2,590,161	7.2	6,021,018	16.7	22,933,848	63.4
1925	2	2,625,000	7.4	...	...	4,968,029	14.1	27,780,929	78.5	36,157,277	2,809,784	7.9	5,131,034	14.5	22,287,452	63.1
1926	2	2,675,000	7.2	...	...	4,573,707	12.3	29,928,971	80.5	35,373,958	3,597,586	9.7	4,670,175	12.6	24,104,002	64.7
1927	2	2,775,000	7.2	...	...	5,530,068	14.3	30,366,826	78.5	37,177,678	3,613,589	9.3	6,417,668	16.6	22,912,522	59.2
1928	4	3,300,000	7.9	...	...	7,398,759	17.7	31,004,479	74.4	38,671,894	4,072,927	9.8	5,820,754	13.9	24,169,112	57.9
1929	4	3,450,000	8.7	...	...	7,077,700	17.8	29,182,776	73.5	41,703,238	4,263,007	10.7	4,194,537	10.6	23,970,437	60.4
1930	4	3,475,000	9.5	...	...	6,414,745	17.5	26,790,315	73.0	39,710,476	3,794,203	10.3	6,081,262	16.6	20,131,124	54.9
1931	4	3,175,000	10.5	...	...	4,663,988	15.5	22,246,034	71.0	36,680,061	2,059,269	6.8	2,219,390	7.4	20,908,349	69.5
1932	4	2,425,000	11.7	...	...	3,413,679	16.4	14,907,214	71.0	20,746,893	2,262,439	10.9	2,737,529	13.2	11,879,072	57.2
1933	4	2,450,000	11.1	...	...	2,880,952	13.2	16,451,840	75.7	21,757,792	2,740,484	12.6	2,861,751	13.2	12,924,038	59.4
1934	4	3,165,000	22.5	...	...	2,757,272	19.6	8,132,052	57.9	14,054,324	4,121,418	29.3	2,748,714	19.5	3,064,703	26.1
1935	4	3,165,000	20.9	...	...	2,751,486	18.2	9,204,709	60.9	15,121,195	4,903,053	32.4	2,803,933	18.5	3,846,868	25.4

JOINT STOCK BANKS OF SCOTLAND

Year	Banks	No. of Branches	Capital and Reserves	% of Liabilities	Deposits	% of Liabilities	Notes	% of Liabilities	Total Liabilities	Cash in Hand, and Money at Call	% of Liabilities	Investments	% of Liabilities	Discounts and Advances	% of Liabilities
			£		£		£		£	£		£		£	
1890	10	975	14,755,000	12.6	91,610,000	77.9	6,468,000	5.5	117,874,000	21,427,000	18.2	29,349,000	24.9	60,103,000	51.4
1895	10	1,013	15,090,000	12.3	94,592,000	77.8	7,264,000	5.9	122,525,000	22,795,000	18.6	30,770,000	25.3	62,241,000	51.1
1900	10	1,075	16,217,000	11.8	107,154,000	77.9	8,056,000	5.9	137,498,000	26,438,000	19.2	33,401,000	24.3	70,395,000	51.2
1905	11	1,159	17,246,000	13.0	100,643,000	78.1	7,545,000	5.7	132,261,000	23,937,000	18.1	31,396,000	23.7	68,714,000	51.9
1910	9	1,221	17,559,000	12.7	106,652,000	77.5	7,126,000	5.2	137,850,000	25,604,000	18.6	33,322,000	24.2	70,661,000	51.5
1914	9	1,240	16,684,000	10.0	132,504,000	79.0	9,502,000	5.7	167,841,000	34,598,000	20.6	44,815,000	26.8	78,363,700	46.7
1915	9	1,253	16,205,000	9.1	140,569,000	82.0	12,555,000	7.1	177,004,000	36,730,000	20.7	67,019,000	37.9	64,621,000	36.5
1916	8	1,251	15,631,000	7.5	166,620,000	80.2	15,461,000	7.5	207,376,000	42,026,000	20.3	69,693,000	33.6	85,136,000	41.1
1917	8	1,243	16,064,000	6.7	196,538,000	81.7	19,023,000	7.9	240,550,000	47,788,000	19.8	71,584,000	29.6	112,159,000	46.5
1918	8	1,242	16,577,000	6.6	222,055,000	81.1	25,141,000	9.2	273,658,000	57,250,000	20.9	93,889,000	34.3	113,961,000	41.6
1919	8	1,249	17,009,000	5.3	259,610,000	81.2	28,032,000	8.8	318,754,000	65,556,000	20.6	111,985,000	35.0	129,962,000	40.6
1920	8	1,264	17,911,000	5.3	279,228,000	82.1	29,363,000	8.7	339,167,000	72,974,000	21.5	102,968,000	30.4	153,122,000	45.0
1921	8	1,283	18,521,000	5.4	291,060,000	84.6	25,188,000	7.3	344,974,000	70,232,000	21.0	114,531,000	32.2	150,850,000	43.9
1922	8	1,352	19,731,000	6.1	267,791,000	83.2	23,321,000	7.3	321,781,000	63,814,000	19.8	126,025,000	39.2	122,366,000	38.1
1923	8	1,417	20,468,000	6.8	247,226,600	82.5	22,106,500	7.4	299,359,100	64,015,300	21.4	112,137,800	37.5	114,277,300	38.1
1924	8	1,468	22,632,000	7.6	242,572,000	81.3	22,181,000	7.4	298,693,000	61,330,000	20.5	103,927,000	34.8	122,977,000	41.2
1925	8	1,536	23,947,000	8.0	240,945,000	81.0	21,668,000	7.3	297,839,000	60,341,000	20.3	95,204,000	32.0	131,309,000	44.1
1926	8	1,565	24,578,200	8.4	238,821,400	81.4	20,716,800	7.1	293,678,000	59,592,900	20.3	91,208,300	31.1	133,057,000	45.3
1927	8	1,589	25,165,200	8.4	241,965,600	81.1	21,165,000	7.1	298,421,400	61,223,800	20.5	88,592,300	29.7	138,745,500	46.5
1928	8	1,614	25,884,288	8.4	248,800,347	80.7	21,053,087	6.8	308,091,180	63,322,077	20.5	83,378,875	27.0	149,622,489	48.5
1929	8	1,633	27,766,320	9.2	250,853,396	80.5	21,361,931	6.9	311,356,958	62,307,357	20.0	83,657,183	26.9	154,113,494	49.5
1930	8	1,659	30,099,368	9.5	256,083,505	80.6	21,405,253	6.7	317,490,148	63,804,561	20.1	98,092,554	30.9	146,104,641	46.1
1931	8	1,718	30,717,118	10.1	243,568,271	80.0	21,373,373	7.0	304,444,942	60,416,949	19.8	101,410,598	33.3	133,960,315	43.7
1932	8	1,663	30,777,118	9.1	276,463,502	81.9	21,018,222	6.2	337,605,909	68,065,589	20.2	136,749,832	40.5	122,939,694	36.4
1933	8	1,826	30,917,118	9.0	281,678,416	82.0	19,115,467	5.6	343,580,047	66,598,014	19.4	157,662,428	45.9	108,250,955	31.5
1934	8	1,852	31,017,118	8.8	286,687,897	81.3	21,373,931	6.1	352,617,287	70,503,482	20.0	161,109,262	45.7	106,317,853	30.2
1935	8	1,868	31,393,336	8.3	308,499,225	81.5	21,890,839	5.8	379,035,738	75,868,284	20.0	177,731,804	46.9	107,093,128	28.3

ENGLISH JOINT STOCK BANKS

1 Name of Bank	2 Date	3 No. of Branches & Sub-branches	4 Capital Subscribed	5 Uncalled Capital		6 Capital Paid up	7 Reserve Funds	8 Un- divided Profits	9 Notes in Circulation (d)	10 Drafts, etc.	11 Accept- ances and Endorse- ments
				Callible	Reserved						
1 Barclays Bank	Dec. 31, '35	2,116	15,858,217	Nil	Nil	158,582,17	102,500,000	...	...	...	7,857,821
2 Baring Bros. & Co....	Dec. 31, '35	1	2,050,000	Nil	Nil	2,050,000	1,000,000	22,030	...	...	2,696,813
3 Brit. Mut. Bankg. Co.	Dec. 31, '35	None	300,000	180,000	Nil	120,000	134,500	25,143	...	...	...
4 Coutts and Co.	Dec. 31, '35	4	1,000,000	Un- limited	...	1,000,000	1,000,000	...	...	...	798,456
5 District Bank	Dec. 31, '35	583	10,560,428	1,264,000	6,320,000	2,976,428	2,976,428	445,168	...	...	6,194,213
6 Glyn Mills and Co. ...	Dec. 31, '35	2	1,060,000	Un- limited	...	1,060,000	800,000	...	...	...	1,533,582
7 Isle of Man Bank	Dec. 31, '35	10	300,000	Un- limited	200,000	100,000	228,000	19,102	81,284	8,333	...
8 Lloyds Bank	Dec. 31, '35	1,913	73,302,076	3,593,239	53,898,585	158,102,52	8,500,000	121,1825	5,741	...	31,741,415
9 London Merch. Bank	Dec. 31, '35	None	1,350,000	525,000	Nil	825,000	...	...	...	...	926,287
10 Martins Bank	Dec. 31, '35	550	20,602,272	5,167,558	11,274,672	4,160,042	3,100,000	524,669	18,328	...	5,677,368
11 Midland Bank	Dec. 31, '35	2,133	41,504,262	7,172,697	20,083,553	14,248,012	11,500,000	157,1668	...	...	17,705,712
12 National Provincial...	Dec. 31, '35	1,343	43,617,080	5,839,611	28,298,053	9,479,416	8,000,000	922,406	...	...	8,519,824
13 Union Bk. of Mchstr.	Dec. 31, '35	168	1,500,000	750,000	Nil	750,000	500,000	13,815	...	...	978,187
14 Westminster Bank ...	Dec. 31, '35	1,090	30,533,127	7,070,990	14,141,980	9,320,157	9,320,157	108,1595	13,444	...	22,460,265
15 Williams Deacon's Bk	Dec. 31, '35	205	8,125,000	1,562,500	4,687,500	1,875,000	800,000	191,620	...	...	2,047,759
Totals		10,118	251,662,462	33,125,595	138,904,343	796,325,24	581,090,85	602,904,1	124,797	8,333	10,913,7702

(d) In Isle of Man.

SCOTTISH BANKS

1 Bank of Scotland	Feb. 29, '36	258	2,250,000	750,000	Nil	1,500,000	2,300,000	358,783	3,128,569	537,188	1,855,968
2 British Linen Bank....	Jan. 15, '36	211	1,250,000	Nil	Nil	1,250,000	2,500,000	160,357	2,465,249	486,172	927,540
3 Clydesdale Bank	Dec. 31, '35	207	5,300,000	Nil	4,000,000	1,300,000	1,650,000	263,605	2,818,695	...	962,517
4 Com. Bank of Scotland	Oct. 31, '35	374	7,500,000	2,450,000	2,800,000	2,250,000	3,000,000	217,122	3,351,095	...	2,208,555
5 Nat. Bk. of Scotland	Nov. 1, '35	190	5,000,000	900,000	3,000,000	1,100,000	1,550,000	217,225	2,595,576	...	2,055,668
6 N. of Scotland Bank...	Dec. 31, '35	160	3,260,000	163,000	1,956,000	1,141,000	1,215,000	172,792	2,182,225	...	...
7 Royal Bank of Scot.	Oct. 12, '35	255	3,780,192	Nil	Nil	3,780,192	3,857,144	249,020	2,812,642	588,354	3,731,639
8 Union Bank of Scot....	Apr. 2, '36	213	5,200,000	Nil	4,000,000	1,200,000	1,800,000	360,805	2,536,788	...	1,899,028
Totals		1,868	33,540,192	4,263,000	15,756,000	13,521,192	17,872,144	1,999,709	21,890,839	16,117,14	13,640,915

NORTHERN IRISH BANKS

1 Belfast Banking Co..	Dec. 31, '35	51	2,500,000	200,000	1,500,000	800,000	800,000	110,132	860,997	...	...
2 Northern Banking Co.	Dec. 31, '35	93	3,500,000	700,000	2,100,000	700,000	500,000	64,352	1,237,466	...	108,565
3 Ulster Bank.....	Dec. 31, '35	115	3,000,000	Nil	2,000,000	1,000,000	1,000,000	76,869	1,515,191	...	...
Totals		259	9,000,000	900,000	5,600,000	2,500,000	2,300,000	251,353	3,613,654	...	108,565

PRIVATE BANKS

1 Name of Bank	2 Date	3 Partners' Capital and Reserve	4 Deposit and Current Accounts	5 Miscel- laneous	6 Total Liabilities	7 Cash on Hand, etc., at Call and Short Notice	8 Invest- ments	9 Advances, Bills, Loans, and Other Securities	10 Miscel- laneous (Premises, etc.)	11 Total Assets
1 Blydenstein (B. W.) & Co.	1935 Sept. 30	100,000	3,053,209	5,173	3,153,382	1,926,350	397,069	809,034	25,929	3,158,382
2 Grace Bros. & Co., Ltd.	June 30	1,015,000	480,105	309,072	1,804,177	411,624	252,886	315,495	824,171	1,804,177
3 Hoare (Chas.) & Co.	July 5	500,000	3,711,318	...	4,211,318	1,122,347	1,541,553	1,447,418	100,000	4,211,318
4 S. Japhet & Co.	Dec. 31	1,550,000	1,960,077	2,437,241	5,947,318	1,442,732	612,425	1,274,920	2,617,241	5,947,318
Totals		3,165,000	9,204,709	2,751,486	15,121,195	4,903,053	2,803,933	3,846,868	3,567,341	15,121,195

ENGLISH JOINT STOCK BANKS

11 Deposit and Current Accounts	12 TOTAL LIABILITIES AND ASSETS	13 Cash		14 Investments		15 Discounts and Advances		16 Premises and Sundries, including Cover for Acceptances	17 Name of Bank
		In Hand and at Bank of England	At Call and Short Notice	British Govt. Secs. Where Stated Separately	Bonds, Stocks and Other In- vestments	Discounts Where Stated Separately	Advances, Loans, etc.		
406,782,270	440,748,308	65,304,917	25,604,250	97,567,898	15,566,995	60,695,872	160,549,222	15,459,154	Barclays Bank.
19,312,257	25,081,100	5,892,942	...	4,645,390	1,727,313	5,675,712	...	7,139,743	Baring Bros. & Co.
963,472	1,243,115	92,302	...	40,916	431,217	...	662,146	16,534	Brit. Mut. Bankg. Co.
22,751,748	25,550,204	2,991,532	2,839,700	5,650,676	2,868,487	1,449,271	8,540,082	1,210,456	Coutts & Co.
72,984,452	85,576,689	10,594,439	4,728,285	25,521,417	3,896,283	8,113,319	24,963,760	7,759,186	District Bank.
38,200,591	41,594,173	8,151,909	8,733,300	10,903,646	975,514	542,004	10,014,218	2,273,582	Glyn Mills and Co.
3,307,855	3,750,574	376,786	...	1,797,028	1,140,075	...	406,685	30,000	Isle of Man Bank.
400,369,970	457,639,203	59,805,857	33,053,075	91,103,722	20,964,669	63,377,093	149,784,184	39,550,603	Lloyds Bank.
231,323	1,982,610	34,133	330,000	65,514	40,359	54,432	306,086	1,146,086	London Merch. Bank.
87,287,563	100,767,970	13,178,457	4,945,000	29,357,602	5,547,690	8,368,960	30,784,584	8,585,677	Martins Bank.
442,083,508	487,108,900	66,330,208	26,710,876	108,170,871	11,622,896	69,264,993	177,120,890	27,888,166	Midland Bank.
302,703,843	329,625,489	41,964,337	25,580,037	81,275,879	12,834,728	40,039,944	112,059,872	15,870,692	National Provincial.
17,629,632	19,871,634	8,083,598	...	1,601,512	509,209	316,418	7,951,793	1,409,104	Union Bk. of Mchstr.
322,675,384	364,871,002	51,555,685	18,548,513	103,371,535	4,794,002	43,929,070	114,756,893	27,915,304	Westminster Bank.
35,429,629	40,344,008	6,172,435	7,287,359	9,081,114	622,272	2,350,192	11,755,768	3,074,868	Williams Deacon's Bk.
21,727,13497	24,257,54979	340,529,537	158,360,395	570,154,720	83,547,709	304,177,280	809,656,183	159,329,155	Totals.

SCOTTISH BANKS

39,518,484	49,198,992	5,381,274	4,143,000	23,430,723	829,327	903,877	12,254,824	2,255,967	Bank of Scotland.
33,338,578	41,127,896	9,565,008	...	20,895,772	436,333	...	8,914,790	1,315,993	British Linen Bank.
34,520,116	41,514,933	6,434,561	3,487,500	14,997,944	2,003,605	994,792	11,983,708	1,612,823	Clydesdale Bank.
40,783,615	51,810,387	6,661,904	3,241,000	24,203,876	205,215	1,132,262	13,247,575	3,118,555	Com. Bank of Scot.
35,213,428	42,731,897	4,850,852	4,640,800	17,789,733	897,854	1,013,568	10,901,838	2,637,252	Nat. Bank of Scot.
29,159,287	33,870,304	3,895,625	1,360,150	18,199,027	643,591	2,655,686	6,927,818	188,407	N. of Scotland.
64,009,174	79,028,165	6,833,139	7,761,942	27,516,703	5,622,396	3,783,605	22,633,999	4,876,381	Royal Bank of Scot.
31,956,543	39,753,164	2,762,298	4,849,231	16,020,011	4,039,694	2,000,544	7,744,242	2,337,144	Union Bank of Scot.
308,499,225	379,035,738	46,384,661	29,483,623	163,053,789	14,678,015	12,484,334	94,608,794	18,342,522	Totals.

NORTHERN IRISH BANKS

14,673,248	17,244,377	2,836,572	...	6,578,518	651,399	186,342	6,949,466	42,080	Belfast Banking Co.
14,489,470	17,099,853	1,857,438	...	5,113,597	1,443,933	...	8,271,320	413,565	Northern Banking Co.
21,747,710	25,339,770	2,503,163	...	11,910,013	1,382,058	...	9,227,029	317,507	Ulster Bank.
50,910,428	59,684,000	7,197,173	...	23,602,128	3,477,390	186,342	24,447,815	773,152	Totals.

DISCOUNT COMPANIES

1 Name of Bank	2 Date	3 Capital and Reserves	4 Loans, Deposits, etc. (inc. Undivided Profits)	5 Bills Redis- counted	6 Rebate, etc.	7 Total Liabilities	8 Cash at Bankers	9 Invest- ments	10 Bills Discounted	11 Loans and Sundry Accounts	12 Total Assets
Alexanders ...	1935 Dec. 31	2,000,000	22,510,524	1,361,657	161,374	26,033,555	642,261	12,904,800	12,076,723	409,771	26,033,555
National	Dec. 31	2,000,000	31,980,846	17,525,346	286,336	51,792,528	874,501	8,684,745	41,610,156	623,126	51,792,528
Union of Lond.	Dec. 31	3,000,000	59,760,820	6,646,842	303,666	69,711,328	1,497,306	16,165,070	48,083,530	3,965,422	69,711,328
Totals .		7,000,000	114,252,190	25,533,845	751,376	147,537,411	3,014,068	37,754,615	101,770,409	4,998,319	147,537,411

JOINT STOCK BANKS OF ENGLAND AND WALES

BARCLAYS BANK LIMITED
(Member of London Clearing)

ESTABLISHED AS A PRIVATE BANK PRIOR TO 1729. INCORPORATED 1896 AS BARCLAY AND COMPANY, LIMITED,
NAME CHANGED AS ABOVE FEBRUARY, 1917.

- 1896—Formed by amalgamation of 20 private banks.
1897—Absorbed Woods and Company.
1899—Swaledale and Wensleydale Banking Company, Limited, taken over.
1900—Milbanke, Woodbridge and Company, Woodbridge, Lacy and Company, and Parsons, Thomson and Company absorbed.
1902—York Union Banking Company, Limited, Marten Part and Company, J. and J. W. Pease, and Roper and Priestman absorbed.
1904—Absorbed Thomas Ashby and Company, Staines, etc.
1905—Absorbed Bolitho, Williams, Foster, Coode, Grylls and Company, Limited, Hammond and Company, Newmarket.
1906—Absorbed Leatham, Tew and Company.
1909—Wootton and Company, Oxford, absorbed.
1911—Stamford, Spalding and Boston Banking Company, Limited, acquired.
1913—Absorbed J. and C. Simonds and Company.
1914—Neville Reid and Company acquired.
1916—Absorbed United Counties Bank, Limited.
1918—Absorbed London, Provincial and South-Western Bank, Limited (see below).
1919—Absorbed Gillett and Company, Oxford, etc. The Union Bank of Manchester Limited and The British Linen Bank. Affiliated to Barclays Bank Limited.
1920—Absorbed Tubb and Company, Bicester.
1922—Sole control secured of Cox and Company (France) Limited, and business now conducted under the title of Barclays Bank (France) Limited.
1925—Barclays Bank S.A.I., Rome, established.
(See page 473, *Economist*, March 7, 1925.)

	Subscribed	Capital Paid-up	Callable	Reserved
"A" Shares	3,430,356	8,430,356	Nil	Nil
"B" Shares	11,760,811	11,760,811	Nil	Nil
"C" Shares	667,050	667,050	Nil	Nil
Per Share	£4	£4	£1	£1

Dec. 31	Number of Branches	LIABILITIES					Total Liabilities or Assets	ASSETS												
		Capital and Reserves	Per Cent.	Acceptances and Endorsements	Per Cent.	Deposit and Current Accounts (c)		Per Cent.	Cash in Hand and at Bank, &c. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments (b)	Per Cent.	Discounts	Per Cent.	Advances	Per Cent.	Buildings and Sundries, including Cover for Acceptances	Per Cent.
1925....	1837	24,842,372	7.1	17,175,922	4.9	306,259,816	88.0	348,278,110	55,490,009	15.9	19,864,335	5.7	165,639,709	18.8	32,028,847	9.2	153,028,485	44.0	22,226,725	6.4
1926....	1894	26,108,217	7.5	12,446,160	3.6	309,883,690	88.9	348,138,067	55,248,882	15.9	21,234,818	6.1	162,172,062	17.8	36,617,279	10.5	155,454,795	44.6	17,600,231	5.1
1927....	1945	26,108,217	7.3	12,830,669	3.6	318,373,472	90.1	357,312,358	59,635,277	16.7	26,041,049	7.3	159,010,287	16.5	32,518,234	9.1	161,867,906	45.3	18,239,605	5.5
1928....	1979	26,108,217	6.8	24,874,317	6.5	335,081,222	86.7	386,063,756	60,914,638	15.8	23,988,400	6.2	163,906,320	16.7	38,258,569	9.9	168,620,475	43.7	30,375,354	7.9
1929....	2032	26,108,217	6.8	21,991,928	5.7	337,439,214	87.5	385,539,359	62,668,721	16.3	23,582,200	6.1	160,010,605	15.6	36,966,668	9.6	174,454,652	45.2	27,856,512	7.2
1930....	2090	26,108,217	6.7	12,710,524	3.3	349,273,283	90.0	388,092,024	63,109,418	16.3	22,316,100	5.7	163,061,611	16.3	50,901,977	13.1	169,672,248	43.7	19,030,670	4.7
1931....	2080	26,108,217	7.0	10,796,794	2.9	335,565,144	90.1	372,470,155	56,910,345	15.3	21,766,450	5.8	163,257,960	17.0	40,791,333	10.9	172,197,631	46.3	17,546,375	4.7
1932....	2070	26,108,217	6.3	6,279,470	1.5	381,846,610	92.2	414,234,297	62,344,879	15.0	24,817,550	6.0	164,048,105	22.7	66,289,257	16.0	153,158,668	37.0	13,575,838	3.3
1933....	2080	26,108,217	6.3	7,191,741	1.7	378,759,772	92.0	412,059,730	62,249,188	15.1	21,383,300	5.2	104,849,868	25.5	59,953,329	14.5	148,835,468	36.1	14,768,579	3.6
1934....	2091	26,108,217	6.3	7,205,554	1.7	380,093,759	92.0	413,407,530	58,699,862	14.2	25,837,900	6.3	110,463,839	26.7	47,572,778	11.5	155,979,234	37.7	14,853,917	3.6
1935....	2116	26,108,217	5.9	7,857,821	1.8	406,782,270	92.3	440,748,308	65,304,917	14.8	25,604,250	5.8	113,134,893	25.7	60,695,872	13.8	160,549,222	36.4	15,450,154	3.5
Weekly Averages April, 1936		26,108,000	6.0	7,814,000	1.8	399,406,000	92.2	433,328,000	51,646,000	11.9	23,354,000	5.4	117,293,000	27.1	54,643,000	12.6	170,978,000	39.4	15,414,000	3.6

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom. (b) Includes investments in affiliations. (c) Including balances in account with subsidiary banks.

BRITISH MUTUAL BANKING COMPANY, LIMITED

ESTABLISHED 1857

	Subscribed	Capital Paid-up	Callable	Reserved
	300,000	120,000	180,000	Nil
Per Share	£5	£2	£3	Nil

This Bank has no branches.

- 1925—Affiliation with Barclays Bank (Dominion, Colonial and Overseas), formerly the Colonial Bank, with which are amalgamated the Anglo-Egyptian Bank Limited, and the National Bank of South Africa Limited.
1929—Barclays Bank (Canada), Montreal, established. A branch was afterwards opened at Toronto.
1932—Barclays Trust Company of Canada, Montreal, established.

- 1864—Provincial Banking Corporation, Limited, formed to take over the firm of Day, Nicholson and Stone and the East of England Bank.
1865—Absorbed the Bank of Wales.
1870—Name changed to London and Provincial Bank, Limited.
1871—Absorbed Fincham and Simpson, Diss and Eye.
1873—Absorbed J. and J. W. Walters, Haverfordwest &c.
1878—Absorbed North Kent Bank.
1918—Amalgamated with London and South Western Bank, Limited.

Year Ended Dec. 31	Net Profits	Per Cent. of Resources	Dividends		Reserve, Investments, etc.	Carried Forward
			Amount	Rate		
1925.....	2,289,837	0.66	1,623,789	A Shs 10 B & C 14	650,000	536,584
1926.....	2,427,162	0.69	1,651,462	A Shs 10 B & C 14	800,000	512,285
1927.....	2,306,329	0.65	1,666,349	A Shs 10 B & C 14	600,000	552,265
1928.....	2,301,285	0.60	1,666,349	A Shs 10 B & C 14	650,000	537,201
1929.....	2,331,580	0.65	1,666,349	A Shs 10 B & C 14	650,000	552,432
1930.....	1,821,207	0.47	1,614,275	A Shs 10 B & C 14	200,000	559,364
1931.....	1,794,825	0.43	1,583,239	A Shs 10 B & C 14	200,000	563,950
1932.....	1,574,013	0.38	1,562,202	A Shs 10 B & C 14	50,000	577,761
1933.....	1,604,680	0.39	1,562,202	A Shs 10 B & C 14	100,000	570,238
1934.....	1,708,174	0.41	1,614,275	A Shs 10 B & C 14	150,000	564,187
1935.....	1,783,784	0.40	1,614,275	A Shs 10 B & C 14	150,000	583,645

Year Ended Dec. 31	Net Profits	Per cent. of Resources	Dividends		Reserve, Investments, etc.	Carried Forward
			Amount	Rate		
1925.....	14,192	1.83	7,200	12	5,000	3,822
1926.....	15,010	1.86	7,200	12	5,000	6,632
1927.....	16,363	1.94	9,600	12	5,000	8,395
1928.....	17,780	1.99	9,600	12	8,000	8,575
1929.....	20,292	1.93	14,400	12	6,000	8,467
1930.....	27,191	2.72	14,400	12	12,500	8,673
1931.....	24,315	2.44	14,400	12	10,000	7,529
1932.....	18,756	1.84	14,400	12	5,500	7,710
1933.....	20,081	1.45	14,400	12	15,000	8,119
1934.....	29,809	2.57	14,400	12	21,500	10,743
1935.....	38,524	3.95	14,400	12		

Continued on page 28

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BRITISH MUTUAL BANKING COMPANY, LIMITED—Continued from page 26

Year Ended December 31	LIABILITIES						Total Liabilities or Assets	ASSETS							
	Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bankers	Per Cent.	Investments	Per Cent.	Loans and Advances	Per Cent.	Premises and Sundries	Per Cent.
1925	135,603	17.5	11,022	1.4	630,238	81.1	776,863	113,039	14.6	65,948	8.5	594,436	76.5	3,440	0.4
1926	140,604	17.5	13,832	1.7	650,880	80.8	805,316	99,728	12.4	91,142	11.3	611,156	75.9	3,290	0.4
1927	155,000	18.3	17,995	2.1	671,217	79.6	844,212	118,291	14.0	78,126	9.3	644,655	76.3	3,140	0.4
1928	163,000	18.2	18,175	2.1	713,599	79.7	884,774	68,361	7.6	110,482	12.6	712,941	79.5	2,960	0.3
1929	200,000	19.3	22,867	2.2	814,460	78.5	1,037,327	173,805	16.7	151,041	14.6	685,365	64.2	47,115	4.5
1930	212,500	21.3	23,158	2.3	759,625	76.4	985,283	108,014	10.8	126,199	12.7	712,834	71.6	48,436	4.9
1931	222,500	22.3	23,073	2.3	759,625	76.4	985,283	108,014	10.8	126,199	12.7	712,834	71.6	48,436	4.9
1932	222,500	21.8	21,929	2.2	773,022	76.0	1,017,451	152,336	14.9	219,368	21.6	627,012	61.7	48,735	4.8
1933	228,000	16.5	22,110	1.5	1,130,068	82.0	1,380,178	96,827	7.0	398,505	28.8	886,210	62.8	18,636	1.4
1934	243,000	21.0	22,519	1.9	895,464	77.1	1,160,983	108,064	9.3	367,848	31.7	662,272	57.0	22,799	2.0
1935	254,500	20.4	25,143	2.0	963,472	77.6	1,243,115	92,302	7.4	472,133	38.0	662,146	53.3	16,534	1.3

BARING BROTHERS & CO., LIMITED

ESTABLISHED 1890

	Subscribed	Paid-up	Callable	Reserved
Ordinary	50,000	50,000	Nil	Nil
4% cum. 1st Pref.	1,000,000	1,000,000	Nil	Nil
4% non-cum. Red. Pref.	1,000,000	1,000,000	Nil	Nil

Year Ended December 31	Number of Branches	LIABILITIES								Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Balance Carried Forward	Per Cent.	Accept- ances	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand, at Call and Short Notice	Per Cent.	Investments	Per Cent.	Bills Receiv- able	Per Cent.	Adve's & Liability of Cus- tomers on Accept- ances	Per Cent.	Prem- ises	Per Cent.
1925	1	2,025,000	5.3	16,146	...	10,029,740	26.0	26,406,295	68.7	38,477,181	10,342,058	26.9	1,024,797	2.7	15,433,059	40.1	11,550,267	30.0	127,000	0.3
1926	1	2,025,000	6.3	16,839	...	7,661,022	23.8	22,512,055	69.9	32,214,916	8,259,914	25.6	1,058,237	3.3	13,529,522	42.0	9,240,243	28.7	127,000	0.4
1927	1	2,025,000	6.3	16,964	...	7,638,264	23.8	22,462,368	69.9	32,142,596	7,651,115	23.8	2,088,308	6.5	12,349,739	38.4	9,926,434	30.9	127,000	0.4
1928	1	2,025,000	6.1	17,266	...	9,283,107	27.8	22,068,857	68.1	33,392,230	7,393,421	22.1	1,066,301	3.2	11,331,487	33.9	13,474,021	40.4	127,000	0.4
1929	1	2,025,000	7.0	18,440	...	6,685,344	23.2	20,069,156	69.7	28,807,940	6,322,887	22.1	1,420,502	4.9	9,426,284	32.7	11,011,267	38.3	127,000	0.4
1930	1	3,050,000	11.6	19,263	...	5,508,494	21.1	17,557,057	67.2	26,834,834	6,323,962	24.2	3,715,247	14.2	7,000,415	26.8	8,988,210	34.3	127,000	0.5
1931	1	3,050,000	13.0	20,540	...	5,735,714	11.7	17,640,574	75.2	23,446,828	6,073,108	25.9	2,915,224	12.4	6,998,954	29.8	7,332,542	31.3	127,000	0.5
1932	1	3,050,000	13.2	21,385	...	5,529,109	11.0	17,411,784	75.7	23,012,278	5,655,572	24.6	4,640,669	20.2	6,223,092	27.0	6,365,945	27.6	127,000	0.6
1933	1	3,050,000	12.5	21,598	...	1,785,521	7.4	19,540,425	80.0	24,407,544	5,394,166	22.1	5,787,619	23.7	6,197,177	25.4	6,901,582	28.3	127,000	0.5
1934	1	3,050,000	12.3	21,812	...	2,104,732	8.5	19,669,010	79.1	24,845,554	5,565,472	22.4	7,054,632	28.4	5,119,454	20.6	6,978,996	28.1	127,000	0.6
1935	1	3,050,000	12.2	22,030	...	2,696,813	10.7	19,312,257	77.0	25,081,100	5,892,942	23.5	6,372,703	25.5	5,675,712	22.6	7,012,743	27.9	127,000	0.5

COUTTS AND COMPANY

440 Strand, W.C.

(Members of London Clearing.)

(Affiliated with National Provincial Bank, Limited.)

City Office: 15 Lombard Street (formerly Roberts, Lubbock, and Company). Branches: 1 Park Lane, 16 Cavendish Square; Sloane Street (1 Cadogan Place) and 1 Brook Gate, Park Lane.

Established 1692, and Incorporated 1892 as a Joint Stock company, with unlimited liability. The businesses of Coutts and Company and Roberts, Lubbock, and Company were amalgamated in 1914.

Year Ended Dec. 31	LIABILITIES						Total Liabilities or Assets	ASSETS									
	Capital and Reserve	Per Cent.	Accept- ances	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bank, etc. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Buildings & Sundries, including Cover for Acceptance ^s	Per Cent.
1925	1,600,000	8.6	983	...	17,083,565	91.4	18,684,548	2,635,667	14.1	1,932,600	10.3	4,293,483	23.0	9,475,385	50.7	347,413	1.9
1926	1,600,000	8.4	285,272	1.4	17,119,599	80.2	18,984,871	2,908,814	15.3	1,548,450	8.1	4,257,807	22.4	9,658,098	51.0	611,702	3.2
1927	2,000,000	10.4	270,456	1.4	16,996,453	88.2	19,266,909	2,730,859	14.2	1,635,950	8.5	4,226,708	21.9	10,030,936	52.1	642,458	3.0
1928	2,000,000	9.9	463,613	2.3	17,715,988	87.8	20,179,601	2,938,070	14.6	1,717,000	8.6	3,774,434	18.7	10,914,484	54.0	835,613	4.2
1929	2,000,000	9.0	400,020	1.8	19,801,165	89.2	22,201,185	3,098,242	14.0	2,103,050	9.5	3,787,454	17.0	12,440,419	56.0	772,020	3.5
1930	2,000,000	9.1	534,018	2.4	19,487,171	88.5	22,021,189	2,951,685	13.4	3,525,920	16.0	3,758,115	17.2	10,871,741	49.3	813,518	4.1
1931	2,000,000	10.2	497,316	2.5	17,030,426	87.3	19,527,742	2,445,053	12.5	2,213,000	11.3	3,901,796	20.0	10,091,075	51.7	876,816	4.5
1932	2,000,000	8.8	590,262	2.6	20,084,621	89.6	22,674,883	2,911,158	12.8	1,840,900	8.1	6,082,901	26.8	10,837,664	47.9	1,002,282	4.4
1933	2,000,000	8.8	769,189	3.3	20,512,016	88.1	23,281,205	3,288,189	14.2	1,880,400	8.1	7,334,488	31.4	9,596,939	41.2	1,181,189	5.1
1934	2,000,000	8.5	709,493	3.0	20,741,995	88.5	23,451,488	2,760,659	11.8	2,410,300	10.3	7,870,748	33.6	9,283,239	39.6	1,121,492	4.7
1935	2,000,000	7.8	798,456	3.1	22,751,748	89.1	25,550,204	2,991,532	11.7	2,839,700	11.1	8,519,163	33.4	9,989,353	39.1	1,210,456	4.7
Weekly Avg. 1936	2,000,000	7.8	536,000	2.1	22,793,000	90.1	25,329,000	2,576,000	10.2	3,056,000	12.1	8,775,000	34.6	9,934,000	39.4	948,000	3.7

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

DISTRICT BANK, LIMITED

ESTABLISHED 1829—(Member of the London Bankers' Clearing House)

1863—Business of Loyd, Entwisle, Bury, and Jervis, of King Street, Manchester, acquired.

1891—Business of Wm. John and Thos. Brocklehurst, Macclesfield, taken over.

1907—Amalgamation with Lancaster Banking Company, Limited.

1916—Absorbed Bank of Whitehaven, Limited.

1924—Title shortened from Manchester and Liverpool District Banking Company, Limited, to above.

1935 Amalgamation with County Bank, Limited.

CAPITAL					Market Value, April 30, 1936
Subscribed	Paid-up	Callable	Reserved		
10,560,428	2,976,428	1,264,000	6,320,000		12,552,755
Per Share £5	Per Share £1	Per Share 13s. 4d.	Per Share £3 6s. 8d.	Per Share £2 16s. 3d.	
A	£1	...	...	£4 11s. 3d.	
B	£1	...	...	£4 11s. 3d.	
C	£1	...	...	£4 11s. 3d.	

Year Ended Dec. 31	Net Profits	PROFITS AND DIVIDENDS		Reserve, etc.	Carried Forward
		Per Cent. of Resources	Dividends Amount Rate		
1925	458,993	0.76	347,800 18 1/2	140,000	280,706
1926	450,139	0.78	347,800 18 1/2	86,000	297,245
1927	452,321	0.77	347,800 18 1/2	144,000	258,187
1928	455,132	0.77	347,800 18 1/2	40,000	325,699
1929	502,727	0.85	579,200 18 1/2	60,000	189,225
1930	451,239	0.77	379,200 18 1/2	60,000	201,264
1931	424,238	0.75	347,800 18 1/2	60,000	217,903
1932	418,412	0.66	347,800 18 1/2	60,000	226,715
1933	418,520	0.66	347,800 18 1/2	60,000	237,845
1934	430,229	0.68	347,800 18 1/2	70,000	250,274
1935	419,589 1/2	0.49	318,750 18 1/2	90,000	261,103

* Tax paid.

† Net Profits for 1935 are shown after payment of all tax.

‡ Expenditure on bank properties, formerly charged against net profits, is now charged to Bank Property Account.

Continued on page 30

LLOYDS BANK LIMITED



EXECUTOR AND TRUSTEE DEPARTMENT

Even if relatives or friends have the necessary knowledge and experience and are willing to act as Executor or Trustee, there is no certainty that they will be alive when their services are required. The responsibilities attached to these duties and the increasing reluctance of private individuals to undertake them have stimulated the demand for the appointment of a corporate trustee. Lloyds Bank has developed this service, and offers continuity, security and expert administration.

Full particulars may be obtained at any Office of the Bank.

Executor and Trustee Department: 39 Threadneedle Street, London, E.C. 2.

Branches of the Department are also established at 6 Pall Mall, S.W. 1, and in a number of the large provincial centres.

Head Office: 71 LOMBARD STREET, LONDON, E.C. 3

THE STANDARD BANK of SOUTH AFRICA LIMITED.

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

CAPITAL AUTHORISED & SUBSCRIBED	-	£10,000,000
CAPITAL PAID-UP	-	£2,500,000
RESERVE FUND	-	£2,500,000
CAPITAL UNCALLED	-	£7,500,000

Head Office: 10, CLEMENTS LANE, LOMBARD STREET, and 77, KING WILLIAM STREET, LONDON, E.C. 4

LONDON WALL BRANCH: 63, London Wall, E.C. 2. WEST END BRANCH: 9, Northumberland Ave., W.C. 2
New York Agency: 67, WALL STREET. Hamburg Agency: 49, SCHAUBENBURGERSTRASSE.

Over 370 Branches, Sub-Branches and Agencies in South, East and Central Africa.

EXECUTOR AND TRUSTEE BUSINESS CONDUCTED.

COMMERCIAL SERVICE

The Bank has over 370 Branches in Africa, and Agents and Correspondents throughout the world. The closest touch with Trade and Industrial conditions is maintained, with special attention to Commercial and Credit Intelligence. This service is available to Exporters, Importers and others wishing to develop trade with South, East and Central Africa.

DISTRICT BANK LIMITED—Continued from page 28

Year Ended Dec. 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS													
		Capital and Reserve	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills of Exchange	Per Cent.	Advances	Per Cent.	Buildings and Sundries, including Cover for Accept- ances	Per Cent.
1925	367	3,746,000	6.2	454,506	0.8	2,035,112	3.4	54,050,541	89.6	60,286,159	7,997,848	13.3	5,331,380	8.9	14,565,211	24.1	4,101,395	6.8	25,553,233	42.4	2,735,112	4.5
1926	378	3,792,000	6.6	471,045	0.8	899,450	1.6	52,321,532	91.0	57,484,027	7,791,947	13.6	4,590,420	8.0	14,544,836	25.3	4,768,582	8.3	24,188,792	42.1	1,399,540	2.3
1927	382	3,896,000	6.6	431,967	0.7	1,029,527	1.7	53,721,367	91.0	59,078,881	8,246,430	14.0	5,788,020	9.8	14,793,705	25.1	3,402,174	5.8	25,120,405	42.4	1,729,527	2.9
1928	387	3,896,000	6.6	499,499	0.8	2,464,878	4.2	52,254,949	88.4	59,115,328	8,043,460	13.6	4,724,125	8.0	14,786,850	25.0	5,146,318	8.7	23,249,695	39.3	1,647,878	2.7
1929	391	4,212,000	7.1	378,825	0.6	2,400,469	4.0	52,240,453	88.2	59,231,747	8,063,750	13.6	3,857,140	6.3	14,827,220	25.0	5,029,778	8.5	24,327,233	41.1	1,315,586	2.2
1930	396	4,212,000	7.2	390,864	0.7	1,071,943	1.8	52,443,952	90.3	58,118,781	7,848,197	13.5	4,409,670	7.6	16,651,547	28.7	6,798,985	11.7	20,577,119	35.3	1,835,243	3.2
1931	400	4,212,000	7.4	391,703	0.7	1,796,048	3.2	50,322,361	88.7	56,722,109	7,108,669	12.5	4,274,345	7.5	18,893,206	33.3	3,887,729	6.9	19,952,329	35.2	2,606,634	4.4
1932	400	4,212,000	6.6	400,516	0.6	1,998,827	3.2	50,829,351	89.6	53,441,894	8,476,606	13.5	4,411,065	8.1	21,805,876	34.4	7,188,260	11.3	17,690,457	27.9	2,839,404	4.5
1933	400	4,212,000	6.6	411,445	0.6	5,239,150	8.8	53,957,993	84.5	63,820,497	7,708,348	12.1	4,436,950	8.0	23,563,796	36.9	4,836,484	7.7	17,107,971	27.8	8,114,948	9.6
1934	405	4,212,000	6.7	424,074	0.7	5,376,865	8.7	52,888,706	84.1	62,901,843	7,605,511	12.1	4,408,730	7.0	21,268,507	33.8	6,838,462	10.9	16,463,813	26.2	6,318,822	10.0
1935	583	5,952,856	7.0	445,168	0.5	6,194,213	7.2	72,984,452	85.3	85,576,689	10,594,439	12.4	4,728,285	5.5	29,417,700	34.3	8,113,319	9.5	24,963,760	29.2	7,759,186	9.1
Weekly Averages																						
April 1936		5,952,000	7.2	...	...	5,170,000	6.3	71,330,000	86.5	82,453,000	9,546,000	11.6	6,673,000	8.1	29,533,000	35.7	4,372,000	5.3	25,594,000	31.1	6,735,000	8.2

GLYN, MILLS AND CO.

(Member of London Clearing)

ESTABLISHED 1753. Incorporated as Unlimited Liability Company, 1885.

1923—Acquired Holt and Company.—1 Branch.

1924—Acquired Child and Company.—2 Branches.

Members of London Clearing

Capital subscribed and Paid-up £1,060,000 Number of Stockholders 16

Year Ended Dec. 31	LIABILITIES							Total Liabilities or Assets	ASSETS										
	Capital and Reserve	Per Cent.	Reduction of Premises Account	Per Cent.	Acceptances	Per Cent.	Deposit and Current Accounts		Per Cent.	Cash in Hand and at Bank, etc. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.	Discounts, Loans and Other Securities	Per Cent.	Premises and Cover for Ac- ceptances	Per Cent.
1925.....	£ 1,590,000	4.6	£ 174,541	0.5	£ 1,906,262	5.5	£ 31,026,456	89.4	£ 84,697,259	£ 6,866,732	20.1	£ 6,086,250	17.5	£ 8,573,291	24.7	£ 10,469,724	30.2	£ 2,601,262	7.6
1926.....	1,590,000	4.7	183,493	0.5	1,428,288	4.2	30,766,210	90.6	33,967,998	6,767,456	19.9	6,095,400	17.9	7,499,649	22.1	11,485,203	33.8	2,123,288	6.2
1927.....	1,590,000	4.2	191,116	0.5	1,580,975	4.1	34,875,006	91.2	38,217,087	7,066,378	18.5	8,327,100	21.8	8,905,061	23.3	11,662,583	30.5	2,255,975	5.8
1928.....	1,590,000	4.0	200,000	0.5	2,081,205	5.2	35,928,161	90.3	39,799,366	7,368,652	18.5	7,620,250	19.1	7,618,875	19.1	14,415,385	36.2	2,776,204	7.0
1929.....	1,590,000	3.6	210,000	0.3	2,899,728	6.1	39,458,633	89.6	43,958,361	8,639,319	19.7	7,051,500	16.0	8,430,419	19.2	16,442,404	37.4	3,394,728	7.7
1930.....	1,590,000	3.6	220,000	0.3	2,552,658	8.8	39,535,509	90.1	43,898,167	8,725,397	19.9	8,153,400	18.6	6,638,253	15.1	17,133,459	39.0	3,247,658	7.4
1931.....	1,590,000	4.4	230,000	0.6	2,339,290	6.5	32,104,080	88.5	36,263,370	7,356,292	20.3	6,102,450	16.8	7,095,786	19.6	12,674,572	34.9	3,034,290	8.4
1932.....	1,590,000	4.0	240,000	0.6	1,767,023	4.5	35,731,879	90.9	39,328,902	7,129,281	18.1	6,555,000	16.7	11,545,881	29.4	11,636,717	29.6	2,462,023	6.3
1933.....	1,590,000	4.0	250,000	0.6	1,551,925	3.9	36,536,215	91.5	39,927,140	7,733,738	19.4	7,241,000	18.1	11,580,788	29.0	11,079,689	27.7	2,291,925	5.8
1934.....	1,590,000	3.8	260,000	0.6	1,750,479	4.2	38,137,375	91.4	41,737,854	7,954,089	17.6	8,251,950	19.8	11,258,105	27.0	12,383,231	29.6	2,490,479	6.0
1935.....	1,590,000	3.8	270,000	0.6	1,533,582	3.7	38,200,591	91.9	41,594,173	8,151,909	19.6	8,733,300	21.1	11,879,160	28.5	10,556,222	25.3	2,273,582	5.5
Weekly Averages, April, 1936	1,590,000	4.1	270,000	0.8	1,474,000	3.8	34,893,000	91.4	38,227,000	4,414,000	11.5	5,710,000	14.9	10,978,000	28.7	14,911,000	39.1	2,214,000	5.8

a Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

a Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

ISLE OF MAN BANK LIMITED

(Late Isle of Man Banking Company, Limited)

ESTABLISHED 1865. Incorporated in the Isle of Man.

CAPITAL				Year Ended Dec. 31	Net Profits	PROFITS AND DIVIDENDS		Reserves, Invest- ments, etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserved			Per Cent. of Resources	Dividends Amount Rate		
£ 300,000	£ 100,000	Nil	£ 200,000	1925	20,117	0.81	7,500 25	12,000	5,778
				1926	21,323	0.90	9,000 19	12,000	6,301
				1927	22,258	0.89	9,500 19	12,000	7,059
				1928	22,911	0.89	9,500 19	12,000	8,470
				1929	24,271	0.97	10,000 20	12,000	10,741
				1930	23,629	0.89	11,000 11	12,000	11,370
				1931	23,282	0.88	11,000 11	12,000	11,652
				1932	23,635	0.69	11,000 11	12,000	12,287
				1933	24,019	0.68	14,000 11	12,000	10,307
				1934	26,544	0.73	15,000 15	12,000	9,851
				1935	28,751	0.77	16,500 16 1/2	12,000	10,102

Authorized note issue, £120,000.

Includes £3,000 bonus.

Year ended Dec. 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.		Cash in Hand and at Bankers	Per Cent.	Invest- ments	Per Cent.	Discounts and Ad- vances	Per Cent.	Prom- ises	Per Cent.		
1925	8	138,000	5.6	10,278	0.4	82,198	3.3	23,334	1.0	2,216,731	89.7	2,471,039	*608,859	24.6	1,289,790	52.2	542,390	22.0
1926	8	170,000	7.1	11,551	0.5	84,864	3.5	11,974	0.5	2,119,450	88.4	2,397,839	*517,487	21.6	1,243,537	51.8	608,815	25.3
1927	8	182,000	7.2	12,059	0.5	86,023	3.4	14,309	0.6	2,221,728	88.3	2,516,124	*738,013	29.3	1,192,044	47.4	556,087	22.1
1928	8	194,000	7.5	13,470	0.5	80,898	3.1	12,958	0.5	2,293,065	88.4	2,594,380	*669,127	25.6	1,359,899	52.4	539,364	20.9
1929	9	206,000	8.2	16,241	0.7	80,444	3.2	9,057	0.4	2,194,017	87.6	2,502,759	*544,752	21.8	1,349,102	53.9	579,905	23.1
1930	9	268,000	10.0	17,870	0.7	82,360	3.1	7,613	0.3	2,288,340	85.9	2,664,183	*547,497	20.6	1,594,308	59.7	522,380	19.6
1931	9	280,000	10.6	17,152	0.7	84,881	3.2	4,682	0.2	2,253,825	85.3	2,640,540	*411,358	15.6	1,648,721	62.4	550,481	20.9
1932	9	292,000	8.5	17,788	0.5	86,683	2.5	8,197	0.2	3,014,280	88.2	3,418,928	*535,096	15.6	2,365,664	69.2	488,168	14.3
1933	9	304,000	8.8	18,807	0.5	84,559	2.4	4,252	0.1	3,115,205	88.4	3,526,823	*459,855	13.0	2,585,456	73.4	451,512	12.8
1934	9	316,000	8.6	18,100	0.5	84,829	2.3	23,131	0.6	3,213,409	88.0	3,635,469	370,367	10.1	2,866,494	78.5	388,608	10.6
1935	10	328,000	8.7	19,102	0.5	87,284	2.3	8,333	0.2	3,307,855	88.3	3,750,574	376,786	10.0	2,937,103	78.3	406,685	10.9

* Includes money at call.

LLOYDS BANK LIMITED

(Member of the London Bankers' Clearing House)

Incorporated as a Joint Stock Company in 1865 under the title of Lloyds Banking Company, Limited. Name changed to Lloyds Bank and Bosanquets Bank, Limited, in 1884, and to the present title in 1889.

The following have been incorporated with Lloyds Bank:—
 1865—Lloyds and Company, Birmingham Old Bank.
 1865—Moilliet and Sons, Birmingham.
 1865—P. and H. Williams, Wednesbury Old Bank.
 1866—Stevenson, Salt and Company, Stafford Old Bank.
 1866—Warwick and Leamington Banking Company.

1868—A. Butlin and Son, Rugby Old Bank.
 1872—R. and W. F. Fryer, Wolverhampton Old Bank.
 1874—Shropshire Banking Company.
 1879—Coventry and Warwickshire Banking Company.
 1880—Beck and Company, Shrewsbury and Welshpool Old Bank.
 1884—Barnetts, Hoares and Company, London.

Continued on page 32

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

OVER 400 BRANCHES IN

THE UNION OF SOUTH AFRICA

KENYA . TANGANYIKA . UGANDA . NYASALAND

LLOYDS BANK LIMITED—Continued from page 30

1884—Bosanquet, Salt and Company, London.
 1888—Pritchard, Gordon and Company, Broseley and Bridgnorth.
 1889—Birmingham Joint Stock Bank, Limited.
 1889—Worcester City and County Banking Company, Limited.
 1890—Wilkins and Company, Old Bank, Brecon, Cardiff, etc.
 1890—Beechings and Company, Tunbridge Wells, Hastings, etc.
 1891—Praeds and Company, London.
 1891—Cobb and Company, Margate, etc.
 1891—Hart, Fellows and Company, Nottingham.
 1892—R. Twining and Company, London.
 1892—Bristol and West of England Bank, Limited.
 1893—Curteis, Pomfret and Company, Rye.
 1893—Herries, Farquhar and Company, London.
 1894—Bromage and Company, Old Bank, Monmouth.
 1895—Paget and Company, Leicester Bank.
 1897—County of Gloucester Bank, Limited.
 1897—Williams and Company, Chester, etc.
 1898—Jenner and Company, Sandgate and Shorncliffe Bank.
 1899—Burton Union Bank, Limited.
 1899—Stephens, Blandy and Company, Reading, etc.
 1900—Vivian, Kitson and Company, Torquay Bank.
 1900—Liverpool Union Bank, Limited.
 1900—Cunliffes, Brooks and Company, Manchester, etc.
 1900—Brooks and Company, London.
 1900—William Williams Brown and Company, Leeds.
 1900—Brown, Janson and Company, London.
 1902—Bucks. and Oxon Union Bank, Limited.
 1902—Pomfret, Burra and Company, Ashford Bank.
 1903—Hodgkin, Barnett and Company, Newcastle-upon-Tyne, etc.
 1903—Grant and Maddison's Union Banking Company, Limited.

1905—Hedges, Wells and Company, Wallingford Bank.
 1906—Devon and Cornwall Banking Company, Limited.
 1908—Lambton and Company, Newcastle-upon-Tyne, etc.
 1909—David Jones and Company, Llandovery, etc.
 1911—Hill and Sons, West Smithfield, E.C., etc.
 1912—Peacock, Willson and Company, Sleaford, etc.
 1914—Wilts and Dorset Banking Company, Limited.
 1918—Capital and Counties Bank, Limited.
 1919—West Yorkshire Bank, Limited.
 1921—Fox, Fowler and Company, Wellington (Som.), etc.
 1923—Cox and Company, London, etc.
 1923—Henry S. King and Company, London, etc.

CAPITAL (December 31, 1935)						Market Value April 30, 1936	
Subscribed	Paid-up	Callable	Reserved			£	£
"A" shares ... 71,864,780	14,372,956	3,593,239	53,898,585			£45,274,809	
"B" shares ... 1,437,296	1,437,296	Nil	Nil			£2,120,004	
Per Share	Per Share	Per Share	Per Share			£3 3s. 0d.	
£5	£1	Nil	Nil			£1 9s. 6d.	
PROFITS AND DIVIDENDS						Reserves, etc.	Carried Forward
Year Ended Dec. 31	Net Profits	Per Cent. of Resources	Amount	Dividends—Rate %		£	£
1925	2,569,366	0.67	1,901,422	"A" 16 1/2		650,000	534,295
1926	2,523,582	0.65	1,973,886	"B" 5		550,000	533,992
1927	2,475,674	0.58	1,973,886	"A" 16 1/2		550,000	485,780
1928	2,528,143	0.58	1,973,886	"B" 5		550,000	490,037
1929	2,542,084	0.59	1,973,886	"A" 16 1/2		550,000	508,235
1930	2,129,516	0.49	1,726,551	"B" 5		400,000	511,109
1931	1,926,904	0.49	1,516,048	"A" 13 1/2		400,000	522,055
1932	1,550,511	0.35	1,357,820	"B" 5		200,000	514,746
1933	1,438,822	0.33	1,347,465	"A" 12		100,000	506,104
1934	1,651,506	0.37	1,392,380	"B" 5		250,000	515,230
1935	1,642,785	0.36	1,392,380	"A" 12		250,000	515,635
				"B" 5			

† Also share bonus.

Year Ended Dec. 31	Number of Offices	LIABILITIES							Total Liabili- ties or Assets	ASSETS												
		Paid-up Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances and Endorse- ments	Per Cent.	Current, Deposit and Other Accounts		Per Cent.	Cash in Hand and at Bank, etc. (a)	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments (b)	Per Cent.	Bills of Ex- change	Per Cent.	Advances (c)	Per Cent.	Buildings and Sundries, including Cover for Accept- ances	Per Cent.
1925	1,685	24,372,956	6.4	1,492,492	0.4	20,656,775	5.4	337,178,515	87.8	383,730,738	51,548,595	13.5	20,507,062	5.3	60,303,790	15.7	41,624,130	10.9	183,330,726	47.7	26,416,435	6.9
1926	1,712	25,810,252	6.6	1,520,935	0.4	16,950,606	4.3	346,132,523	88.7	390,414,316	55,641,977	14.2	16,458,305	4.2	53,038,139	13.6	47,182,971	12.1	194,757,519	49.9	23,335,405	6.0
1927	1,772	25,810,252	6.0	1,472,723	0.3	43,768,116	10.2	357,189,821	83.5	428,240,912	57,945,584	13.5	27,797,328	6.5	46,149,711	10.8	52,048,334	12.1	187,798,225	43.9	50,501,230	13.2
1928	1,813	25,810,252	5.9	1,476,980	0.3	60,341,184	13.7	352,161,962	80.1	439,790,378	55,457,101	12.6	29,005,684	6.6	44,553,811	10.1	49,281,472	11.2	194,373,479	44.2	67,118,831	15.3
1929	1,853	25,810,252	6.0	1,495,178	0.3	52,226,285	12.1	351,650,804	81.6	431,182,519	57,027,848	13.2	31,150,461	7.2	43,868,232	10.2	39,625,277	9.2	200,351,693	46.5	59,184,008	13.7
1930	1,947	25,810,252	5.9	1,281,649	0.3	42,513,352	9.2	364,655,289	84.0	434,260,542	57,787,776	12.8	30,492,445	7.0	58,789,393	13.5	53,733,112	12.4	185,329,180	42.7	50,128,636	11.6
1931	1,963	23,310,252	5.9	1,267,652	0.3	33,134,878	9.2	333,741,091	84.6	394,453,873	51,174,804	12.9	22,188,477	5.6	56,659,358	14.4	42,587,499	10.8	177,861,605	45.1	44,022,130	11.1
1932	1,924	23,310,252	5.4	1,116,614	0.3	31,978,804	7.3	382,148,416	87.0	439,054,086	54,675,674	12.2	25,538,659	5.8	90,091,655	20.5	76,788,343	17.5	152,219,480	34.7	39,890,215	9.1
1933	1,915	23,810,252	5.5	1,179,836	0.3	42,640,910	9.8	364,559,963	84.4	432,190,961	54,270,905	12.6	23,479,970	5.4	104,810,301	24.2	56,887,317	13.1	142,601,089	33.0	50,470,600	11.7
1934	1,917	24,310,252	5.5	1,211,420	0.3	46,214,918	10.4	372,146,372	83.8	443,882,962	56,854,348	12.8	36,313,120	8.2	102,829,629	23.2	47,214,847	10.6	146,626,866	33.0	54,044,152	12.2
1935	1,913	24,310,252	5.3	1,211,825	0.3	31,741,415	6.9	400,375,711	87.5	457,639,203	59,805,857	13.1	33,053,075	7.2	112,068,391	24.5	63,377,093	13.8	149,784,184	32.8	39,550,603	8.6
Weekly Averages Apr., 1936	2,431,000	5.6	...	...	31,487,000	7.2	380,098,000	87.2	435,895,000	45,536,000	10.5	29,259,000	6.7	112,526,000	25.8	50,814,000	11.7	158,497,000	36.3	39,263,000	9.0	

(a) Includes balances with, and cheques in course of collection on, other banks in the United Kingdom, and balances with Banks abroad.

(b) Includes investments in affiliations. (x) Includes balances in account with subsidiary companies, items in transit, and other assets and accounts.

LONDON MERCHANT BANK, LIMITED

Late LONDON AND HANSEATIC BANK, LIMITED

ESTABLISHED 1873

The Bank has no Branches

CAPITAL			
Subscribed	Paid-up	Callable	Reserved
£	£	£	£
1,350,000	825,000	525,000	Nil
Per Share	Per Share	Per Share	Per Share
"A" £5	£5	Nil	Nil
"B" £7	£3 10s.	£3 10s.	Nil

Year Ended Dec. 31	Net Profits	PROFITS AND DIVIDENDS			Reserve, etc.	Carried Forward
		Per Cent. of Resources	Amount	Dividends—Rate %		
1925	76,318	1.47	47,250	"A" 7	25,000	26,904
1926	70,216	1.59	47,250	"B" 5	25,000	24,900
1927	67,011	1.37	47,250	"A" 7	20,000	24,721
1928	71,845	1.26	47,250	"B" 5	20,000	29,317
1929	74,419	1.35	47,250	"A" 7	25,000	31,485
1930	50,838	1.05	42,000	"B" 4	10,000	30,323
1931	42,799	1.73	Nil	Nil	73,122	Nil
1932	18,755	0.98	Nil	Nil	193,884	Dr. 175,129
1933	14,138	0.75	Nil	Nil	14,138	Dr. 175,129
1934	17,762	0.89	Nil	Nil	17,762	Dr. 175,129
1935	15,660	0.79	Nil	Nil	15,660	Dr. 175,129

* Of which £143,884 is provision for loss on debts.

Continued on page 34

The BRITISH OVERSEAS BANK

LIMITED

Incorporating FREDK. HUTH & Co.

Established 1809

THROUGH its world-wide connections and agencies the Bank is able to offer to its clients at home and abroad exceptional facilities in foreign exchange and in the financing of foreign trade, and also to provide up-to-date credit reports and information as to international business conditions. Correspondence invited.

33 GRACECHURCH STREET, Lombard Court, LONDON, E.C.3

TELEGRAPHIC ADDRESS

Inland: "SAESREVO, PHONE, LONDON" Foreign: "SAESREVO, LONDON"

TELEPHONE NO. MANSION HOUSE 7842

Established
1833
—
NATIONAL
PROVINCIAL
BANK
LIMITED

Subscribed Capital . . £43,617,080
 Total Resources over £320,000,000

Banking Business of Every Description

HEAD OFFICE:
15 Bishopsgate, London, E.C.2

Affiliated Banks:
Coutts & Co. Grindlay & Co., Ltd.



1563
MARTINS
BANK
LIMITED

Banking Service
for all descriptions of
Home, Colonial and
Foreign Business

FOREIGN BRANCHES:
LIVERPOOL: WATER STREET, 2
LONDON: 68 LOMBARD ST., E.C.3
MANCHESTER: 47 SPRING GARDENS, 2

550 Offices
Agents in all
parts of the
world

London Office:
68 LOMBARD STREET, E.C.3
Head Office:
WATER STREET, LIVERPOOL, 2

Total Assets over £100,000,000

LONDON MERCHANT BANK LIMITED—Continued from page 32

Year Ended Dec. 31	LIABILITIES							Total Liabilities or Assets	ASSETS										
	Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances	Per Cent.	Deposit & Current Accounts (inc. Pen- sions Fund)		Per Cent.	Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Dis- counts and Ad- vances	Per Cent.	Premises and Cover for Ac- ceptances	Per Cent.
	£		£		£		£		£		£		£		£		£		
1925.....	825,000	15.8	42,744	0.8	3,224,434	61.9	1,119,862	21.5	5,212,040	65,186	1.3	735,000	14.1	158,519	3.0	936,614	18.9	3,266,721	62.7
1926.....	825,000	18.7	40,710	0.9	2,068,502	46.9	1,476,824	33.5	4,411,036	115,890	2.6	845,000	19.2	148,414	3.4	1,192,098	27.0	2,109,634	47.8
1927.....	825,000	16.9	40,471	0.8	2,614,522	53.7	1,393,204	28.6	4,873,197	69,511	1.4	715,000	14.7	166,519	3.4	1,266,267	26.0	2,655,900	54.5
1928.....	825,000	14.5	45,066	0.8	3,377,291	59.4	1,437,214	25.3	5,684,571	74,544	1.3	705,000	12.4	162,753	2.9	1,324,901	23.3	3,417,373	60.1
1929.....	825,000	14.9	47,235	0.9	3,293,152	59.6	1,356,754	24.6	5,522,141	80,237	1.5	979,293	17.8	165,101	3.0	965,622	17.6	3,331,888	60.1
1930.....	825,000	17.0	40,823	0.8	2,924,603	60.2	1,067,059	22.0	4,857,485	58,267	1.2	744,886	15.3	157,413	3.2	934,981	19.2	2,961,938	61.1
1931.....	825,000	33.3	...	...	1,403,036	56.7	247,138	10.0	2,475,174	37,676	1.5	308,113	12.4	41,748	1.7	597,022	24.1	1,490,615	60.3
1932.....	825,000	43.0	...	...	899,555	46.9	193,604	10.1	1,918,159	30,295	1.6	292,000	15.2	74,244	3.9	400,191	20.8	1,121,429	58.5
1933.....	825,000	43.5	...	...	875,779	46.3	195,638	10.2	1,896,417	24,610	1.3	309,186	16.3	98,866	5.2	370,241	19.6	1,093,514	57.6
1934.....	825,000	41.5	...	...	941,192	47.2	226,361	11.3	1,992,553	26,180	1.3	346,000	17.4	88,163	4.4	366,946	18.4	1,165,264	59.5
1935.....	825,000	41.6	...	...	926,287	46.7	231,323	11.7	1,982,610	34,133	1.7	330,000	16.7	111,873	5.6	360,518	18.2	1,146,086	57.8

MARTINS BANK LIMITED

Member of the London Bankers' Clearing House.

ESTABLISHED IN 1831 as the Bank of Liverpool.

Absorbed:—

- 1883—Arthur Heywood, Sons and Company, Liverpool.
1889—Liverpool Commercial Banking Company, Limited.
1893—Wakefield, Crewdson and Company, Kendal, etc.
1906—Craven Bank, Limited.
1911—Carlisle and Cumberland Banking Company, Limited.
1914—North-Eastern Banking Company, Limited.

On completion of amalgamation with Lancashire and Yorkshire Bank.				
Subscribed	Paid-up	Callable	Reserved	Market Value, April 30, 1936
20,602,272	4,160,042	5,167,558	11,274,672	15,953,684
Per Share	Per Share	Per Share	Per Share	Per Share
939,556 shares of £20	£2 10s.	£5 10s.	£12	£9 2 6
1,811,152 shares of £1	£1	...	...	£4 1 6

1918—Martins Bank Limited, London (a sixteenth-century bank first registered as a private banking firm in 1890); and name changed to Bank of Liverpool and Martins Limited.

1919—Palatine Bank, Limited, Manchester.

1919—Cocks, Biddulph and Company, London.

1920—Halifax Commercial Banking Company, Limited.

1923—Cattle Trade Bank, Limited, Birkenhead.

1927—Equitable Bank, Limited.

1928—Amalgamated with Lancashire and Yorkshire Bank, Limited; and name changed to Martins Bank Limited.

Year Ended Dec. 31	PROFITS AND DIVIDENDS		Reserve, Invest- ments, etc.		Carried Forward
	Net Profits	Per Cent. of Resources	Dividends Amount	Rate %	
1925...	£72,316	0.81	£375,822	16	£200,000
1926...	542,731	0.77	375,822	16	200,000
1927...	555,229	0.75	383,822	16	175,000
1928...	825,434	0.68	665,607	16	150,000
1929...	836,240	0.85	665,607	16	150,000
1930...	793,551	0.86	665,607	16	150,000
1931...	703,154	0.80	582,406	14	100,000
1932...	636,950	0.65	582,406	14	...
1933...	654,940	0.70	582,406	14	50,000
1934...	672,258	0.71	582,406	14	75,000
1935...	693,117	0.69	582,406	14	100,000

Year ended December 31	Number of Branches.	LIABILITIES							Total Liabilities or Assets	ASSETS													
		Capital and Re- serves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances, Endorse- ments, etc.	Per Cent.	Deposit and Current Accounts		Per Cent.	Cash in Hand and at Bank, etc.	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Bills of Ex- change	Per Cent.	Short Loans on Stocks and Ad- vances	Per Cent.	Buildings & Sundries including Cover for Accept- ances	Per Cent.	
1925	379	£ 1,498,890	5.9	327,355	0.5	6,618,372	9.3	59,819,627	84.3	70,964,244	9.6	£ 3,871	13.7	4,741,132	6.7	8,677,097	12.2	4,315,722	6.1	35,413,245	49.9	8,123,177	11.4
1926	389	1,498,890	6.2	294,189	0.4	6,078,122	8.6	59,819,326	84.8	70,540,527	8.0	46,100	11.4	5,826,728	8.3	9,349,216	13.2	2,981,480	4.2	36,702,937	52.1	7,634,066	10.8
1927	*417	1,698,890	6.3	298,731	0.4	6,389,255	8.6	62,890,872	84.7	74,277,748	9.7	976,920	13.4	6,679,333	9.0	10,421,736	14.0	2,646,294	3.6	36,572,971	49.3	7,980,294	10.8
1928	560	767,914	7.5	445,915	0.4	10,949,041	10.7	82,932,881	81.4	101,962,502	12,116,604	11.9	5,420,745	5.3	325,104,768	24.6	3,702,147	3.6	42,600,479	41.8	13,017,759	12.8	
1929	564	767,914	7.8	444,935	0.4	7,184,161	7.4	82,620,494	84.4	97,953,529	13,309,171	13.6	6,278,861	6.4	17,807,868	18.2	2,732,087	7.4	43,942,731	44.8	9,382,811	9.6	
1930	571	767,914	8.3	442,879	0.5	5,599,786	6.1	78,562,604	85.1	92,289,957	11,969,514	13.0	6,952,126	7.5	18,677,148	20.7	2,382,145	8.3	39,134,819	42.4	8,174,205	8.9	
1931	578	760,042	8.0	422,027	0.5	4,750,674	5.4	75,927,392	86.1	88,176,777	11,166,374	12.7	7,094,914	8.0	18,947,309	21.5	7,313,868	8.3	39,093,900	40.9	7,555,412	8.6	
1932	585	760,042	7.2	476,871	0.5	4,752,518	4.8	85,832,338	87.5	98,121,469	12,569,850	12.8	6,176,814	6.3	330,560,921	31.1	11,050,889	10.7	39,698,895	31.2	7,704,100	7.9	
1933	555	760,042	7.6	499,106	0.5	4,714,436	5.0	81,578,515	86.8	93,952,129	12,323,624	13.1	5,291,162	5.6	32,181,908	34.3	6,993,785	7.3	29,684,058	31.6	7,577,592	8.1	
1934	550	760,042	7.5	513,953	0.5	4,693,136	4.9	82,620,032	87.1	94,987,168	12,619,902	13.3	5,671,209	6.0	32,235,451	33.9	5,534,208	5.8	31,472,599	33.1	7,453,799	7.9	
1935	550	760,042	7.2	524,669	0.5	5,695,696	5.6	87,287,563	86.6	100,767,970	13,178,457	13.1	4,945,000	4.9	34,905,292	34.6	6,868,960	8.3	30,784,584	31.6	8,585,677	8.5	
Weekly Averages, Apr., 1936		7,260,000	7.3	...	...	5,514,000	5.6	86,221,000	87.1	98,995,000	12,417,000	12.5	4,562,000	4.6	35,592,000	36.2	5,163,000	5.2	33,189,000	33.4	8,072,000	8.1	

a Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

* Exclusive of Lancashire and Yorkshire Branches.

† Includes an amount of Treasury Bonds and first-class securities maturing within six months.

MIDLAND BANK LIMITED

Member of the London Bankers' Clearing House

ESTABLISHED 1836 as The Birmingham and Midland Bank.

Amalgamations and absorptions have been as follows:—

- 1851—Bate and Robins, Stourbridge.
1862—Nichols, Baker and Crane, Bewdley.
1883—Union Bank of Birmingham, Limited.
1889—Coventry Union Banking Company.
1889—Leamington Priors and Warwickshire Banking Company, Limited.
1890—Leeds and County Bank, Limited.
1890—Derby Commercial Bank, Limited.
1890—Exchange and Discount Bank, Limited, Leeds.
1891—Central Bank of London, Limited. New title—The London and Midland Bank Limited.
1891—Lacy, Hartland, Woodbridge and Company, West Smithfield.
1892—Manchester Joint Stock Bank, Limited.
1893—Bank of Westmorland, Limited.
1894—Weston Banking Company, Limited.
1896—Carlisle City and District Banking Company, Limited.
1897—Channel Islands Bank, Limited.
1897—Huddersfield Banking Company, Limited.
1897—North-Western Bank, Limited, Liverpool.
1898—Oldham Joint Stock Bank, Limited.
1898—City Bank Limited. New title—The London City and Midland Bank Limited.

1899—City of Birmingham Bank, Limited.

1900—Leicestershire Banking Company, Limited.

1901—Sheffield Union Banking Company, Limited.

1901—Yorkshire Banking Company, Limited.

1905—Nottingham Joint Stock Bank, Limited.

1908—North and South Wales Bank, Limited.

1910—Bradford Banking Company, Limited.

1913—Sheffield and Hallamshire Bank, Limited.

1913—Lincoln and Lindsey Banking Company, Limited.

1914—Metropolitan Bank (of England and Wales), Limited.

1917—Belfast Banking Company, Limited. Purchase of share capital.

1918—London Joint Stock Bank Limited. New title—London Joint City and Midland Bank Limited.

1920—Clydesdale Bank Limited. Purchase of share capital.

1923—New title—Midland Bank Limited.

1924—North of Scotland Bank Limited. Purchase of share capital.

1893—London Joint Stock Bank amalgamated with Imperial Bank, Limited.

1909—London Joint Stock Bank amalgamated with York City and County Bank, Limited.

Continued on page 36

B.W. BLYDENSTEIN & Co.,

54-55-56, Threadneedle Street,
London, E.C.2

BANKERS

ALL BANKING AND DISCOUNT
BUSINESS TRANSACTED.

*Dealers in British Treasury
Bills of any Maturity.*

Deposits received for short and
longer periods at rates to be obtained
on application.

*Special Facilities for Business
with Holland.*

FORWARD CONTRACTS IN FOREIGN
CURRENCIES.

ESTD.

1829



DISTRICT BANK

LIMITED

WORLD-WIDE FACILITIES

— PRINCIPAL LONDON OFFICE —

75, Cornhill, E.C.3

— FOREIGN DEPARTMENT —

13, Spring Gardens - Manchester, 2
76, Cornhill - - - London, E.C.3
2, Castle Street - - - Liverpool, 2

— TRUSTEE DEPARTMENT —

13, Spring Gardens - Manchester, 2
46, Old Bond Street - - - London, W.1
Market Square - - - - - Hanley

HEAD OFFICE:

SPRING GARDENS, MANCHESTER, 2

Member of the London Bankers' Clearing House

SWISS BANK CORPORATION

(A COMPANY LIMITED BY SHARES, INCORPORATED IN SWITZERLAND)

1872

BASLE, ZURICH, ST. GALL,
GENEVA, LAUSANNE,
LA CHAUX-DE-FONDS,
NEUCHÂTEL, SCHAFFHOUSE

Capital paid-up - S.Fcs. 160,000,000
Reserves - - S.Fcs. 32,000,000

LONDON OFFICE - 99, GRESHAM STREET, E.C.2

WEST END BRANCH: 11, REGENT STREET (WATERLOO PLACE), S.W.1

All descriptions of Banking and
Exchange Business Transacted.

: : Correspondents in all
Parts of the World : :

Trading Abroad

The existence of restrictions in a given country may temporarily prohibit dealings in forward exchange, but up-to-date information on this and on all points bearing on Forward Exchange generally may be obtained through any branch of the Westminster Bank. For any who may be unfamiliar with the facility, a very brief outline entitled *Forward Exchange* is always available at its counters

WESTMINSTER BANK

LIMITED

Head Office: 41 Lothbury, London, E.C.2

MIDLAND BANK LIMITED—Continued from page 34

CAPITAL, May, 1936						Market Value, April 30, 1936
Authorised						
No. of Shares	Denomination	Subscribed	Paid-up	Callable	Reserved	
2,869,079	£12	34,428,948	7,172,697	7,172,697	20,083,553	30,125,329
2,000,000	2½	4,804,192	4,804,192	Nil	Nil	21,618,866
5,771,052	1	2,271,122	2,271,122	Nil	Nil	10,617,494
...	...	Per Share	Per Share	Per Share	Per Share	Per Share
...	...	£12	£2 10s.	£2 10s.	£10	£11½
...	...	£1	£1	Nil	Nil	93/6

Year ended December 31	Number of Offices, Dec. 31.	LIABILITIES						Total Liabilities or Assets	ASSETS													
		Paid-up Capital and Reserve Fund	Per Cent.	Profit Balance and Dividend Payable	Per Cent.	Accept- ances, etc.	Per Cent.		Current, Deposit and Other Accounts	Per Cent.	Cash in Hand and at Bank of England	Per Cent.	Money at Call and Short Notice a	Per Cent.	Invest- ments	Per Cent.	Bills Dis- counted	Per Cent.	Ad- vances	Per Cent.	Premises, Cover for Accept- ances, etc., and Invest. in Affili- ations	Per Cent.
1925	1,855	25,330,768	6.2	1,725,074	0.4	35,747,790	8.7	411,485,767	53,590,604	13.1	35,705,406	8.7	34,791,276	8.5	41,883,022	10.2	196,747,543	47.7	48,762,911	11.8		
1926	1,904	25,331,596	5.9	1,736,959	0.4	37,065,445	8.6	430,557,103	52,994,044	12.3	41,009,343	9.5	38,853,582	9.0	46,744,312	10.9	200,459,993	46.6	50,495,829	11.7		
1927	1,969	25,331,596	5.8	1,747,735	0.4	36,997,594	8.4	435,452,072	49,763,778	11.4	46,150,346	10.5	35,435,530	8.1	49,314,778	11.2	206,487,910	47.1	51,299,730	11.7		
1928	2,013	26,865,936	5.4	1,815,737	0.4	37,441,134	8.3	497,714,034	45,440,918	9.1	47,923,330	9.6	36,863,698	7.4	63,347,503	12.8	214,050,972	43.0	90,077,563	18.1		
1929	2,044	26,865,936	5.0	1,820,432	0.4	37,474,366	8.4	445,789,492	46,918,243	10.6	40,046,111	9.0	32,928,890	7.4	58,783,537	13.2	212,338,674	47.6	54,773,916	2.2		
1930	2,090	28,496,024	6.3	1,845,086	0.4	25,310,193	5.6	455,256,852	47,219,359	10.4	36,835,769	8.1	38,671,576	8.5	53,922,558	18.4	205,470,167	45.1	43,137,415	9.5		
1931	2,128	25,748,012	5.3	1,704,897	0.4	19,222,279	4.7	406,922,636	38,505,989	9.4	31,335,676	7.1	32,940,262	10.6	57,132,250	14.0	199,685,856	49.1	37,322,553	9.2		
1932	2,103	25,748,012	5.6	1,714,278	0.4	15,612,723	3.7	419,282,966	38,505,989	9.4	31,345,232	7.0	36,931,351	20	65,105,644	18.7	70,421,074	36.8	33,662,697	7.3		
1933	2,105	25,748,012	5.6	1,721,363	0.4	15,833,404	3.5	413,752,673	38,505,452	42.233,852	29.34,856,380	6.7	118,333,659	26	62,823,431	13.8	164,440,337	36.0	33,859,633	7.4		
1934	2,120	25,748,012	5.6	1,755,323	0.4	15,989,638	3.4	419,037,922	38,505,895	39.129,856	8.5	41,966,659	9.1	126,662,876	27	64,520,419	14.4	163,815,240	35.3	26,435,845	5.7	
1935	2,133	25,748,012	5.3	1,571,668	0.3	17,705,712	3.6	442,083,508	38,505,989	48.695,719	10.0	44,345,365	9.1	119,793,767	24	69,264,993	14.2	177,120,890	36.4	27,888,166	5.7	
Weekly Averages, Apr., 1936	2,133	25,748,012	5.0	...	...	18,134,000	3.5	468,344,000	38,505,989	51.226,000	58.781,000	11.5	39,543,000	7.7	122,440,000	24	172,394,000	14.4	190,693,000	37.2	28,375,000	5.5

a Including balances with, and cheques in course of collection on, other banks in Great Britain and Ireland.

NATIONAL PROVINCIAL BANK, LIMITED

(Member of London Clearing.)

Established in 1833 as the National Provincial Bank of England, and registered as limited in 1880; the Union of London and Smiths Bank was established in 1839, and registered as limited in 1882. Amalgamation took place under title of National Provincial and Union Bank of England, Limited, as from December 31, 1917, and on February 15, 1924, name changed as above. As from December 31, 1917, the Bradford District Bank, Limited, as from December 31, 1918, the Sheffield Banking Company, Limited, and as from December 31, 1919, the North-

amptonshire Union Bank, Limited, were acquired. From January 1, 1920, Messrs Coutts and Company became affiliated, December 31, 1919, Messrs Richards and Company, Llangollen, and June 30, 1920, Messrs Shilson, Coode and Company, St. Austell, and as from Aug. 23, 1922, Messrs Dingley and Company, of Launceston, and Messrs Dingley, Pearse and Company, of Okehampton, were acquired. December 31, 1923, the Guernsey Banking Company, Limited, and the business of Messrs Grindlay and Company were acquired, the latter undertaking being continued as a private limited company.

CAPITAL					Market Value, April 30, 1936
Subscribed	Paid-up	Callable	Reserved		
£43,617,089	£9,479,418	£5,839,811	£28,298,053		£37,062,942
Per Share	Per Share	Per Share	Per Share	Per Share	Per Share
£25	£3 10s.	£4 16s. 8d.	£16 18s. 4d.	£13½	
£20	£4	£2 10s. 4d.	£13 6s. 8d.	£15½	
£5	£5	Nil	Nil	£22	

Year ended Dec. 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.	Acceptances	Per Cent.		Cash in Hand and at Bank, etc.	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries including Cover for Acceptances	Per Cent.
1925	1,132	18,958,832	6.7	816,900	0.3	10,023,151	3.5	282,638,760	38,188,662	13.5	18,358,888	6.5	42,115,503	14.9	169,498,176	60.0	14,477,551	5.1
1926	1,172	18,958,832	6.6	876,319	0.3	9,166,822	3.2	259,249,807	37,930,824	13.2	18,769,651	6.5	40,093,804	13.9	177,290,858	61.5	14,161,443	4.9
1927	1,220	18,958,832	6.2	863,476	0.3	12,024,760	2.9	273,597,202	41,816,515	13.7	21,817,455	7.1	38,640,115	12.7	185,708,682	60.8	17,461,503	5.7
1928	1,262	18,958,832	5.8	865,846	0.3	10,838,740	2.9	280,310,253	44,170,901	13.4	23,920,942	7.9	40,217,198	12.2	194,071,259	58.8	25,318,371	7.7
1929	1,308	18,958,832	6.2	849,255	0.3	15,174,188	5.0	271,712,537	44,884,704	13.7	19,413,495	6.3	39,276,379	12.8	184,868,967	60.3	21,251,068	8.0
1930	1,363	18,958,832	5.9	873,814	0.2	10,089,723	3.1	262,378,783	42,735,078	13.3	20,298,534	6.3	41,709,563	13.0	200,553,859	62.2	16,750,128	5.2
1931	1,374	17,479,416	6.0	804,116	0.3	9,229,529	3.2	261,925,540	39,844,401	12.8	17,690,253	5.8	64,131,840	20.3	181,160,304	57.3	13,416,460	4.4
1932	1,371	17,479,416	5.5	775,522	0.2	6,205,501	2.0	291,822,828	43,000,715	13.7	18,167,854	5.8	78,214,081	25.0	159,984,650	51.1	13,761,475	4.4
1933	1,361	17,479,416	5.6	857,083	0.3	6,395,008	2.0	288,397,118	43,300,852	13.5	20,667,367	6.4	91,426,899	28.4	152,970,171	47.5	13,224,878	4.1
1934	1,350	17,479,416	5.4	878,881	0.3	5,863,022	1.8	297,368,848	41,964,337	12.7	25,580,037	7.8	94,110,607	28.6	152,099,816	46.1	15,870,692	4.8
1935	1,343	17,479,416	5.3	922,406	0.3	8,519,824	2.6	302,703,843	37,059,000	11.6	23,838,000	7.5	91,662,000	28.9	149,450,000	46.9	16,319,000	5.1
Weekly Averages, Apr., 1936	...	17,479,000	5.5	...	...	8,989,000	2.8	291,851,000	37,059,000	11.6	23,838,000	7.5	91,662,000	28.9	149,450,000	46.9	16,319,000	5.1

a Includes balances with, and cheques in course of collection on, other banks in the United Kingdom. b Includes investments in affiliations.



SERVICE

World-wide facilities for Banking business of every description.

EXECUTORSHIPS & TRUSTEESHIPS UNDERTAKEN

Principal London Offices:
11 LOMBARD ST., E.C.3
(Temporary Premises)
9 PALL MALL, S.W.1

Principal Manchester Offices:
MOSLEY STREET
ST. ANN STREET

ASSOCIATED WITH
THE ROYAL BANK
OF SCOTLAND

WILLIAMS DEACON'S BANK LTD.

MEMBERS OF THE LONDON BANKERS' CLEARING HOUSE

STOCKHOLMS ENSKILDA BANK

AKTIEBOLAG

STOCKHOLM

Established in 1856

Capital: 100,000,000 Kronor

TELEGRAPHIC ADDRESS:
NITTON-STOCKHOLM

HEAD OFFICE:
STOCKHOLM 16

STATE BANK OF THE U.S.S.R.

MOSCOW

Over 2,900 Branches

FOREIGN BANKING BUSINESS OF EVERY DESCRIPTION TRANSACTED

AGENTS AND CORRESPONDENTS
IN ALL PARTS OF THE WORLD

CHIEF LONDON CORRESPONDENTS:

BANK OF ENGLAND LLOYDS BANK LIMITED
MOSCOW NARODNY BANK LIMITED

THE UNION BANK OF MANCHESTER LIMITED ESTABLISHED 1836

1888—Sewell and Nephew absorbed.
1904—E. W. Yates and Company Liverpool, absorbed.
1906—Blackburn Bank, Limited, absorbed.
1917—Halifax and District Permanent Banking Company, Limited, absorbed.
1918—East Morley and Bradford Deposit Bank, Limited, acquired.
1919—Associated with Barclays Bank, Limited.

		CAPITAL										PROFITS AND DIVIDENDS													
		Subscribed		Paid-up		Callable		Reserved				Total		Net Profits		Per Cent. of Resources		Dividends		Rate %		Reserves, etc.		Carried Forward	
		£		£		£		Nil				£		£		%		£		%		£		£	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		Per Share		Per Share		Per Share		Per Share				1932		1933		1934		1935		1936		1937		1938	
		£s		£s 10s.		£s 10s.		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934		1935		1936		1937		1938	
		1,500,000		750,000		750,000		Nil				1932		1933		1934									

WESTMINSTER BANK, LIMITED ESTABLISHED 1836

Members of London Bankers' Clearing House.

1834—London and Westminster Bank established.
1836—London and County Banking Company established.
1864—Jones, Loyd and Company absorbed by London and Westminster Bank.
1865—Parr's Banking Company established.
1891—Fuller, Banbury and Company amalgamated with Parr's Banking Company, Limited.
1892—Alliance Bank, Limited, amalgamated with Parr's Banking Company, Limited, under title of Parr's Banking Company and the Alliance Bank, Limited.
1894—Sir Samuel Scott, Bart., and Company amalgamated with Parr's Banking Company and Alliance Bank, Limited.
1896—Title changed to Parr's Bank, Limited, and amalgamated with Consolidated Bank, Limited.
1909—Stuckey's Banking Company, Limited, amalgamated with Parr's Bank, Limited.

1909—London and Westminster Bank and London and County Banking Company amalgamated as London County and Westminster Bank, Limited.
1913—Crompton and Evans' Union Bank, Limited, Derby, amalgamated with Parr's Bank, Limited.
1917—Ulster Bank, Limited, affiliated with London County and Westminster Bank, Limited.
1918—Parr's Bank, Limited (established 1865), amalgamated under combined title of London County Westminster and Parr's Bank, Limited.
1919—Nottingham and Nottinghamshire Banking Company Limited, absorbed.
1921—Beckett and Company absorbed.
1923—Title changed to Westminster Bank, Limited.
1923—Stilwell and Sons absorbed.
1924—Guernsey Commercial Banking Company, Limited, absorbed.

CAPITAL				Market Value, April 30, 1936	Year Ended Dec. 31	Net Profits £	Profits AND DIVIDENDS Per Cent.			Reserves and other Approp- riations £	Carried Forward £
Authorised £	Paid-up £	Callable £	Reserved £				of Resources	Dividends Amount £	Rate %		
30,000,000	7,070,990	7,070,990	14,141,980	£33,940,752	1925	2,205,393	0.72	1,319,045	20 12½	450,000	457,565
3,000,000	2,249,167	Nil	Nil	£8,265,684	1926	2,157,233	0.68	1,356,275	20 12½	750,000	508,522
					1927	2,132,815	0.68	1,356,275	20 12½	750,000	535,083
					1928	2,148,408	0.63	1,356,275	20 12½	775,000	552,166
					1929	2,160,384	0.65	1,356,275	20 12½	850,000	506,305
					1930	1,821,888	0.66	1,313,891	20 12½	550,000	464,301
					1931	1,601,882	0.52	1,184,867	18 12½	450,000	431,258
					1932	1,495,171	0.44	1,165,443	18 12½	300,000	460,984
					1933	1,464,955	0.43	1,165,443	18 12½	800,000	460,496
					1934	1,524,880	0.42	1,204,291	18 12½	800,000	481,085
					1935	1,402,656	0.38	1,313,891†	18 12½	200,000	369,849

* Also bonus of 1 £1 share for every 5 £20 shares held.
† Includes centenary bonus of 2 per cent. on the £4 shares.

Year Ended Dec. 31	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances and Endorse- ments	Per Cent.	Notes*	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bank, etc. a	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Build- ings and Sundries, including Cover for Accept- ances	Per Cent.
1925 ...	909	18,103,436	5-9	1,695,158	0-6	13,562,790	4-5	15,487	271,379,668	89-0	304,756,539	42,343,822	13-9	28,301,235	9-3	49,930,231	16-4	166,515,556	54-6	17,665,695	5-8	
1926 ...	933	18,640,314	5-9	1,186,660	0-4	11,543,630	3-6	13,728	285,406,068	90-1	316,790,400	42,657,508	13-5	27,370,851	8-6	48,859,390	15-4	182,147,935	57-5	15,754,716	5-0	
1927 ...	958	18,640,314	6-0	1,213,200	0-4	12,572,869	4-0	13,934	280,612,020	89-6	313,052,337	42,727,387	13-6	36,520,212	11-7	43,024,466	13-7	173,893,812	55-6	16,886,460	5-4	
1928 ...	1,009	18,640,314	5-5	1,230,333	0-4	26,538,040	7-8	13,038	294,086,580	88-3	340,508,305	47,313,929	13-9	34,813,607	10-2	43,030,690	12-2	185,725,635	54-5	31,224,444	9-2	
1929 ...	1,058	18,640,314	5-6	1,184,442	0-4	27,599,579	8-3	7,794	285,160,311	85-7	332,592,440	45,980,673	13-8	33,169,823	10-0	40,915,352	12-3	179,851,909	54-1	132,674,683	9-8	
1930 ...	1,075	18,640,314	5-7	1,212,246	0-3	31,814,552	5-4	16,223	291,579,675	88-6	329,172,010	46,009,570	13-9	25,683,550	7-8	53,608,056	16-3	180,710,232	54-9	23,160,602	7-0	
1931 ...	1,083	16,820,157	5-4	1,013,977	0-3	38,561,389	6-0	16,144	272,405,692	88-3	308,817,339	40,857,454	13-2	23,628,294	7-7	54,443,594	17-6	165,572,678	53-6	24,315,339	7-9	
1932 ...	1,073	16,820,157	5-0	1,043,705	0-3	42,327,285	6-6	16,624	298,182,935	88-1	338,399,706	41,360,165	12-2	21,107,807	6-2	75,242,579	22-2	172,612,957	51-1	28,067,198	8-3	
1933 ...	1,072	16,820,157	4-9	1,043,217	0-3	51,847,225	9-2	15,187	294,739,761	85-6	344,465,547	45,024,055	13-1	22,685,851	6-6	94,483,075	27-4	144,846,688	42-3	42,875,878	10-9	
1934 ...	1,082	18,640,314	5-1	1,083,230	0-3	37,777,095	10-3	14,632	305,653,206	84-3	362,768,478	46,407,151	12-8	28,419,892	7-8	100,858,547	27-8	144,275,709	39-8	42,807,179	11-8	
1935 ...	1,090	18,640,314	5-1	1,081,595	0-3	32,460,265	6-2	13,444	322,675,384	88-4	364,871,002	51,555,685	14-2	18,548,513	5-1	108,165,337	29-7	158,685,963	43-4	42,791,304	7-6	
Weekly Averages, April, 1936		18,640,000	5-0	...	...	23,445,000	6-4	*15,000	...	327,092,000	88-6	369,192,000	42,776,000	11-6	24,415,000	6-6	107,979,000	29-1	165,077,000	44-7	28,945,000	8-0

* Includes balances with, and cheques in course of collection on, other banks in the United Kingdom.

† Includes investments in affiliations.

WILLIAMS DEACON'S BANK, LIMITED

ESTABLISHED 1836.—Member of London Clearing

1874—Absorbed Heywood Brothers and Company, Man-
chester.
1878—Absorbed Hardcastle, Cross, and Company, Bolton.
1882—Absorbed Clement Roys and Company, Rochdale.
1890—Manchester and Salford Bank amalgamated with
Williams, Deacon and Company. New title—
Williams Deacon and Manchester and Salford
Bank, Limited.

1901—Title changed to Williams Deacon's Bank, Limited.
1907—Sheffield and Rotherham Joint Stock Banking Com-
pany, Limited, absorbed.
1930—Associated with the Royal Bank of Scotland.

CAPITAL					PROFITS AND DIVIDENDS					Reserves, etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserved	Year Ended Dec. 31	Net Profits	Per Cent. of Resources	Dividends Amount	Rate %			
8,125,000	1,875,000	1,562,500	4,687,500	1925	344,860	0.90	253,906	A 13% B 12%	90,000	42,402	
				1926	330,856	0.88	253,906	A 13% B 12%	75,000	44,352	
				1927	310,585	0.83	253,906	A 13% B 12%	75,000	26,031	
				1928	305,340	0.82	253,906	A 13% B 12%	50,000	27,465	
				1929	297,901	0.83	244,141	A 13% B 12%	50,000	31,226	
Per Share A £5 B £1	Per Share A £1 B £1	Per Share A £1 B nil	Per Share A £3 B nil	1930	278,627	0.78	234,375	12%	50,000	25,478	
				1931	275,465	0.82	234,375	12%	40,000	26,568	
				1932	268,005	0.71	234,375	12%	25,000	35,198	
				1933	272,995	0.71	234,375	12%	25,000	48,818	
				1934	274,180	0.71	234,375	12%	30,000	58,625	
				1935	278,536	0.69	234,375	12%	30,000	72,785	

Year Ended Dec. 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS											
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Accept- ances, etc.	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank, etc.	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Build- ings and Sundries, including Cover for Accept- ances	Per Cent.
1925	187	£ 3,175,000	8.3	£ 171,417	0.5	£ 2,359,452	6.1	£ 32,787,663	85.2	£ 38,493,332	5,543,461	14.4	£ 2,985,794	7.8	£ 4,745,249	12.3	£ 22,008,402	57.2	£ 3,210,626	8.3
1926	193	3,225,000	8.6	178,488	0.5	1,800,918	4.8	32,433,363	86.1	37,687,769	5,481,718	14.6	2,937,233	7.9	5,049,670	13.4	21,425,732	59.9	2,723,421	7.2
1927	198	3,225,000	8.6	155,188	0.4	1,393,259	3.7	32,662,567	87.8	37,436,014	6,093,211	16.3	2,952,915	7.9	5,284,871	14.1	20,749,553	55.4	2,356,664	6.3
1928	200	3,225,000	8.7	158,696	0.4	1,520,117	4.1	32,221,393	86.8	37,123,208	5,219,565	14.1	2,871,374	7.5	5,349,678	14.4	21,194,159	57.1	2,488,432	6.7
1929	202	2,875,000	8.0	151,123	0.4	1,023,094	2.9	31,792,589	88.7	35,842,006	5,208,318	14.5	3,412,190	9.5	6,017,161	16.8	19,199,898	53.6	2,004,439	5.6
1930	202	2,875,000	8.0	144,565	0.4	736,522	2.1	32,009,087	89.5	35,765,174	5,156,125	14.4	2,488,863	7.0	5,808,444	23.2	18,082,989	50.6	1,730,735	4.9
1931	202	2,675,000	8.0	145,405	0.4	1,561,497	4.7	29,043,586	86.9	33,425,488	4,911,062	12.6	3,274,807	9.7	4,408,886	22.2	15,923,271	47.6	2,607,422	7.8
1932	202	2,675,000	7.1	154,035	0.4	1,164,068	3.1	33,812,463	89.4	37,805,564	5,101,067	15.8	4,816,463	12.7	7,753,892	25.8	15,068,118	39.8	1,188,024	3.1
1933	202	2,675,000	6.9	167,654	0.4	2,430,036	6.2	33,493,484	86.5	38,771,174	6,036,885	16.8	5,518,098	14.2	10,124,277	26.2	13,381,376	34.5	5,344,590	8.8
1934	203	2,675,000	6.9	177,450	0.5	2,063,097	5.3	33,742,876	87.3	38,663,432	6,003,721	15.8	1,116,738	15.8	5,735,350	24.8	13,887,772	35.9	3,079,851	8.0
1935	205	2,675,000	6.6	191,620	0.5	2,047,759	5.1	35,429,629	87.8	40,344,008	6,172,435	15.3	7,287,359	18.9	7,703,385	24.1	14,105,960	34.9	3,074,868	7.6
Weekly Averages, April, 1936		2,675,000	7.0	...	...	1,740,000	4.5	33,960,000	88.5	38,375,000	5,109,000	13.3	7,310,000	19.0	9,844,000	25.6	13,328,000	34.8	2,786,000	7.2

HOARE (CHAS.) AND COMPANY

Year Ended July 5	LIABILITIES				Total Liabilities or Assets	ASSETS											
	Partners' Capital and Reserves	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand, at Call and Short Notice	Per Cent.	British Government Securities	Per Cent.	Other Securities and Investments	Per Cent.	Discounts and Advances	Per Cent.	Premises, etc.	Per Cent.		
1925	500,000	13.3	3,267,513	86.7	3,767,513	1,029,176	27.3	1,150,625	30.5	586,459	15.6	801,253	23.9	100,000	2.7		
1926	500,000	13.4	3,236,729	86.6	3,736,729	1,163,360	31.1	1,166,500	31.2	362,382	9.7	844,488	25.3	100,000	2.7		
1927	500,000	14.1	3,051,358	85.9	3,551,358	1,051,250	29.6	1,006,750	28.3	377,482	10.6	1,015,876	28.7	100,000	2.8		
1928	500,000	14.3	3,093,254	86.1	3,593,254	1,097,214	30.5	972,632	32.5	258,746	1.8	1,164,662	32.4	100,000	2.8		
1929	500,000	14.3	2,994,121	85.7	3,494,121	1,018,670	29.1	995,521	28.5	181,001	5.2	1,198,929	34.3	100,000	2.9		
1930	500,000	15.5	2,718,857	84.5	3,218,857	720,808	22.4	850,004	26.4	186,457	5.8	1,361,538	42.3	100,000	3.1		
1931	500,000	15.9	2,629,718	84.1	3,129,718	825,480	26.4	647,550	20.7	121,778	3.9	1,434,910	45.8	100,000	3.2		
1932	500,000	16.9	2,463,636	83.1	2,963,636	858,682	28.9	588,850	19.9	162,688	5.5	1,253,416	42.3	100,000	3.4		
1933	500,000	12.2	3,592,297	87.8	4,092,297	1,179,450	28.9	894,483	21.9	271,719	6.6	1,646,645	40.2	100,000	2.4		
1934	500,000	13.2	3,238,995	86.8	3,738,995	1,022,367	27.1	1,159,200	30.6	205,741	5.4	1,301,687	34.3	100,000	2.6		
1935	500,000	11.9	3,711,318	88.1	4,211,318	1,122,347	26.7	1,341,086	31.8	200,467	4.8	1,447,418	34.3	100,000	2.4		

GRACE BROTHERS AND COMPANY, LIMITED

ESTABLISHED 1889. INCORPORATED 1899

ISSUED CAPITAL

Shares of £1 each..... £1,015,000

December 31	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Accept- ances	Per Cent.	Deposit, Current, and Other Accounts	Per Cent.		Cash at Call, at Bankers, and in Hand	Per Cent.	Foreign Bankers— Balances on Loan, Current, & Deposit Accounts	Per Cent.	Invest- ments, in- cluding Treasury Bills	Per Cent.	Bills Re- ceivable	Per Cent.	Properties and Sundries, includ- ing Cover for Acceptances	Per Cent.
		£		£		£		£		£		£		£		£		
1925	1	1,065,000	43-9	696,387	28-7	665,368	27-4	2,426,755	387,061	15-9	33,388	1-4	341,457	14-1	394,672	16-3	1,270,177	52-0
1926	1	1,065,000	40-3	1,001,200	37-9	576,704	21-8	2,642,904	400,512	15-2	239,879	9-1	400,568	15-1	305,702	11-6	1,296,243	49-2
1927	1	1,065,000	38-5	1,061,578	36-3	794,044	27-2	2,920,622	349,393	12-0	354,462	12-1	322,046	11-0	283,028	9-7	1,611,693	55-9
1928	1	1,065,000	27-6	1,995,089	51-6	802,142	20-8	3,862,241	356,166	9-2	300,030	7-8	378,874	9-8	359,259	9-3	2,467,912	63-3
1929	1	1,115,000	27-0	2,061,629	50-0	949,939	23-0	4,126,608	397,765	9-6	189,217	4-6	358,550	8-7	434,950	10-5	2,746,096	66-6
1930	1	1,115,000	31-2	1,796,927	50-3	861,744	18-5	3,573,671	466,371	13-1	62,311	1-7	345,188	9-7	345,210	9-7	2,354,591	65-8
1931	1	1,115,000	50-3	1,526,923	23-7	578,386	26-0	2,220,314	232,656	10-4	18,574	0-8	640,386	23-9	138,240	6-2	1,190,458	53-7
1932	1	1,195,000	57-5	391,526	18-8	491,915	23-7	2,078,441	343,103	16-5	24,722	1-2	321,462	15-5	53,138	2-6	1,336,016	64-3
1933*	1	1,195,000	60-3	332,077	16-8	454,242	22-9	1,981,319	431,150	21-8	14,956	0-8	223,229	11-3	56,433	2-8	1,255,351	63-5
1934†	1	1,015,000	60-9	240,070	14-4	412,423	24-7	1,687,493	283,000	17-0	13,538	0-8	275,500	16-5	96,939	5-8	998,516	59-9
1935†	1	1,015,000	56-3	303,929	16-8	485,248	26-9	1,804,177	329,504	18-2	82,120	4-6	252,886	14-0	92,232	5-1	1,047,435	58-1

* Six months to June 30.

† Year to June 30.

S. JAPHET AND COMPANY, LIMITED

December 31	LIABILITIES				ASSETS							
	Capital and Reserves	Deposit Current and Other Accounts	Acceptances for Customers	Per Cent.	Cash in Hand and at Bankers	Cash at Call and Short Notice	Treasury Bills and other Govt. Securities	Other Securities	Bills Discounted	Advances, Balances Abroad, and Other Accounts	Premises	Per Cent.
1931	1,700,000	2,271,963	4,564,066		216,666	792,060	361,350	213,712	75,011	2,131,647	181,517	
1932	1,550,000	1,974,227	3,401,048		201,761	911,991	423,830	223,473	53,355	1,431,940	180,000	
1933	1,550,000	1,679,073	2,866,495		211,093	1,001,359	392,810	195,985	60,944	1,186,882	180,000	
1934	1,550,000	1,874,850	2,508,763		215,205	1,216,749	320,585	234,046	71,161	1,187,104	180,000	
1935	1,550,000	1,960,077	2,437,241		246,285	1,196,447	338,225	274,200	97,536	1,177,384	180,000	

LONDON DISCOUNT COMPANIES

ALEXANDERS DISCOUNT COMPANY, LIMITED

(Formerly Alexanders and Company, Limited.)

ESTABLISHED 1810. REGISTERED 1891.

Year Ended Dec. 31	CAPITAL				PROFITS AND DIVIDENDS									
	Subscribed	Paid-up	Callable	Reserved	Net Profits	Per Cent. of Resources	Ordinary Dividend	Rate	Reserves, etc.	Carried Forward				
Ordinary	1,600,000	800,000	Nil	800,000	106,113	0.45	100,000	120	...	33,119				
Preference	200,000	200,000	Nil	Nil	106,045	0.43	100,000	120	...	33,165				
Ordinary	£2	£1	Nil	£1	109,051	0.41	100,000	120	...	35,216				
Preference	£2	£2	Nil	Nil	138,773	0.47	127,000	120	...	47,989				
Ordinary	£2	£1	Nil	£1	132,100	0.51	127,000	120	...	53,089				
Preference	£2	£2	Nil	Nil	198,682	0.67	155,125	120	38,250	60,398				
Ordinary	£2	£1	Nil	£1	134,388	0.46	132,000	15	...	62,784				
Preference	£2	£2	Nil	Nil	176,222	0.60	152,000	19	5,000	70,006				
Ordinary	£2	£2	Nil	Nil	174,330	0.62	152,000	19	5,000	75,336				
Preference	£2	£2	Nil	Nil	403,477	1.58	152,000	19	210,000	104,813				
Price of Ordinary Shares, £4					385,061	1.48	152,000	19	100,000	125,875				

† Includes preference dividend.

‡ Bonus 5 per cent., free of tax.

Year Ended Dec. 31	LIABILITIES				Total Liabilities or Assets	ASSETS									
	Capital and Reserves	Per Cent.	Un-divided Profits	Per Cent.		Cash at Bankers	Per Cent.	Investments	Per Cent.	Bills Discounted	Per Cent.	Loans and Sundry Accounts	Per Cent.		
1925	1,060,000	4.5	98,619	0.4	1,755,655	23,696,851	502,364	2.1	2,726,828	11.5	20,169,517	85.1	298,142	1.3	
1926	1,060,000	4.3	98,665	0.4	1,734,837	24,409,843	505,411	2.1	2,544,915	10.4	21,021,784	89.1	337,833	1.4	
1927	1,350,000	5.1	101,716	0.4	1,910,251	26,528,278	506,639	1.9	3,335,269	12.6	21,995,533	82.9	690,837	2.6	
1928	1,350,000	4.5	125,864	0.4	2,137,493	29,753,448	569,687	1.9	5,107,044	17.2	23,827,160	80.1	249,557	0.8	
1929	1,350,000	5.2	130,964	0.5	1,935,468	26,067,119	586,527	2.2	3,021,017	11.6	21,888,919	84.0	570,656	2.2	
1930	2,000,000	6.7	166,396	0.6	2,320,744	29,742,712	604,344	2.0	4,590,176	15.4	24,191,547	81.3	356,643	1.2	
1931	2,000,000	6.9	128,784	0.6	2,269,915	29,092,770	612,911	2.1	5,139,221	17.6	22,821,215	78.5	519,253	1.8	
1932	2,000,000	6.8	166,007	0.4	2,564,627	29,339,187	616,136	2.1	5,105,778	17.4	24,231,936	78.2	383,339	1.3	
1933	2,000,000	7.2	181,336	0.6	2,519,642	28,098,894	622,597	2.2	10,164,045	36.2	16,772,224	59.7	540,028	1.9	
1934	2,000,000	7.8	190,813	0.7	2,341,653	25,892,501	630,122	2.4	12,612,296	48.2	11,973,728	46.2	676,355	2.6	
1935	2,000,000	7.1	211,875	0.8	2,298,649	26,033,553	642,261	2.5	12,904,800	49.6	12,076,723	46.4	409,771	1.5	

NATIONAL DISCOUNT COMPANY, LIMITED

ESTABLISHED 1856

CAPITAL					Market Value, April 30, 1936	Year Ended Dec. 31	Net Profits £	Profits Per Cent. of Resources	AND DIVIDENDS		Reserves, etc. £	Carried Forward £
Subscribed	Paid-up	Callable	Reserved	Amount					Rate %			
£	£	£	£	£								
2,153,335	1,000,000	1,153,335	Nil	4,650,083	1925.....	147,588	0.29	139,060	A 10 B 23	...	223,615	
					1926.....	153,081	0.27	139,973	A 10 B 23	10,000	226,723	
					1927.....	178,007	0.32	139,973	A 10 B 23	60,000	204,757	
					1928.....	175,860	0.39	139,973	A 10 B 23	25,000	256,644	
Per Share	Per Share	Per Share	Per Share	Per Share	1929.....	179,861	0.28	144,587	A 10 B 24	39,370	211,842	
A £2 10s.	£2 10s.	Nil	Nil	£6 11s	1930.....	219,414	0.44	140,068	A 10 B 24	115,000	176,188	
B £7 10s.	£2 10s.	£5	Nil	£15 1s	1931.....	131,524	0.27	135,406	A 10 B 24	...	172,306	
					1932.....	139,034	0.27	135,550	A 10 B 24	...	175,790	
					1933.....	137,766	0.25	135,550	A 10 B 24	...	178,006	
					1934.....	161,003	0.35	140,068	A 10 B 24	10,000	188,941	
					1935.....	179,456	0.35	149,006	A 10 B 26	10,000	209,390	

JOINT STOCK BANKS OF SCOTLAND

BANK OF SCOTLAND
ESTABLISHED 1695

1868—Acquired the business of the Central Bank of Scotland | 1907—Absorbed Caledonian Banking Company, Limited

CAPITAL				Year Ended Feb. 28	Net Profits	PROFITS AND DIVIDENDS			Reserves, Investments, etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserved			Per Cent. of Resources	Amount	Rate		
£ 2,250,000	£ 1,500,000	£ 750,000	Nil	1925.....	365,975	0.94	164,300	16	175,000	128,824
				1926.....	368,164	0.97	171,641	16	175,000	150,347
				1927.....	370,119	0.93	192,000	16	175,000	153,466
				1928.....	372,335	0.95	204,000	17	155,000	166,801
				1929.....	374,283	0.95	216,000	18	155,000	170,084
				1930.....	365,872	0.91	216,000	18	147,500	172,456
				1931.....	366,870	0.90	209,250	18	130,000	200,077
				1932.....	368,180	0.70	202,500	18	50,000	215,757
				1933.....	312,900	0.71	202,500	18	100,000	226,157
				1934.....	307,022	0.70	202,500	18	80,000	250,679
				1935.....	310,887	0.70	209,250	18	100,000	252,316
				1936.....	316,092	0.64	209,250	18	105,000	254,158

Authorized note issue £396,852.

Year Ended Feb. 28	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Accept- ances	Per Cent.	Miscel- aneous Credits, etc.	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank	Per Cent.	Invest- ments and Money at Call	Per Cent.	Discounts and Advances	Per Cent.	Buildings and Sundries, including Cover for Accept- ances	Per Cent.
		£	£	£	£	£	£	£	£	£	£		£	£	£	£	£	£	£	£	£	
1925	223	2,375,000	6.1	210,974	0.5	3,231,858	8.3	635,396	1.6	946,830	2.4	31,429,270	81.1	38,829,328	5,752,535	14.8	15,604,177	40.2	16,277,070	41.9	1,195,546	3.1
1926	225	2,307,500	8.0	237,709	0.6	3,046,114	8.1	788,123	2.0	843,818	2.2	29,903,512	79.1	37,807,776	5,788,899	14.2	14,596,936	38.6	16,526,920	43.8	1,304,021	3.4
1927	226	2,312,500	7.9	249,466	0.6	3,015,709	7.6	1,045,003	2.6	269,877	0.7	31,936,520	80.6	39,649,075	5,710,749	14.4	14,480,219	36.5	17,890,889	45.1	1,567,238	4.0
1928	228	2,327,500	8.3	274,801	0.7	2,874,100	7.4	864,579	2.2	784,256	2.0	30,984,420	79.4	39,039,656	5,414,397	13.9	15,876,227	40.6	16,387,454	42.0	1,361,578	3.5
1929	238	3,382,500	8.5	278,084	0.7	2,776,147	7.0	834,124	2.1	266,951	0.7	32,068,368	81.0	39,606,192	4,896,234	12.4	13,372,478	33.8	20,043,556	50.5	1,294,124	3.3
1930	237	3,500,000	8.7	280,456	0.7	3,040,542	7.5	802,408	2.0	470,320	1.2	32,258,308	79.9	40,352,034	5,138,225	12.7	14,025,388	34.8	19,956,013	49.4	1,232,468	3.1
1931	240	3,600,000	8.8	304,702	0.7	2,995,337	7.4	622,408	1.6	664,167	1.6	32,535,468	79.9	40,722,082	5,229,048	12.8	15,708,428	39.6	18,762,198	46.1	1,022,408	2.5
1932	243	3,600,000	8.3	317,007	0.8	3,053,722	8.0	500,094	1.3	235,434	0.6	30,828,264	80.9	38,544,521	4,541,078	11.8	16,282,286	42.2	16,821,063	43.7	900,094	2.3
1933	249	3,600,000	8.3	327,407	0.7	3,040,873	6.9	531,707	1.3	381,280	0.9	35,470,014	81.4	43,541,320	5,355,031	12.3	25,101,584	57.7	1,025,424	2.8	1,025,424	2.8
1934	251	3,700,000	8.5	351,929	0.8	2,980,801	6.9	625,424	1.4	413,352	1.0	35,470,014	81.4	43,541,320	5,355,031	12.3	25,101,584	57.7	1,025,424	2.8	1,025,424	2.8
1935	252	3,750,000	8.5	356,942	0.8	3,053,576	6.8	535,348	1.2	184,805	0.4	36,653,815	82.3	44,514,484	4,918,107	11.0	25,944,188	58.3	12,716,843	28.5	935,348	2.1
1936	258	3,800,000	7.7	358,783	0.7	3,128,569	6.4	1,855,968	3.8	537,188	1.1	39,518,484	80.3	49,193,992	5,381,274	11.0	28,403,050	57.7	13,158,701	26.7	2,255,967	4.6

THE BRITISH LINEN BANK

ESTABLISHED 1746. 1919—AFFILIATED WITH BARCLAYS BANK, LIMITED

CAPITAL				Year Ended Jan. 15	Net Profits	PROFITS AND DIVIDENDS			Reserves, Investments, etc.	Carried Forward
Subscribed	Paid-up	Callable	Reserved			Per Cent. of Resources	Amount	Rate		
£ 1,250,000	£ 1,250,000	Nil	Nil	1925.....	317,812	0.90	155,000	16	150,000	69,270
				1926.....	320,234	0.94	158,883	16	175,000	55,821
				1927.....	317,750	0.93	160,000	16	170,000	43,371
				1928.....	321,361	0.94	160,000	16	150,000	54,732
				1929.....	330,040	0.94	160,000	16	150,000	74,772
				1930.....	325,954	0.96	160,000	16	150,000	90,726
				1931.....	327,420	0.94	155,000	16	200,000	63,146
				1932.....	293,530	0.88	150,000	16	120,000	86,677
				1933.....	292,045	0.77	150,000	16	130,000	98,722
				1934.....	272,861	0.71	150,000	16	125,000	93,584
				1935.....	286,310	0.76	155,000	16	130,000	97,894
				1936.....	289,963	0.71	155,000	16	150,000	82,857

Note issue, £438,024.

Year Ended Jan. 15	Number of Branches	LIABILITIES												Total Liabilities or Assets	ASSETS							
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Accept- ances and Par- liamen- tary De- posits	Per Cent.	Miscel- laneous Credits, etc.	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand, at Bank- ers and at Call or Notice	Per Cent.	Invest- ments	Per Cent.	Build- ings and Sundries, includ- ing Cover for Ac- ceptances	Per Cent.		
1925..	185	£ 2,900,000	8.6	£ 146,770	0.4	£ 2,682,525	8.0	£ 534,785	1.6	£ 615,299	1.8	£ 26,654,369	79.6	£ 33,533,748	£ 7,962,760	23.7	£ 14,210,545	42.4	£ 10,190,063	30.4	£ 1,170,380	3.5
1926..	189	£ 3,050,000	9.0	£ 135,621	0.4	£ 2,688,952	7.9	£ 657,338	1.9	£ 423,200	1.2	£ 27,078,222	79.6	£ 34,048,333	£ 7,361,185	21.6	£ 15,816,258	40.6	£ 11,588,479	34.0	£ 1,277,411	3.6
1927..	192	£ 3,200,000	9.4	£ 123,371	0.4	£ 2,686,522	7.8	£ 641,097	1.9	£ 425,777	1.2	£ 27,001,897	79.3	£ 34,048,333	£ 7,361,185	21.6	£ 15,816,258	40.6	£ 11,588,479	34.0	£ 1,277,411	3.6
1928..	195	£ 3,300,000	9.6	£ 134,732	0.4	£ 2,659,123	7.8	£ 607,669	1.8	£ 401,915	1.2	£ 27,084,333	79.2	£ 34,193,772	£ 7,726,685	22.6	£ 11,659,644	34.1	£ 13,679,951	40.0	£ 1,127,492	3.4
1929..	195	£ 3,400,000	9.6	£ 154,722	0.4	£ 2,560,190	7.3	£ 721,271	2.7	£ 941,171	2.0	£ 27,236,608	79.2	£ 35,014,012	£ 8,679,982	24.8	£ 10,792,285	30.8	£ 14,359,274	41.0	£ 1,172,471	3.3
1930..	200	£ 3,500,000	10.3	£ 170,726	0.5	£ 2,504,866	7.4	£ 653,730	1.9	£ 553,305	1.0	£ 26,811,000	78.9	£ 33,993,627	£ 7,997,131	23.9	£ 10,703,895	31.5	£ 14,207,355	41.8	£ 1,085,246	3.2
1931..	204	£ 3,600,000	10.3	£ 140,647	0.4	£ 2,566,200	7.4	£ 539,238	1.5	£ 383,118	1.1	£ 27,666,844	79.3	£ 34,896,047	£ 7,610,363	21.8	£ 13,196,535	37.8	£ 13,130,599	37.7	£ 958,550	2.7
1932..	207	£ 3,600,000	10.8	£ 161,677	0.5	£ 2,703,927	8.1	£ 573,211	1.7	£ 309,788	0.9	£ 25,905,371	77.9	£ 33,253,984	£ 7,755,922	23.3	£ 12,988,770	39.1	£ 11,500,940	34.6	£ 1,008,352	3.0
1933..	209	£ 3,600,000	9.5	£ 173,722	0.5	£ 2,620,001	6.9	£ 559,268	1.5	£ 534,064	1.4	£ 30,561,147	80.2	£ 38,048,202	£ 8,507,247	22.4	£ 18,508,123	48.6	£ 16,039,642	25.4	£ 993,190	2.8
1934..	210	£ 3,700,000	9.7	£ 171,584	0.4	£ 2,644,012	6.9	£ 617,882	1.6	£ 266,230	0.7	£ 30,833,610	80.7	£ 38,233,318	£ 8,204,465	21.5	£ 20,090,658	52.6	£ 8,889,935	23.2	£ 1,048,262	2.9
1935..	210	£ 3,750,000	9.9	£ 175,394	0.5	£ 2,577,310	6.8	£ 636,472	1.6	£ 342,277	0.9	£ 30,575,810	80.2	£ 37,838,528	£ 8,480,454	22.4	£ 19,015,513	50.3	£ 9,295,189	24.5	£ 1,047,372	2.8
1936..	211	£ 3,750,000	9.1	£ 160,357	0.4	£ 2,465,249	6.0	£ 927,540	2.3	£ 486,172	1.2	£ 33,338,578	81.0	£ 41,127,896	£ 9,565,008	23.2	£ 21,332,105	51.9	£ 8,914,790	21.7	£ 1,315,393	3.2

THE CLYDEDALE BANK, LIMITED
ESTABLISHED 1838

Affiliated with Midland Bank, Limited, 1920

CAPITAL			Year Ended Dec. 31	Net Profits £	PROFITS AND DIVIDENDS			To Reserve, etc.	Carried Forward £
Subscribed £	Paid-up £	Reserved £			Per Cent. of Resources	Dividends Amount £	Rate %		
5,800,000	1,300,000	4,000,000	1925.....	341,567	0.90	225,000	18	100,000	67,608
			1926.....	334,191	0.91	225,000	18	100,000	76,799
			1927.....	335,485	0.91	225,000	18	105,000	82,234
			1928.....	340,136	0.91	225,000	18	105,000	92,420
			1929.....	331,534	0.83	234,000	18	100,000	92,542
			1930.....	336,488	0.90	234,000	18	100,000	90,462
			1931.....	339,920	0.93	208,000	16	125,000	92,472
			1932.....	310,010	0.79	208,000	16	100,000	92,472
			1933.....	301,265	0.79	208,000	16	90,000	95,737
			1934.....	310,195	0.81	208,000	16	100,000	97,933
			1935.....	312,472	0.75	208,000	16	100,000	102,405
Per Share									
100,000 shares of £50	£10	£40							
30,000 shares of £10	£10	Nil							
Authorised note issue, £274,321.									

NORTH OF SCOTLAND BANK, LIMITED—Continued from page 43

Year Ended Dec. 31.	Number of Branches	LIABILITIES						Total Liabilities or Assets	ASSETS											
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.		Deposit and Current Accounts	Per Cent.	Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts and Advances	Per Cent.	Build- ings and Sundries	Per Cent.
1925	157	£ 1,974,500	7-9	£ 95,078	0-4	£ 2,351,600	9-4	£ 20,533,810	82-3	£ 24,959,983	3,210,092	12-9	£	...	£ 10,838,482	43-4	£ 10,738,802	43-0	£ 172,612	0-7
1926	157	2,024,500	8-3	192,807	0-8	2,208,853	9-1	19,853,442	81-8	24,278,602	3,152,063	13-0	...	...	10,319,753	42-5	10,644,409	43-8	163,347	0-7
1927	155	2,074,500	8-4	197,504	0-8	2,223,345	9-2	19,791,999	81-5	24,287,348	3,016,216	12-4	...	...	10,001,913	41-2	11,094,493	45-7	174,726	0-7
1928	158	2,208,000	8-5	208,162	0-8	2,174,254	8-3	21,811,626	82-1	26,399,042	3,578,531	13-5	...	...	9,754,284	37-0	12,880,905	48-8	184,322	0-7
1929	158	2,256,000	8-7	203,345	0-8	2,166,879	8-4	21,277,618	82-1	25,903,837	3,469,860	13-4	...	...	9,914,320	38-2	12,326,872	47-6	194,265	0-8
1930	158	2,306,000	9-1	204,438	0-8	2,166,772	8-3	20,682,403	81-6	25,359,613	3,728,555	14-7	...	...	9,926,538	39-6	11,503,595	45-4	200,922	0-8
1931	158	2,306,000	9-5	158,472	0-6	2,159,847	8-9	19,704,992	81-0	24,329,111	4,353,390	17-9	...	...	9,856,311	40-6	9,917,600	40-7	201,810	0-8
1932	159	2,306,000	8-7	161,673	0-6	2,085,462	7-8	22,036,622	82-9	26,589,757	5,547,783	20-8	...	...	10,776,707	40-6	10,065,942	37-9	199,345	0-7
1933	159	2,306,000	8-0	162,968	0-6	2,093,769	7-3	24,150,254	84-1	28,692,991	3,440,044	12-0	1,500,000	5-2	15,383,837	53-6	8,174,059	28-8	195,001	0-7
1934	161	2,306,000	7-9	165,824	0-6	2,148,078	7-3	24,635,948	84-2	29,255,850	4,011,288	13-7	...	...	17,180,906	58-7	7,863,410	28-9	195,248	0-7
1935	160	2,356,000	7-0	172,792	0-5	2,182,225	6-4	29,159,287	86-1	33,870,304	3,895,625	11-5	1,360,150	4-0	18,842,618	55-6	9,583,504	28-3	183,407	0-6

ROYAL BANK OF SCOTLAND

ESTABLISHED 1727

1864—Acquired Dundee Banking Company.

1924—Acquired Messrs Drummonds Bank.

1930—Acquired Williams Deacon's Bank, Limited (shares).

1930.—Acquired banking business of Bank of England at their western branch, Burlington Gardens.

CAPITAL				Marks Value
Subscribed	Paid-up	Callable	Reserved	
£ 3,780,192	£ 3,780,192	Nil	Nil	17,955,912

Fully-paid stock. Market price on April 30, 1936, £475.

Year Ended October	PROFITS AND DIVIDENDS				Reserve, etc.	Carried Forward*
	Net Profits	Per Cent. of Resources	Dividends Amount	Rate		
1925	472,823	0-94	305,313	15½	50,000	2,464,704
1926	476,545	0-96	320,000	16	50,000	2,571,250
1927	481,977	0-89	420,000	21	50,000	2,683,227
1928	502,561	0-91	340,000	17	50,000	2,795,788
1929	504,532	0-89	340,000	17	50,000	2,910,320
1930	533,665	0-82	413,059	17	50,000	3,589,926†
1931	611,116	0-99	490,007	17	50,000	3,780,926†
1932	604,765	0-88	481,975	17	50,000	3,780,926
1933	612,052	0-85	481,975	17	55,000	3,780,926
1934	621,427	0-83	498,040	17	55,000	3,780,926
1935	629,258	0-79	498,040	17	55,000	3,857,144

* Includes "Rest" or Reserve Funds. † Including £600,000 premium on issue of shares to shareholders of Williams Deacon's. ‡ Including £200,000 premium on above issue but excluding £71,109 carried to inner reserves.

Year Ended October	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS									
		Capital and Reserves	Per Cent.	Notes	Per Cent.	Acceptances	Per Cent.	Drafts Out- standing	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Investments	Per Cent.	Dis- counts and Ad- vances	Per Cent.	Buildings and Sundries, including Cover for Accept- ances	Per Cent.
1925	212	4,964,704	9-9	2,663,730	5-3	734,827	1-5	814,901	1-6	40,790,229	81-4	50,128,391	4,731,859	9-4	5,722,329	11-4	15,147,063	30-2	22,828,676	45-6	1,698,464	3-4
1926	218	5,071,250	10-2	2,529,189	5-1	592,837	1-2	868,333	1-7	40,457,711	81-5	49,679,319	4,670,080	9-4	6,169,886	12-4	13,870,199	27-9	23,388,561	47-1	1,580,593	3-2
1927	224	5,183,227	9-6	2,707,112	5-0	1,134,344	2-1	687,422	1-3	44,186,574	81-6	54,158,679	5,062,622	9-3	6,620,857	12-2	13,883,103	25-6	28,453,671	48-9	2,138,429	4-0
1928	230	5,295,788	9-6	2,685,251	4-9	1,766,599	3-2	746,607	1-4	44,674,152	80-6	55,348,997	4,994,471	9-0	6,619,234	11-9	12,383,155	22-4	28,555,926	51-6	2,795,611	5-1
1929	236	5,410,320	9-6	2,758,043	4-9	1,777,823	2-0	736,557	1-5	46,235,129	81-8	56,487,872	5,172,859	9-2	6,770,174	12-0	12,281,566	21-7	30,048,585	53-2	2,214,688	3-3
1930	242	5,643,368	11-3	2,773,277	4-5	1,780,814	1-3	828,428	0-7	50,887,090	81-8	61,561,346	5,454,105	8-9	7,001,720	11-4	17,264,494	28-0	30,009,033	48-7	1,831,944	3-0
1931	247	5,561,118	11-2	2,780,755	4-5	933,148	1-5	402,026	0-7	49,416,138	80-6	61,334,172	5,124,665	8-4	6,848,140	11-1	19,505,546	31-8	27,849,279	45-4	2,006,542	3-3
1932	249	5,561,118	11-2	2,780,720	4-1	1,075,271	1-6	774,479	1-1	55,898,683	81-7	68,331,258	5,479,351	8-0	7,179,961	10-5	25,911,799	37-9	27,613,214	40-4	2,146,933	3-1
1933	252	5,561,118	10-5	2,858,502	3-9	1,598,549	2-2	864,576	1-2	59,257,331	81-9	72,381,063	5,987,636	8-3	7,412,015	10-2	26,631,298	42-4	25,600,804	35-4	2,749,310	3-8
1934	253	5,561,118	10-1	2,792,803	3-7	1,895,054	2-1	1,076,775	1-4	58,944,630	79-0	74,519,400	6,206,784	8-3	8,133,462	10-9	29,479,797	39-5	25,655,549	34-5	5,043,808	6-7
1935	255	5,637,336	9-6	2,812,842	3-5	1,731,639	4-7	588,354	0-7	64,009,174	81-0	79,028,165	6,833,139	8-6	7,761,942	9-8	33,139,099	42-0	26,417,604	33-4	4,876,381	6-2

UNION BANK OF SCOTLAND, LIMITED

ESTABLISHED 1830

CAPITAL					PROFITS AND DIVIDENDS						
Subscribed	Paid-up	Callable	Reserved Liability for Liquidation	Market Value	Year Ended	Net Profits	Per Cent. of Resources	Dividends—Amount	Rate	Reserve, etc.	Carried Forward
£5,200,000	£1,200,000	Nil	4,000,000	5,912,500	April 1926	£315,587	0·96	180,000	18	145,000	92,249
					1927	£317,750	1·01	180,000	18	145,000	85,000
					1928	£329,505	1·03	180,000	18	145,000	89,504
		" A " Shares			1929	£336,239	0·99	180,000	18	145,000	100,743
Per Share	Per Share	Per Share	Per Share	Per Share	1930	£339,310	0·98	180,000	18	125,000	135,054
£5	£1	Nil	£4	£4½	1931	£354,667	1·09	216,000	18	125,000	148,721
		" B " Shares			1932	£329,911	0·95	216,000	18	155,000	107,632
					1933	£319,982	0·92	216,000	18	100,000	111,614
£1	£1	Nil	Nil	£5½	1934	£311,108	0·90	216,000	18	95,000	111,722
		Authorized note issue, £454,346			1935	£313,463	0·88	216,000	18	95,000	114,184
					1936	£316,621	0·80	216,000	18	95,000	119,805

Year Ended April	Number of Branches	LIABILITIES										Total Liabilities or Assets	ASSETS									
		Capital and Re- serves	Per Cent.	Notes	Per Cent.	Accept- ances	Per Cent.	Drafts on London	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bank	Per Cent.	Cash at Call and Short Notice	Per Cent.	Invest- ments	Per Cent.	Discounts and Ad- vances, including Short Loans on Stocks	Per Cent.	Build- ings and Sundries, including Cover for Accept- ances	Per Cent.
1926	181	2,250,000	7-1	2,626,224	7-9	751,024	2-3	45,284	0-1	27,098,455	81-7	33,168,236	3,004,699	9-1	3,311,831	10-0	12,580,791	37-9	13,017,562	39-2	1,253,353	3-8
1927	189	2,400,000	7-6	2,506,379	8-0	572,138	1-8	94,216	0-3	25,619,821	81-5	31,482,550	2,780,595	8-8	2,753,680	8-7	12,063,410	38-4	12,742,896	40-5	1,141,969	3-6
1928	193	2,450,000	7-7	2,553,363	8-0	685,863	2-1	22,109	0-1	25,936,327	81-2	31,945,167	2,971,363	9-3	3,171,599	9-9	10,205,234	32-0	14,299,902	44-7	1,297,069	4-1
1929	195	2,500,000	7-4	2,478,485	7-3	1,221,092	3-6	17,461	...	27,280,189	80-6	33,802,970	2,957,433	8-8	3,628,396	10-7	9,220,201	27-2	16,187,058	47-9	1,809,882	5-4
1930	200	2,550,000	7-4	2,414,224	7-0	1,071,314	3-1	41,014	...	28,262,507	81-5	34,679,113	2,856,075	8-2	3,111,022	9-0	9,749,371	28-1	17,354,931	50-1	1,607,712	4-6
1931	210	3,000,000	8-4	2,406,820	6-8	606,995	1-7	56,380	...	29,133,282	82-0	35,593,198	2,622,001	7-4	3,953,403	11-1	11,139,715	31-4	16,693,479	46-9	1,124,900	3-2
1932	210	3,000,000	8-7	2,343,039	6-8	528,057	1-5	8,101	...	28,546,761	82-3	34,724,715	2,468,704	7-1	4,164,551	12-0	14,616,790	42-1	12,503,796	36-0	870,874	2-8
1933	212	3,000,000	8-6	2,339,577	6-7	485,763	1-4	...	...	28,558,387	82-3	34,699,046	2,615,269	7-5	4,012,593	11-6	17,326,656	49-9	9,885,801	28-5	858,722	2-5
1934	212	3,000,000	8-3	2,494,221	6-9	447,292	1-2	...	...	29,944,043	82-5	36,240,740	2,817,071	7-8	4,196,340	11-6	18,586,332	52-0	9,461,539	26-1	899,458	2-5
1935	213	3,000,000	5-4	2,536,788	6-1	1,899,028	4-8	...	...	31,956,543	89-5	39,753,164	2,762,298	7-0	4,849,231	12-2	20,059,703	50-4	9,744,786	24-5	2,337,143	5-6

ULSTER BANK LIMITED—Continued from page 45

Year Ended Nov. 30.	Number of Branches*	LIABILITIES										Total Liabilities or Assets	ASSETS							
		Capital and Reserves	Per Cent.	Un- divided Profits	Per Cent.	Notes	Per Cent.	Bills for Collection	Per Cent.	Deposit and Current Accounts	Per Cent.		Cash in Hand and at Bankers	Per Cent.	Invest- ments	Per Cent.	Dis- counts, Advances and Short Loans	Per Cent.	Premises	Per Cent.
1925....	114	£1,500,000	6.2	73,895	0.3	£1,779,184	7.4	68,688	0.3	20,720,742	85.8	£24,140,509	£2,414,293	10.0	10,256,472	42.5	£11,289,617	46.7	£216,109	0.8
1926....	115	1,500,000	6.2	49,621	0.2	1,703,922	7.0	77,438	0.3	20,823,751	86.3	24,154,782	2,560,249	10.6	10,116,897	41.9	11,281,533	46.6	216,109	0.9
1927....	114	1,600,000	6.6	75,439	0.3	1,680,984	6.8	51,026	0.2	20,997,853	86.1	24,385,902	2,684,047	11.0	10,228,493	42.0	11,256,633	46.1	223,493	0.9
1928....	114	1,700,000	7.0	72,215	0.3	1,535,367	6.3	44,609	0.2	21,037,705	86.2	24,399,896	2,387,110	9.8	10,508,694	43.1	11,270,599	46.2	233,585	0.9
1929....	114	1,750,000	7.1	62,650	0.3	1,348,926	5.4	52,702	0.2	21,588,158	87.0	24,890,436	2,645,010	10.7	10,742,505	43.4	11,179,336	45.0	233,585	0.9
1930....	115	1,800,000	7.3	60,122	0.2	1,389,716	5.6	46,654	0.2	21,444,824	86.7	24,741,316	2,293,351	9.3	11,326,912	45.8	10,887,469	44.0	135,042	0.9
1931†	116	1,850,000	7.5	70,436	0.3	1,300,219	5.3	46,536	0.2	21,467,434	86.7	24,743,625	2,716,570	11.0	11,315,634	45.8	10,445,891	42.2	258,590	1.0
1932†	116	1,900,000	7.1	81,544	0.3	1,308,784	4.8	54,847	0.2	23,466,141	87.6	26,811,316	3,726,942	13.9	12,229,563	45.7	10,568,806	39.8	286,005	1.1
1933†	116	1,950,000	7.6	74,014	0.3	1,345,053	5.2	44,457	0.2	22,379,482	86.7	25,793,006	2,274,153	8.8	13,720,663	53.2	9,494,952	36.8	303,233	1.2
1934†	115	2,000,000	8.0	71,355	0.3	1,431,917	5.7	50,224	0.2	21,564,253	85.8	25,117,749	2,680,750	10.7	12,774,980	50.8	9,344,512	37.2	317,507	1.3
1935†	115	2,000,000	7.9	76,869	0.3	1,515,191	6.0	53,581	0.2	21,694,129	85.6	25,339,770	2,503,163	9.9	13,292,071	52.4	9,227,029	36.5	317,507	1.2

* Excluding agencies.

† December 31.

LATEST BALANCE SHEETS OF DOMINION BANKS HAVING LONDON OFFICES

IRISH FREE STATE BANKS

BANK OF IRELAND

The governors and directors report that the net profits of the bank for the year ended December 31, 1935, after meeting all charges, and providing for bad and doubtful debts, interest due on deposits, rebate on bills not at maturity, pensions and other contingencies, amount to £386,594, to which must be added a sum of £89,911 brought forward from December, 1934, making a total of £476,505. Out of this total the proprietors declared an interim dividend of 6 per cent., less income tax, absorbing

£128,769. The governors and directors having transferred £100,000 to reserves for contingencies, now recommend that a final dividend of 7½ per cent., less income tax, be declared for the year ended December 31, 1935, which will absorb £160,961, making, together with the dividend paid on August 1, 1935, a distribution of 13½ per cent., less income tax, for the year, leaving a surplus of £86,775 to be carried forward.

LIABILITIES					ASSETS						
December 31	Capital	Government and Other Public Accounts	Deposit and Current Accounts including Contingencies	Notes in Circulation	Cash in Hand	Cash at Call and Short Notice	British Government Debt	Government Securities	Other Securities	Discounts and Advances	Premises
1931.....	5,949,231	2,620,514	29,045,288	1,904,397	1,939,172	3,120,020	2,630,769	11,970,944	3,723,845	14,935,774	669,464
1932.....	5,949,231	5,546,988	37,717,111	1,863,413	2,039,561	4,473,638	2,630,769	18,051,865	6,195,316	15,034,073	692,716
1933.....	5,949,231	5,231,470	31,658,596	1,857,639	2,064,495	3,114,287	2,630,769	16,322,189	5,896,760	14,004,861	698,707
1934.....	5,949,231	4,059,589	32,130,474	1,870,433	2,118,994	3,136,027	2,630,769	15,198,982	6,125,675	14,160,398	676,083
1935.....	5,949,231	4,072,903	32,244,813	1,949,608	2,586,918	2,837,133	2,630,769	14,766,501	6,732,803	14,044,952	642,397

THE HIBERNIAN BANK LIMITED

The directors' report shows that after providing for rebate on bills, interest on deposits, bad and doubtful debts and contingencies, the net profits for the half-year ended December 31, 1935, amount to £42,132, to which has to be added the balance of undivided profits from last account £25,689, making a total

of £67,821. The directors have transferred to the reserve fund the sum of £10,000 and they recommend that the balance be applied as follows: In payment of a dividend for the half-year at the rate of 12 per cent. per annum, subject to deduction of income tax, £30,000; in reduction of bank premises account, £5,000; to next account, £22,821.

LIABILITIES				ASSETS				
December 31	Capital and Reserves	Deposit and Current Accounts, etc.	Notes in Circulation	Cash in Hand and with Bankers	Investments	Discounts and Advances	Premises	
1931.....	1,210,000	11,665,084	454,774	967,181	6,003,379	6,014,172	213,401	
1932.....	1,130,000	12,078,892	482,806	1,382,852	6,231,694	5,958,800	203,585	
1933.....	1,150,000	11,321,554	480,329	946,974	6,063,757	5,827,572	196,718	
1934.....	1,170,000	10,976,445	488,252	1,173,479	5,283,092	6,084,737	187,417	
1935.....	1,190,000	10,898,771	492,406	1,180,258	5,299,228	5,973,331	179,883	

MUNSTER AND LEINSTER BANK LIMITED

The directors' statement of the bank's affairs for the half-year ended December 31, 1935, shows that the profits, after deducting expenses, providing for interest on deposits, rebate on bills, and for all bad and doubtful debts, amount to £69,236, to which has to be added the balance from the last account

£43,494, making a total of £112,730. The directors recommend the payment of a dividend for the half-year at the rate of 12 per cent. per annum free of income tax £45,000, and after transferring to contingencies account £15,000, and applying in reduction of premises account £5,000, and placing to staff pension fund £5,000, there will remain to be carried to next account £42,730.

LIABILITIES					ASSETS					
December 31	Capital and Reserves	Notes in Circulation	Deposit and Current Accounts, etc.	Cash in Hand and with Bankers	Money at Call	Investments	Bills discounted	Advances on Securities and Current Accounts	Premises	
1931.....	1,750,000	794,997	25,307,562	1,941,927	1,300,000	11,922,034	1,214,885	11,012,451	364,149	
1932.....	1,750,000	800,567	27,054,258	1,827,618	2,200,000	12,759,240	1,196,988	11,092,311	370,096	
1933.....	1,750,000	784,137	25,255,554	1,515,671	1,800,000	12,388,734	1,129,812	10,662,175	379,610	
1934.....	1,750,000	801,826	24,280,387	1,596,790	1,300,000	11,775,664	1,073,291	10,789,514	384,655	
1935.....	1,750,000	809,419	24,493,225	1,748,325	1,700,000	11,900,636	1,013,587	10,390,656	387,169	

THE NATIONAL BANK LIMITED

According to the report for the half-year ended December 31, 1935, including £35,757 brought forward from June 30th last, the profit and loss account shows a balance of £146,312 available for distribution. Full provision has been made for all bad and

doubtful debts. The board have declared a dividend for the past half-year at the rate of 12 per cent. per annum, and have transferred £10,000 to reserve fund and £10,000 to contingencies account. The sum of £36,312 has been carried forward.

LIABILITIES					ASSETS						
December 31	Capital and Reserves	Notes in Circulation	Deposit and Current Accounts, etc.	Cash in Hand	Money at Call and Short Notice	Govt. Securities	Other Investments	Advances on Securities and Current Accounts	Bills discounted	Premises	
1931.....	2,500,000	1,229,690	36,978,320	4,082,742	2,517,374	14,854,068	584,259	15,722,683	2,336,737	739,632	
1932.....	2,530,000	1,263,065	39,131,746	3,870,151	5,035,051	16,094,308	932,480	14,520,190	1,849,197	767,947	
1933.....	2,550,000	1,257,297	38,537,292	4,220,507	3,321,267	16,092,133	1,569,563	14,729,747	1,781,466	773,714	
1934.....	2,570,000	1,290,494	37,575,719	4,192,239	3,494,267	15,345,043	1,346,621	14,747,625	1,698,494	757,869	
1935.....	2,590,000	1,276,203	37,225,166	4,641,879	3,158,601	14,563,200	1,318,919	15,186,137	1,629,377	739,567	

PROVINCIAL BANK OF IRELAND, LIMITED

The directors' statement for the half-year ending December 31, 1935, states that, including £33,542 brought forward from last account, there remains a profit of £69,989. Out of this the

directors have declared a dividend for the half-year at the rate of 12½ per cent. per annum, less income tax, which will require £26,156. They have added to reserve fund £5,000, written off bank premises account £5,000, and carried forward £33,832.

LIABILITIES					ASSETS					
December 31	Capital and Reserves	Notes in Circulation	Deposits and Current Accounts, etc.	Cash in Hand at Branches and in London	Money at Call and Short Notice	Investments	Advances to Customers, etc.	Bills discounted	Premises	
1931.....	980,000	873,965	14,796,606	1,094,664	280,000	7,815,453	5,788,018	931,791	206,698	
1932.....	1,000,000	901,614	15,767,392	1,004,336	1,115,000	8,086,229	5,439,633	944,429	205,611	
1933.....	1,015,000	909,873	15,141,372	774,521	824,000	8,291,693	5,782,060	941,467	211,158	
1934.....	1,030,000	915,884	15,069,180	728,037	1,000,000	7,963,766	6,045,025	1,125,889	211,928	
1935.....	1,040,000	956,818	15,180,357	717,542	1,064,000	7,905,351	5,770,819	927,739	205,142	

THE ROYAL BANK OF IRELAND LIMITED

The directors have to report that the net profits of the bank for the year ended December 31, 1935, after making provision for bad and doubtful debts, amounted to £45,583, which, with the amount brought forward from last year of £11,738, make together £57,321. From this an interim dividend at the rate of 8 per cent. per annum (less tax) for the first six months of the year, has been distributed to the shareholders, £9,300, leaving

a balance of £48,021, out of which the board have appropriated to reserve fund, officers' superannuation, and other contingencies £25,000, leaving available a balance of £23,021, which they recommend should be appropriated as follows: A further dividend at the rate of 10 per cent. per annum (less tax) for the six months ended December 31 last, £11,625; the balance to be carried forward to the credit of next year's account, £11,396.

Continued on page 48

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THE ROYAL BANK OF IRELAND—Continued from page 47

December 31	LIABILITIES					ASSETS				
	Capital and Reserves	Consolidated Notes outstanding	Deposit and Current Accounts, etc.	Bankers' Balances and Cash in hand and at Call	Investments	Bills discounted	Advances	Premises		
1931	£560,000	£230,977	£6,650,104	£446,353	£2,725,268	£115,270	£3,922,261	£250,000		
1932	570,000	233,800	6,661,989	1,424,547	2,031,168	107,006	3,675,554	250,000		
1933	580,000	231,142	6,458,309	1,155,890	2,056,701	108,088	3,721,463	250,000		
1934	590,000	233,355	6,243,379	574,593	2,260,209	92,280	3,913,022	250,000		
1935	600,000	229,623	6,415,156	671,234	2,509,611	89,631	3,747,323	250,000		

AFRICAN BANKS

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS)

The directors report that after payment of all charges, provision having been made for bad and doubtful debts and contingencies, the net profit for the year ended September 30, 1935, amounted to the sum of £473,401, to which has to be added the sum of £216,816 brought forward from September 30, 1934, making a total of £690,217, which has been appropriated as follows: Provision for income tax, £120,000; to reserve fund, £100,000; to interim dividends paid June 18, 1935, at the rate of 8 per cent. per annum on the cumulative preference shares,

and at the rate of 5 per cent. per annum on the "A" and "B" shares, less income tax, £117,244; to final dividend at the rate of 8 per cent. per annum on the cumulative preference shares of £1 each, fully paid, less income tax, payable December 20, 1935, £55,583; to final dividend at the rate of 6 per cent. per annum on the "A" shares of £1 each fully paid, and the "B" shares of £5 each, £1 paid, less income tax, payable December 20, 1935, £73,993; balance to be carried forward, £223,397; making a total of £690,217.

September 30	LIABILITIES					ASSETS						
	Capital and Reserves	Deposit and Current Accounts, etc.	Notes in Circulation	Acceptances and Other Liabilities on account of Customers	Cash in Hand and Gold Bullion	Money at Call and Short Notice	Remittances in Transit	Bills discounted	Investments	Advances	Premises	
1931	£6,625,500	£68,462,423	£781,343	£3,558,843	£13,646,300	£2,075,000	£1,039,017	£13,102,662	£14,509,263	£29,261,707	£2,235,317	
1932	6,625,500	71,621,970	744,210	3,544,206	14,501,871	1,849,300	1,332,500	12,713,014	18,314,991	27,858,410	2,421,594	
1933	6,625,500	74,521,924	735,992	3,342,453	15,698,691	1,625,954	2,168,421	10,843,159	27,170,192	21,894,792	2,482,208	
1934	6,725,500	82,865,855	770,978	4,311,672	16,958,336	3,373,812	1,216,313	13,764,506	25,778,119	26,740,295	2,530,952	
1935	6,825,500	87,781,143	850,648	3,982,657	24,409,002	2,029,994	1,368,221	12,494,916	23,445,438	29,178,051	2,531,689	

NETHERLANDS BANK OF SOUTH AFRICA

The directors report for the year ended September 30, 1935, states that after making provision for bad and doubtful debts, etc., the accounts show a net profit of £88,887, to which has to be added the profit of £3,875 brought forward from last year, making a total of £92,762 which they recommend should be

applied as follows: Writing down furniture account, £3,939; provision for building in course of erection, £13,879; allocation to reserve fund, £13,879; reserve for taxes in Europe and South Africa, £6,246; 6 per cent. dividend to shareholders, £46,822; tantièmes to directors, £6,150; balance carried forward to next account, £1,847.

Dec. 31	LIABILITIES					ASSETS						
	Capital and Reserves	Deposit and Current Accounts	Acceptances	Bills Payable	Bills for Collection	Cash in Hand	Treasury Bills and Dutch Treasury Bonds	Bills Discounted	Forward Exchange (Sales)	Loans and Advances	Securities and Investments	Premises, etc.
1931	£645,209	£1,547,066	£44,567	£26,796	£16,592	£483,578	£90,833	£630,329	£135,884	£886,232	£62,866	£113,667
1932	827,714	1,737,246	45,693	70,675	19,655	787,375	249,800	794,780	135,884	679,614	21,529	119,995
1933	974,923	2,099,391	91,876	33,956	14,674	711,249	480,890	1,003,238	361,064	738,761	37,908	128,689
Sept. 30—												
1934	1,105,756	1,895,763	50,263	40,061	10,243	766,594	333,974	722,794	380,292	1,060,092	31,768	141,110
1935	1,120,402	2,661,747	57,598	32,515	...	1,284,933	64,736	1,210,531	1,075,815	1,072,956	49,218	140,151

* S.A. £'s (converted from guilders at the rate ruling at the end of the bank's financial year).

THE STANDARD BANK OF SOUTH AFRICA, LIMITED

Sept. 30	LIABILITIES					ASSETS						
	Capital and Reserves	Notes in Circulation	Deposit and Current Accounts	Drafts Outstanding and Acceptances	Customers' Bills for Collection	Cash in Hand and with Bankers	Cash at Call and Short Notice	Investments	Bills Purchased	Discounts and Advances, etc.	Remittances in Transit	Premises
1931	£5,664,170	£488,967	£50,404,572	£1,153,702	£9,349,389	£4,879,382	£3,450,000	£6,987,268	£3,688,634	£34,894,672	£1,840,533	£1,836,225
1932	5,664,170	471,532	58,784,121	1,085,965	9,698,679	5,726,458	3,525,000	7,348,242	2,942,742	42,754,565	1,632,558	1,919,489
1933	5,000,000	466,220	55,806,730	1,128,771	7,712,546	14,608,195	2,725,000	9,618,695	3,385,389	27,348,312	2,641,124	1,908,849
1934	5,000,000	499,014	58,710,437	1,129,930	7,681,053	13,151,735	2,650,000	11,999,295	4,363,983	29,274,700	1,907,397	1,822,819
1935	5,000,000	583,702	58,369,371	1,084,713	8,031,482	13,628,482	2,116,393	12,718,849	3,955,861	29,092,820	1,539,213	1,776,438

BANK OF BRITISH WEST AFRICA, LIMITED

The directors' statement of accounts for the year ended March 31, 1935, states that after providing for current charges (including contributions to the staff profit sharing fund and the provident fund), rebate on bills and appropriations to contingency accounts, out of which accounts provision has been made for all bad and doubtful debts, there remains a balance of profit for the year of £64,671. To this must be added £53,003 brought forward from last year, making a total amount available of £117,674.

Of this sum £18,000, being an interim dividend of 1½ per cent., has already been distributed, less income tax, and the directors now recommend the payment of a final dividend of 2½ per cent., absorbing a further sum of £30,000, less income tax, making a total distribution for the year of 4 per cent., less income tax. The directors also recommend a transfer of £15,000 to premises and furniture account, leaving a balance of £54,674 to be carried forward.

March 31	LIABILITIES					ASSETS						
	Capital and Reserve	Deposit and Current Accounts, etc.	Drafts Issued	Bills for Collection	Acceptances	Cash in Hand and in Transit	Investments	Bills of Exchange	Loans and Advances, etc.	Premises		
1931	£1,600,000	£5,907,716	£191,065	£816,276	£315,071	£1,524,399	£1,948,285	£1,326,922	£2,606,295	£338,654		
1932	1,600,000	5,548,258	186,329	691,006	20,902	1,098,959	2,540,845	1,130,382	2,381,439	341,476		
1933	1,600,000	6,105,475	166,330	747,704	68,781	1,049,741	3,721,451	1,022,155	1,813,251	342,118		
1934	1,600,000	6,130,770	141,605	620,042	65,030	769,313	3,697,105	937,628	2,214,117	334,116		
1935	1,600,000	6,670,090	157,615	695,376	89,034	770,683	4,428,187	670,596	2,320,552	319,489		

AUSTRALASIAN BANKS

THE BANK OF ADELAIDE

The directors' report states that the balance of profit and loss for the year ended March 25, 1935 (including the balance brought forward from the previous year, £48,795) amounts to £103,997, out of which an interim dividend at the rate of 4 per cent. per annum was paid in November, £25,000, and from which

the directors have transferred to an internal reserve £25,000, leaving available £53,997, out of which the directors have declared a dividend for the half-year ended March 25, 1935, at the rate of 4 per cent. per annum, payable after the general meeting on May 8, 1935, £25,000, leaving a balance to carry forward of £28,997.

March 30	LIABILITIES					ASSETS					
	Capital and Reserve	Notes in Circulation	Bills in Circulation, etc.	Deposits	Cash in Hand including Bullion	Money at Call and Short Notice	Government Securities	Bills Receivable in London and Remittances in Transit	Discounts and Advances	Premises	
1931	£2,250,000	£6,661	£42,771	£5,762,326	£1,084,388	£170,000	£602,234	£426,574	£5,454,843	£345,067	
1932	2,250,000	6,603	240,054	6,031,330	949,561	923,019	631,368	733,582	5,108,010	343,117	
1933	2,250,000	6,599	61,745	6,667,038	1,073,644	1,485,000	658,136	600,936	5,115,381	345,361	
1934	2,250,000	6,587	46,660	6,197,488	1,073,644	715,000	703,671	812,795	5,075,518	349,344	
1935	2,250,000	6,592	79,496	6,372,697	1,020,597	595,700	972,699	606,394	5,252,802	332,837	

BANK OF AUSTRALASIA

The directors state that, after providing for rebate on bills current, for British, Australian and New Zealand rates and taxes, and making a transfer to the credit of Contingencies Account, out of which account provision for all bad and doubtful debts has been made, the net profit for the year ended October 14th last amounted to £273,857. To this has to be added £178,690 brought forward from the previous year's account, making a total of £452,547. From this, £122,062 was paid as an interim dividend

on October 4th last, and the directors have now appropriated a further sum of £148,219 to pay a final dividend of 4s. 3d. per share, less income tax at 4s. 6d. in the £, making, in all, £270,281 5s. 0d., equal to 7s. 9d. per share, less tax, and representing for the year a distribution at the rate of 7½ per cent., less tax. There will remain £182,266 to be carried forward to the next account.

October 13	LIABILITIES					ASSETS					
	Capital and Reserves	Deposits at Interest	Current Accounts	Bills Payable, Drafts in Transit, etc.	Acceptances	Cash in Hand	Loans at Call and Short Notice	Securities	Bills receivable and Remittances in Transit	Advances on Securities, etc.	Premises
1931	£8,975,000	£26,639,561	£11,039,013	£3,310,327	£103,751	£8,180,221	£50,000	£6,741,594	£2,336,954	£32,834,379	£474,020
1932	8,975,000	27,069,003	11,051,627	3,915,981	182,138	7,931,815	60,000	10,053,510	2,124,952	31,011,981	468,167
1933	8,975,000	26,041,279	11,792,072	4,576,979	193,183	8,127,891	50,000	9,160,558	2,991,323	31,247,132	472,111
1934	8,975,000	26,748,140	12,853,667	4,542,477	230,941	9,356,504	25,000	10,306,126	2,426,692	31,045,284	503,252
1935	8,975,000	23,895,133	13,162,970	4,619,493	237,151	5,035,420	—	10,566,078	2,476,286	32,391,472	530,962

BANK OF NEW SOUTH WALES

The directors submitted to the proprietors the following statement:—The net profits for the year, after deducting rebate on current bills, interest on deposits, and paying income, land and other taxes (amounting to £162,539), reducing valuation of bank premises, providing for bad and doubtful debts, fluctuations in the value of investment securities, and other contingencies, and including recoveries from debts previously written off as bad, amount to £442,660, to which is added undivided balance from September 30, 1934, £116,335—£558,995; interim dividends

at the rate of 5s. per share (Australian currency) for quarters ended December 31, 1934, March 31, 1935, and June 30, 1935, paid out of the year's profits, in terms of Clause 105 of deed of settlement, £329,250, leaving a balance of £229,745, which the directors recommend to be dealt with as follows: To quarter's dividend to September 30, 1935, at the rate of 5s. per share Australian currency, £109,750; to balance carried forward, £119,995—£229,745.

September 30	LIABILITIES					ASSETS						
	Capital and Reserves	Notes in Circulation	Deposits, Accrued Interest and Rebate	Bills Payable, etc.	Outstanding Credits, etc.	Cash in Hand	Money at Short Call in London	Treasury Bills	Investments	Bills Receivable in London and Remittances in Transit	Discounts and Advances	Premises
1931	£13,650,000	£481,455	£69,388,093	£4,264,758	£2,082,458	£12,705,235	£1,260,000	£8,700,000	£4,529,232	£3,450,223	£55,109,240	£1,800,000
1932	14,930,000	564,772	83,943,595	5,164,381	2,697,637	11,400,865	490,000	13,468,333	8,253,152	3,654,906	64,547,029	2,300,000
1933	14,930,000	601,793	86,317,691	6,318,945	3,118,526	10,834,885	2,220,000	10,189,373	12,262,177	4,930,179	63,232,080	2,300,000
1934	14,930,000	297,491	91,840,970	5,687,257	4,014,119	14,396,166	490,000	6,455,000	16,926,496	4,852,486	66,932,897	2,400,000
1935	14,930,000	140,968	90,403,981	6,468,117	3,386,698	10,179,566	1,280,000	5,535,000	11,742,085	5,128,186	75,122,458	2,500,000

CABLE ADDRESS:
"KANAYAMA, OSAKA."CODES:
A.B.C. 5TH & 6TH: LIEBER'S & BENTLEY'S
1ST & 2ND COMPLETE PHRASE CODES.

YAMASHITA SHOTEN
Importers, Exporters & General Merchants
10, KITAKYUTARO-MACHI, OSAKA, JAPAN

BANK OF NEW ZEALAND

The directors state that the profits for the year ended March 31, 1935, after providing for expenses of management, and for all bad and doubtful debts, and other contingencies, and after making provision for the annual donation to the provident fund, are £585,224. From this has to be deducted interest on guaranteed stock, £6,476, leaving a balance of profit for the year, £578,747, to which has to be added balance brought forward from last year, £343,609, making a total of £922,356. From which has been paid: Dividend on preference A shares, £50,000; interim dividend on C long-term mortgage shares,

£7,031; interim dividend on D long-term mortgage shares, £17,578; interim dividend on preference B shares, £31,250; interim dividend on ordinary shares, £187,500, leaving available for distribution, £628,997. This the directors propose should be disposed of as follows: Dividend on C long-term mortgage shares at 6 per cent. per annum, £7,031; dividend on D long-term mortgage shares at 7½ per cent. per annum, £17,578; dividend on preference B shares (making £100,000 for the year), £68,750; dividend at rate of 5 per cent. on ordinary shares (making £375,000 for the year, equal to 10 per cent.), £187,500, leaving balance to be carried forward £348,138.

LIABILITIES

ASSETS

March 31	Capital and Reserves	Notes in Circulation	Deposits	Bills Payable, etc.	Coin, Cash Balances, etc.	Money at Call and Short Notice	Bills Receivable in London and in Transit	Investments	Discounts	Remittances in Transit between Branches	Advances, Securities, Debts, Due to Bank, etc.	Long-term Mortgage Dept.	Premises
1931	10,408,114	3,679,957	32,324,685	4,331,328	7,302,709	4,170,785	1,748,353	8,109,551	1,112,960	1,296,262	27,287,253	1,310,175	600,759
1932	10,433,114	4,062,763	31,565,843	3,642,949	7,881,140	4,314,318	1,514,717	9,012,797	792,384	1,496,778	24,860,837	1,310,175	622,925
1933	10,433,114	4,338,747	32,573,239	3,529,578	8,508,559	6,266,897	1,631,598	7,949,372	594,419	1,356,646	23,485,449	1,310,175	632,771
1934	10,433,114	4,259,149	34,328,004	3,355,784	7,765,367	4,163,347	2,483,957	14,119,399	408,187	1,439,410	21,962,134	1,310,175	667,490
1935	9,903,125	503,778	33,198,614	3,777,295	7,177,791	7,585,468	1,475,538	8,299,157	519,341	1,369,451	20,971,391	1,310,175	673,678

COMMERCIAL BANK OF AUSTRALIA, LIMITED

According to the report of the board of directors for the year ended June 30, 1935, the net profits amount to £228,458, to which is added amount brought forward £83,712, making a total of £312,170. From this amount the directors have made the following appropriations: To reduction of bank premises, £20,000; to interim dividend at 4 per cent. per annum on preference shares paid February, 1935, £42,347; to interim

dividend at 5 per cent. per annum on ordinary shares paid February, 1935, £50,000—£112,347; leaving a balance of £199,823 which it is proposed to apportion as follows: To dividend for six months on the preference shares at 4 per cent. per annum in Australian currency, £42,347; to dividend for six months on the ordinary shares at 6½ per cent. per annum in Australian currency, £66,667; to carry forward to next year, £90,810.

LIABILITIES

ASSETS

June 30	Capital and Reserve	Profit and Loss	Notes in Circulation	Bills and Other Liabilities	Deposits	Contingent Liabilities offset by equivalent Assets	Cash in Hand	Money at Call and Short Notice	Commonwealth and New Zealand Short-dated Treasury Bills	Other Investments	Bills Receivable in London, and Remittances in Transit	Discounts and Advances	Other Assets
1931	6,367,350	207,683	184,082	1,161,111	20,853,785	567,324	4,122,037	125,000	1,300,000	1,363,825	1,244,752	19,260,841	250,302
1932	6,367,350	212,659	178,350	1,053,408	21,702,170	622,045	3,509,903	170,000	2,729,166	1,382,650	925,720	19,412,153	267,360
1933	6,367,350	171,599	188,500	1,011,116	22,380,269	674,008	3,233,293	...	2,046,918	1,735,539	1,486,595	20,300,762	168,036
1934	6,367,350	176,059	178,986	1,170,409	24,554,505	854,398	3,682,890	20,000	2,141,812	1,981,453	1,412,368	21,725,548	321,663
1935	6,367,350	199,823	19,780	1,192,315	24,853,184	981,364	3,299,966	150,000	1,755,000	2,627,822	1,242,083	22,100,326	292,921

THE COMMERCIAL BANKING COMPANY OF SYDNEY, LIMITED

According to the annual report of the directors for the year ended June 30, 1935, the net profit for the year after deducting rebate on current bills and accrued interest on fixed deposits, paying land, income and other taxes, and providing for bad and doubtful debts and other contingencies, amounts to £263,937, to which is added the amount brought forward from June 30, 1934, £119,353, making a total of £383,290, from which the

directors have made the following appropriations: To interim dividend for the half-year ended December 31, 1934, at the rate of 5 per cent. per annum paid on January 29, 1935, £118,475, bank premises account £25,000, leaving a balance of £239,815, and now recommend payment of a dividend for the half-year ended June 30, 1935, at the rate of 5 per cent. per annum £118,475, leaving the amount to be carried forward £121,340.

LIABILITIES

ASSETS

June 30	Paid Up Capital and Reserve	Notes in Circulation	Bills in Circulation	Deposits and Other Liabilities	Cash in Hand	Money at Call and Short Notice	Treasury Bills	Government Stocks and Other Securities	Bills Receivable in London and Remittances in Transit	Discounts, etc.	Premises
1931	9,039,013	13,868	971,105	44,014,106	7,829,237	700,000	1,550,000	5,019,119	1,774,309	35,890,979	1,318,720
1932	9,039,013	13,815	1,158,933	44,466,426	5,899,452	1,035,000	4,888,833	4,988,833	1,869,125	34,643,037	1,318,090
1933	9,039,013	13,792	1,043,988	45,071,545	6,634,105	1,140,000	3,640,000	5,837,799	1,791,241	34,768,799	1,293,390
1934	9,039,013	13,759	1,240,483	48,629,115	7,697,539	960,000	4,640,000	5,634,589	2,070,620	35,888,549	1,269,690
1935	9,039,013	13,703	1,173,911	49,191,296	7,892,626	1,150,000	3,865,000	5,985,759	2,111,077	36,940,268	1,247,813

ENGLISH, SCOTTISH, AND AUSTRALIAN BANK, LIMITED

The directors' report for the year ended June 30, 1935, shows that the gross profits amount to £1,025,859, less expenses of management £717,578, income and other taxes, £64,701—£782,279; leaving a net profit of £243,580. From this the following appropriations have been made: An interim dividend of 2½ per cent. free of United Kingdom income tax, £75,000; reserve fund, £15,000; balance of unappropriated profits for

the year, £153,580; brought forward from June 30, 1934, £275,747—£429,327; and it is proposed to make further appropriations as follows: To the officers' provident fund, £5,000; to a further dividend of 2½ per cent. free of United Kingdom income tax making 5 per cent. free of United Kingdom income tax for the year, £75,000; to contingencies reserves, £50,000—£130,000; leaving a balance to be carried forward of £299,327.

LIABILITIES

ASSETS

June 30	Capital and Reserves	Deposits at Interest	Current Accounts	Bills Payable, etc.	Cash in Hand	Investments	Bills Receivable and Remittances in Transit	Advances, etc.	Premises
1931	8,047,966	18,735,567	9,786,854	1,552,930	8,589,192	1,478,380	2,097,482	25,699,024	711,987
1932	8,077,966	19,403,465	9,968,821	1,858,695	9,527,624	1,599,588	3,065,318	24,762,787	711,104
1933	8,092,966	18,740,003	10,206,766	1,553,795	7,712,402	1,777,999	3,821,391	24,983,769	721,387
1934	8,107,966	20,131,519	11,899,829	1,869,723	9,232,191	1,881,589	4,378,925	26,217,746	725,279
1935	8,122,966	19,576,954	12,832,399	1,843,675	6,167,833	2,214,727	4,878,250	28,813,047	753,855

COMMONWEALTH BANK OF AUSTRALIA

LIABILITIES

ASSETS

December 31	Capital and Reserves	Rural Credits, Capital, Reserve, Development Fund	Deposits, etc.	Bills Payable, etc.	Cash in Hand	Money at Call in London	Australian Notes	Short-term Loans in Australia	Investments	Bills Receivable in London and Remittances in Transit	Discounts, Loans, Advances, etc.	Bank Premises
1931	5,290,818	1,871,158	60,742,454	1,835,141	621,880	12,039,192	6,566,230	10,857,441	28,202,724	1,239,415	9,249,873	962,816
1932	5,495,922	2,252,034	63,090,502	3,653,500	739,315	13,836,242	5,044,981	12,232,721	30,381,412	1,191,178	9,963,752	1,092,357
1933	5,693,458	2,268,136	64,085,651	3,933,290	705,419	13,545,726	4,228,578	9,543,388	36,817,288	1,285,840	8,706,899	1,147,399
1934	5,925,342	2,291,654	74,916,100	3,595,314	672,127	18,393,539	5,228,130	12,948,492	37,069,932	1,521,720	9,818,823	1,075,647
1935	6,137,822	2,300,105	62,355,187	4,470,282	677,745	12,779,999	5,184,485	6,945,397	36,318,926	2,097,990	10,195,333	1,063,521

NATIONAL BANK OF AUSTRALASIA, LIMITED

According to the report of the directors for the year ended March 31, 1935, the net profit, after deduction of all expenses, etc., including £58,939 for income, land and note taxes, amounted to £275,591, add balance brought forward from previous years £151,919, making available £427,510. From this sum the following appropriations have been made: Interim dividend

at the rate of 5 per cent. per annum on the £10 and the £8 shares paid in November 1934 for the half-year ended September 30, 1934, £125,000; reduction of bank premises account £20,000, and it was recommended that a dividend be paid on the £10 and £8 shares for the half-year ended March 31, 1935, at the rate of 5 per cent. per annum £125,000, and to carry forward £157,510—£427,510.

LIABILITIES

ASSETS

March 31	Capital and Reserves	Notes in Circulation	Bills in Circulation	Deposits	Cash in Hand and at Short Call in London	Commonwealth Treasury Bills	Investments	Bills and Remittances in Transit	Discounts and Advances, etc.	Premises
1931	8,300,000	47,827	238,062	33,306,077	6,453,263	£	1,773,859	1,480,720	31,671,405	1,217,844
1932	8,300,000	47,708	264,891	34,619,063	6,470,762	3,900,000	1,141,667	2,054,839	29,148,763	1,240,689
1933	8,300,000	47,613	421,306	33,662,199	4,201,318	4,750,000	1,478,855	1,887,546	29,560,678	1,238,201
1934	8,300,000	47,599	418,761	36,212,880	4,262,253	2,835,000	2,942,877	3,709,586	30,671,114	1,229,792
1935	8,300,000	47,590	623,948	37,049,415	5,437,415	3,225,000	3,095,561	2,564,671	31,182,973	1,213,996

THE QUEENSLAND NATIONAL BANK, LIMITED

The directors submit a report showing that the net profit for the year ended June 30th last, after allowing for rebate on bills current, interest accrued on deposits and interminable inscribed deposit stock, all assessments of income, land and other taxes payable during that period, reducing bank premises and furniture accounts £2,500, making provision for bad and doubtful debts and all known contingencies and including recoveries, amounts to £69,692, to which is to be added amount brought forward

from year ended June 30, 1934, £19,095, making a total of £88,787; out of which an interim dividend was paid at the rate of 4 per cent. per annum for the half-year ended December 31, 1934, amounting to £35,000, leaving for distribution £53,787; which it is proposed to deal with as follows: Dividend at the rate of 4 per cent. per annum for the half-year ended June 30, 1935, £35,000 (free of Queensland income tax and without deduction in respect of Federal income tax payable by the bank); balance to be carried forward, £18,787.

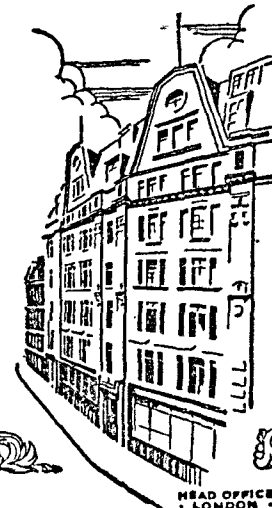
Continued on page 52



The **ANGLO-SOUTH AMERICAN BANK** Ltd.

117, OLD BROAD ST. LONDON. E.C.2

THE Bank is represented
by Branches and
Affiliated Institutions
throughout Latin America
and Spain, and affords
complete facilities for the
transaction of every des-
cription of modern bank-
ing business.



THE BANK OF INDIA LIMITED

ESTABLISHED 7th SEPTEMBER, 1906

CAPITAL SUBSCRIBED .. Rs. 2,00,00,000
CAPITAL PAID UP 1,00,00,000
RESERVE FUND 1,04,00,000

HEAD OFFICE:—ORIENTAL BUILDINGS, BOMBAY

LOCAL BRANCHES:
Bullion Exchange, Shaikh Memon Street
Malabar Hill, Hughes Road

BRANCHES:
Ahmedabad, Ahmedabad (Station Branch), Bandra, Calcutta
(Clive Street), Calcutta (Bara Bazar), Nagpur City, Poona,
Poona City, Rajkot, Surat.

LONDON AGENTS:
The Westminster Bank, Ltd.

DIRECTORS:
Sir Chunilal V. Mehta, K.C.S.I. (Chairman)
Mr. Ambalal Sarabhai
Sir Joseph Kay, Knight
Mr. A. Geddis
Mr. Paliram Mathradas
Sir Cowasjee Jehangir, Baronet, K.C.I.E., O.B.E.
Mr. Dinsha K. Daji

Current Deposit Accounts.—Interest is allowed on daily balances from Rs. 300 to Rs. 1,00,000 at 1 per cent. per annum. Interest on balances in excess of Rs. 1,00,000 allowed only by special arrangement. No credit will be given in account for interest amounting to less than Rs. 5 per half year.

Fixed Deposits.—Deposits are received fixed for one year or for shorter periods at rates of interest which can be ascertained on application.

Savings Bank.—Accounts opened on favourable terms. Rules on application.

The Bank undertakes Executor and Trustee Business.—Rules may be obtained on application.

General Banking Business transacted, rules for which can be obtained upon application.

A. G. GRAY, Manager.

THE QUEENSLAND NATIONAL BANK, LIMITED—continued from page 51

LIABILITIES					ASSETS					
June 30	Capital and Reserves	Interminable Inscribed Deposit Stock	Bills Payable, etc.	Deposits	Cash in Hand	Money at Call in London	Common-wealth Loans and Treasury Bills	Bills Remitted and in Transit	Discounts and Advances, etc.	Premises
1931	£ 2,610,000	£ 3,091,669	£ 437,459	£ 8,332,164	£ 1,915,756	80,000	£ 1,550,330	£ 568,385	£ 9,697,570	£ 524,923
1932	2,610,000	3,691,669	292,529	8,135,285	1,715,429	60,000	2,600,319	537,103	8,644,508	551,371
1933	2,610,000	3,015,096	302,531	7,872,214	1,522,708	25,000	2,502,885	470,690	8,694,760	549,253
1934	2,610,000	2,854,478	289,042	7,941,295	1,673,483	25,000	2,146,388	567,166	8,701,368	546,983
1935	2,610,000	2,814,989	305,362	8,451,035	1,766,173	15,000	2,376,561	570,202	8,860,449	547,279

THE NATIONAL BANK OF NEW ZEALAND, LIMITED

The directors' statement of the bank's affairs as on March 31, 1935, states that the board have transferred £500,000 from currency reserve to exchange and contingency account to provide for the cost of capital transfers from New Zealand to London which have been or may be considered desirable. The net profit for the year, after making full provision for bad and doubtful debts, and transferring £30,000 to exchange and contingency account, amounts to £102,950, and to this amount has to be added £106,416 brought forward from the previous year, making

an available total of £209,366. The interim dividend at the rate of 4 per cent. per annum, free of income tax, paid in January, 1935, absorbed £40,000, and £14,000 has been placed to pension and gratuity funds, leaving £155,366 available for distribution. The directors propose to allocate this amount as follows:— In payment of a dividend at the rate of 4 per cent. per annum for the half-year ended March 31, 1935, making 4 per cent. for the year, free of income tax, £40,000; balance to be carried forward, £115,366.

LIABILITIES					ASSETS							
March 31	Capital and Reserves	Notes in Circulation	Deposit and Current Accounts	Bills Payable and Other Liabilities	Cash in Hand	Cash at Bankers and at Call	Investments	Treasury Bills and Special Loan to Govt.	Bills Receivable London and in Transit	Discounts	Advances, etc.	Premises
1931	£ 4,000,000	940,476	£ 11,657,303	1,062,541	£ 897,126	£ 975,975	£ 2,532,641	£ ..	£ 1,387,557	£ 568,056	£ 10,638,587	£ 653,215
1932	4,000,000	961,152	12,314,328	1,080,808	782,038	1,488,007	2,612,247	691,667	1,469,634	403,328	10,186,729	641,033
1933	4,000,000	1,019,477	13,767,817	1,287,043	709,491	1,911,565	2,339,990	2,584,344	1,523,294	373,928	9,855,609	631,788
1934	4,000,000	1,111,225	15,595,886	1,313,405	692,945	733,090	2,505,648	6,503,171	1,551,789	323,302	8,924,944	630,128
1935	3,500,000	151,763	13,554,859	1,368,853	723,369	1,945,958	4,194,477	...	1,168,715	427,580	9,422,430	629,124

THE UNION BANK OF AUSTRALIA, LIMITED

The directors' report for the year ended August 31, 1935, shows that after making provision for bad and doubtful debts and other contingencies, there is a net profit for the year of £214,985, to which is added £111,031 brought forward, making £326,016. The interim dividend paid in July last of 2s. 6d.

per share having absorbed £100,000, the amount now available is £226,016, out of which the directors have declared a final dividend of 2s. 6d. per share, making 5 per cent. for the year, free of United Kingdom income tax. The final dividend will absorb £100,000 and leave £126,016 to be carried forward.

LIABILITIES				ASSETS						
February 28	Capital and Reserves	Deposits	Bills Payable, etc.	Cash in Hand	Bullion and Advances on Bullion	Money at Call in London	Investments	Remittances and Drafts in Transit, etc.	Discounts, Loans, etc.	Premises
1931	£ 8,850,000	£ 33,184,413	£ 1,451,091	£ 7,902,777	£ 92,826	£ 440,000	£ 2,407,598	£ 2,043,524	30,930,304	£ 382,526
1932	8,850,000	35,844,650	1,457,276	10,390,119	164,961	425,000	2,399,019	2,688,059	31,341,367	380,845
1933	8,850,000	35,215,930	955,735	8,235,257	46,701	400,000	2,442,718	2,821,008	30,642,634	379,106
1934*	8,850,000	36,460,479	760,429	8,705,818	86,528	330,000	2,806,942	1,833,224	32,417,658	376,386
1935*	8,850,000	33,429,249	1,116,666	4,599,246	81,329	330,000	4,786,251	2,030,246	31,472,830	374,486

* August 31st.

CANADIAN AND W.I. BANKS

BANK OF CANADA

The directors' report for the nine months ended December 31, 1935, shows a net profit of \$764,228, after making provision for contingencies and reserves. This has been appropriated as follows: Dividend No. 1, payable July 2, 1935, at 4½ per cent. per annum on \$12-50 from September 21, 1934, to January 2, 1935, and on \$50-00 from January 2, 1935, to June 30, 1935.

\$126,000; Dividend No. 2, payable on January 2, 1936, at 4½ per cent. per annum on \$50.00 from July 1, 1935, to December 31, 1935—\$113,000; contribution to the Civil Service superannuation and retirement funds, \$5,952; transferred to rest fund, \$173,092; for credit to Receiver General of Canada account consolidated revenue fund, \$346,184.

BALANCE SHEET—December 31, 1935

LIABILITIES		\$	ASSETS		\$
Capital		5,000,000	Gold coin and bullion		180,509,343
Reserve fund		173,092	Silver bullion		1,638,366
Notes in circulation		99,677,229	Sterling funds		219,235
Deposits :			U.S.A. funds		4,003,866
Dominion Government		18,262,844	Funds of other countries on gold standard		9,215
Chartered banks		181,636,034			
Other banks		766,255			
Dividend payable Jan. 2, 1936		113,000	Subsidiary coin		189,380,025
Other liabilities		2,026,698	Advances to Dominion Govt.		128,778
			Investments :		3,465,813
			Dominion Govt. short-term securities		30,873,169
			Other Dominion Govt. securities		83,409,676
			Bank premises		111,911
			Other assets		3,285,780
		307,655,152			307,655,152

BANK OF MONTREAL

The annual report shows the following result of the bank's business for the year ended October 31, 1935: Balance of profit and loss account, October 31, 1934, \$1,809,821; profits for the year ended October 31, 1935, after making appropriations to contingent reserve fund, out of which fund full provision for bad and doubtful debts has been made, \$4,007,302; less Dominion and Provincial Government taxes, \$1,002,090—

\$3,005,212; making a total of \$4,815,033; quarterly dividend 2 per cent. paid March 1, 1935, \$720,000; quarterly dividend 2 per cent. paid June 1, 1935, \$720,000; quarterly dividend 2 per cent. paid September 3, 1935, \$720,000; quarterly dividend 2 per cent. payable December 2, 1935, \$720,000; balance of profit and loss carried forward, \$1,935,033.

LIABILITIES															ASSETS						
Oct. 31	Capital	Notes in Circulation	Deposits not bearing Interest	Deposits bearing Interest	Advances under the Finance Act	Balances due to other Banks	Letters of Credit outstanding	Cash in hand	Cheques on other Banks	Due by Banks Abroad	Investments	Call and Short Loans	Other Loans and Discounts	Premises							
1931	\$ 74,000,000	\$ 38,028,370	\$ 116,940,463	\$ 539,922,594	\$...	\$ 12,184,193	\$ 8,943,524	\$ 83,625,915	\$ 32,094,437	\$ 22,270,112	\$ 238,219,046	\$ 37,496,724	\$ 348,525,179	\$ 14,500,000							
1932	74,000,000	34,102,970	115,347,204	520,407,410	...	13,078,049	8,343,722	84,680,897	27,183,030	31,827,851	287,347,952	25,228,827	302,931,270	14,500,000							
1933	74,000,000	33,819,877	124,821,612	509,874,488	9,000,000	6,630,611	6,151,281	78,312,054	24,339,589	25,446,153	317,482,286	43,961,450	251,885,263	14,500,000							
1934	74,000,000	35,255,876	98,958,738	476,551,846	9,000,000	8,006,963	6,522,730	86,847,110	26,369,902	16,790,917	318,040,703	40,533,502	243,477,041	14,500,000							
1935	74,000,000	29,959,128	151,209,828	490,122,270	...	10,610,885	7,066,426	82,358,490	26,229,369	37,902,353	361,873,721	23,270,974	234,461,311	14,500,000							

BANK OF NOVA SCOTIA

The statement of the result of the business of the bank for the year ending December 31, 1935, is as follows:—Balance, December 31, 1934, \$682,454.96; net profits for the year ending December 31, 1935, after Dominion and Provincial taxes, \$500,462.42, and after making appropriations to contingent accounts out of which accounts full provision for bad and doubtful debts has been made, \$1,834,174.78; making a total of \$2,516,629.74; dividend No. 261 at 12 per cent. per annum paid

April 1, 1935, \$360,000.00; dividend No. 262 at 12 per cent. per annum paid July 2, 1935, \$360,000.00; dividend No. 263 at 12 per cent. per annum paid October 1, 1935, 360,000.00; dividend No. 264 at 12 per cent. per annum payable January 2, 1936, \$360,000.00; contribution to officers' pension fund, \$115,000.00; written off bank premises, \$250,000.00; balance carried forward December 31, 1935, \$711,629.74; making a total of \$2,516,629.74.

LIABILITIES							ASSETS							
Dec. 30	Capital	Notes in Circulation	Deposits not bearing Interest	Deposits bearing Interest	Advances under Finance Act	Balances Due to other Banks	Letters of Credit Out- standing	Cash in Hand	Cheques on other Banks	Due by Banks Abroad	Invest- ments	Call and Short Loans	Other Loans and Discounts	Premises
1931	\$ 36,000,000	\$ 12,702,833	\$ 34,975,949	\$ 168,471,011	\$	\$ 4,301,437	\$ 4,608,872	\$ 24,781,985	\$ 8,858,000	\$ 6,408,657	\$ 63,182,427	\$ 17,984,364	\$ 122,100,141	\$ 8,293,954
1932	36,000,000	11,079,008	27,969,914	175,159,681	3,214,000	5,149,053	4,834,757	30,735,774	6,770,172	7,440,109	75,188,981	15,245,052	110,182,778	7,983,802
1933	36,000,000	11,501,047	32,475,976	175,516,385	3,214,000	4,365,046	5,722,394	34,498,267	8,197,668	6,505,286	79,190,272	11,010,210	110,250,000	7,824,459
1934	36,000,000	12,322,202	31,320,632	180,427,902	3,214,000	6,165,042	5,973,315	30,762,719	13,505,788	7,659,415	94,527,147	14,423,292	99,555,714	7,376,119
1935	36,000,000	9,714,396	46,867,438	183,235,959	...	4,304,754	5,583,112	32,211,359	11,397,463	7,781,615	113,245,043	8,361,651	99,835,735	7,008,924

THE DOMINION BANK

The directors' statement for the year ended December 31, 1935, shows balance of profit and loss account, December 31, 1934, \$541,143. The profits for the year ended December 31, 1935, after making appropriations to contingency accounts, out of which accounts full provision for bad and doubtful debts has been made, amounted to \$1,130,053, less Dominion and

Provincial Government taxes, \$228,497—\$901,556; making a total of \$1,442,699. Dividends (quarterly) at 10 per cent. per annum, \$700,000; contribution to officers' pension fund, \$75,000; written off bank premises, \$75,000; balance of profit and loss account carried forward, \$592,699.

has been made, amounted to \$7,100,000, less Dominion and

LIABILITIES							ASSETS							
Dec. 30	Capital and Reserves	Notes in Circulation	Deposits not bearing Interest	Deposits bearing Interest	Advances under Finance Act	Due to other Banks	Letters of Credit Out- standing	Cash in Hand	Cheques on other Banks	Due by Banks Abroad	Invest- ments	Call and Short Loans	Other Loans and Discounts	Premises
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1931	16,000,000	6,262,303	20,173,279	85,275,816	...	2,498,452	1,622,126	11,356,335	6,789,813	2,122,778	26,353,676	14,195,080	63,114,840	6,031,161
1932	16,000,000	5,832,231	16,713,773	79,346,673	1,500,000	1,522,038	1,250,393	12,878,084	4,936,427	2,710,461	29,983,261	9,019,412	54,877,233	5,980,000
1933	14,000,000	6,261,243	18,104,157	77,467,474	1,500,000	1,280,403	1,661,643	8,653,621	5,218,199	1,857,035	33,760,488	8,065,795	54,773,553	5,930,000
1934	14,000,000	6,683,623	17,047,533	79,278,904	1,500,000	2,145,193	2,116,778	11,946,261	7,019,090	1,975,288	34,317,606	10,094,822	50,994,877	5,900,000
1935	14,000,000	5,902,232	21,084,837	83,446,559	...	3,041,956	4,022,279	12,467,129	9,154,475	2,756,278	39,515,879	10,538,326	48,620,525	5,855,000

CANADIAN BANK OF COMMERCE

According to the directors' report on the results of the bank's operations for the twelve months ending November 30, 1935, the balance of profit and loss account, brought forward from last year was \$678,984, net profit for the year, after making appropriation to contingent reserve fund, out of which fund full provision for bad and doubtful debts has been made was

\$3,389,032, making a total of \$4,068,016. These profits have been appropriated as follows: Dividends Nos. 192, 193, 194 and 195, at 8 per cent. per annum, \$2,400,000; Dominion and Provincial Government taxes, \$600,000; transferred to pension fund, \$252,621; written off bank premises, \$150,000; leaving a balance to be carried forward, \$665,395.

November 30	LIABILITIES								ASSETS					
	Capital and Reserves	Notes in Circulation	Deposits not Bearing Interest	Deposits Bearing Interest	Advances under Finance Act	Due to other Banks	Letters of Credit Outstanding	Cash in Hand	Cheques on other Banks	Due by Banks Abroad	Investments	Call and Short Loans	Other Loans and Discounts	Premises
1931	\$ 60,000,000	\$ 26,352,721	\$ 122,177,658	\$ 376,910,287	\$ 15,000,000	\$ 26,462,702	\$ 12,374,265	\$ 67,305,333	\$ 19,723,937	\$ 22,274,897	\$ 130,388,187	\$ 85,067,352	\$ 272,964,943	\$ 15,325,189
1932	60,000,000	22,507,359	90,803,321	379,152,309	15,000,000	19,501,015	12,060,707	62,461,195	15,419,797	24,804,811	138,457,602	69,808,405	246,913,906	15,099,299
1933	50,000,000	23,444,806	64,682,969	332,324,242	15,000,000	24,468,248	12,932,125	53,865,599	16,463,562	15,379,866	153,353,374	59,822,836	228,250,318	14,871,772
1934	50,000,000	25,972,960	98,978,439	356,926,583	7,000,000	7,819,613	12,716,950	51,851,407	19,286,968	16,461,815	173,498,463	57,897,807	219,991,980	14,705,147
1935	50,000,000	26,729,072	134,020,893	360,768,426	...	15,912,931	17,077,600	61,414,460	17,771,315	28,436,595	19,845,670	35,872,428	224,654,019	14,415,205

ROYAL BANK OF CANADA

* The directors' report for the year ended November 30, 1935, states that the balance of profit and loss account, November 30, 1934, was \$1,506,805, and the profits for the year ended November 30, 1935, after making appropriations to contingency reserves, out of which reserves provision for all bad and doubtful debts has been made was \$4,340,522, making a total of \$5,847,327 which was appropriated as follows: Dividend No. 190 at 8 per

cent. per annum, \$700,000; dividend No. 191 at 8 per cent. per annum, \$700,000; dividend No. 192 at 8 per cent. per annum, \$700,000; dividend No. 193 at 8 per cent. per annum, \$700,000; contribution to the pension fund society, \$200,000; appropriation for bank premises, \$200,000; reserve for Dominion and Provincial Government taxes, \$1,037,773; leaving a balance to be carried forward of \$1,609,554.

which was appropriated as follows: Dividend No. 100 at 5 per cent.

LIABILITIES								ASSETS						
November 30	Capital and Reserve	Notes in Circulation	Deposits not Bearing Interest	Deposits bearing Interest	Advances under Finance Act	Due to other Banks	Letters of Credit Out-standing	Cash in Hand	Cheques on other Banks	Due by Banks Abroad	Investments	Call and Short Loans	Other Loans and Discounts	Premises
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1931	70,000,000	33,237,098	170,913,903	476,389,172	20,000,000	17,492,643	28,968,507	69,700,258	25,329,298	36,032,467	122,050,279	76,293,380	419,345,044	17,277,977
1932	70,000,000	28,733,753	128,983,165	468,391,153	25,000,000	21,719,824	20,092,932	69,215,003	18,667,994	58,645,358	125,947,784	65,351,406	360,562,287	17,194,888
1933	55,000,000	29,349,801	128,829,694	450,463,265	20,000,000	21,155,401	22,052,889	68,040,195	18,384,823	49,746,461	143,019,595	61,752,835	316,119,393	17,015,987
1934	55,000,000	33,221,807	124,452,971	488,126,485	9,000,000	10,167,485	20,763,758	77,927,912	21,894,944	46,037,403	163,151,556	53,337,699	328,782,538	16,833,331
1935	55,000,000	32,568,426	194,257,143	461,268,434	...	9,481,319	22,026,377	69,964,481	20,376,178	47,007,220	220,498,302	45,545,537	328,821,416	16,043,798

INDIAN BANKS

THE CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA

The directors' report for the year ended December 31st last showed a net profit, after providing for all bad and doubtful debts (other than provided for out of contingencies account), of £676,038, inclusive of £177,395 brought forward from the previous year. The interim dividend at the rate of 14 per cent. per annum paid in September last absorbed £210,000. The

amount now available is therefore £466,038, and the directors propose to pay a final dividend at the rate of 14 per cent. per annum, less income tax; to add £50,000 to the officers' pension fund; to write off premises account £25,000, and to carry forward the balance of £181,038.

LIABILITIES							ASSETS						
Dec. 31	Capital and Reserves	Notes in Circulation	Current and Other Accounts	Fixed Deposits	Bills Payable	Loans Payable against Security	Cash in Hand and at Bankers	Bullion on Hand and in Transit	Government and Other Securities	P. and O. Banking Corporation Shares	Bills of Exchange including Treasury Bills	Bills Discounted and Loans	Premises
1931 ...	£6,000,000	£1,965,159	£23,584,486	£15,031,522	£3,589,539	£1,126,667	£4,669,737	£240,013	£9,939,609	£2,293,477	£8,348,725	£22,601,512	£1,330,865
1932 ...	6,000,000	1,894,552	24,478,387	19,154,568	2,933,671	2,386,388	7,412,358	302,645	14,332,666	2,295,173	11,798,524	17,739,881	1,375,853
1933 ...	6,000,000	1,356,821	25,678,408	20,927,250	2,736,231	2,050,875	10,996,239	391,892	16,300,283	2,300,926	7,495,210	18,575,704	1,523,469
1934 ...	6,000,000	1,851,106	26,854,135	19,694,289	1,720,525	3,670,942	5,692,100	1,372,403	16,491,970	2,306,140	9,610,828	21,646,286	1,574,292
1935 ...	6,000,000	1,685,152	26,710,563	19,275,548	1,699,134	2,096,140	4,421,583	249,862	18,571,188	2,313,168	8,945,844	21,117,077	1,584,611

THE EASTERN BANK, LIMITED

The directors state that the net profit to December 31, 1935, after providing for income tax, and after appropriations to the credit of contingency account, out of which account full provision for bad and doubtful debts has been made, and including the balance brought forward from the last account, amounts to £177,152. An interim dividend at the rate of 3s. a share

was paid in September, absorbing £30,000, and the directors now recommend a final dividend of 3s. a share, less income tax at the rate of 4s. 6d. They propose to set aside £30,000 on account of contingencies and write £25,000 off premises account, leaving a balance of £62,152 to be carried forward to the next account.

LIABILITIES						ASSETS				
December 31	Capital and Reserves	Current and Deposit Accounts	Bills Payable	Acceptances on Account of Customers	Loans payable against Bills and Securities	Cash in Hand and at Banks	Government and Other Securities	Bills Receivable	Advances, etc.	Premises
	£	£	£	£	£	£	£	£	£	£
1931	1,480,000	5,605,915	359,821	886,342	1,148,776	1,322,414	3,285,156	1,350,527	2,624,477	188,719
1932	1,500,000	6,007,095	280,168	1,024,687	728,789	1,335,467	4,361,430	695,751	1,983,392	190,178
1933	1,500,000	5,604,674	248,426	978,502	1,094,391	1,257,570	4,581,878	603,335	1,805,332	190,216
1934	1,500,000	6,450,187	217,767	780,788	1,543,763	1,165,012	5,600,016	652,668	2,195,829	190,531
1935	1,500,000	6,799,954	199,410	782,590	1,165,000	1,202,691	5,611,561	514,337	2,268,705	192,579

IMPERIAL BANK OF INDIA

The report shows that, after making the usual and necessary provisions, the net profit of the bank for the half-year ended December 31, 1935, amounted to Rs. 36,65,899 which, with Rs. 32,27,596 brought forward from the half-year ended June 30, 1935, makes a total of Rs. 68,93,495. This sum the directors

of the bank have disposed of as follows: In payment of a dividend to the shareholders at the rate of 12 per cent. per annum free of income tax, Rs. 33,75,000; transferred to reserve fund, Rs. 5,00,000; transferred to pension funds, Rs. 1,58,200; carried forward to the profit and loss account of the current half-year, Rs. 28,60,295—total, Rs. 68,93,495.

LIABILITIES					ASSETS								
Dec. 31	Capital and Reserves	Public Deposits	Other Deposits	Sundries	Cash	Govt. Securities	Other Authorised Securities	Ways and Means Advances to Govt. of India	Loans	Cash Credits	Bills Discounted and Purchased	Balances with Other Banks	Sundries
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1931	10,62,50,000	8,32,10,943	63,85,64,215	95,30,017	11,03,94,575	27,59,07,514	2,67,57,518	...	10,41,91,865	26,54,89,807	4,60,82,490	16,22,628	52,93,481
1932	10,80,00,000	7,08,95,185	68,36,35,205	85,09,553	20,96,99,755	30,37,37,135	1,66,26,297	3,00,00,000	6,61,90,287	19,01,54,638	1,96,67,321	9,56,123	76,98,447
1933	10,85,00,000	6,44,10,571	74,12,77,441	88,16,596	18,59,75,841	46,19,28,634	83,67,693	1,50,00,000	4,16,07,999	15,29,47,893	2,03,08,442	16,99,902	97,73,597
1934	10,97,50,000	6,72,19,793	74,27,94,823	93,47,907	18,97,37,908	41,55,69,581	...	5,00,00,000	5,83,04,399	15,59,39,760	2,59,32,373	5,24,950	85,13,087
1935	11,10,00,000	*	79,09,16,810	66,69,478	19,42,28,012	46,40,90,765	46,82,053	...	3,69,82,412	14,87,64,501	3,00,37,513	16,36,401	50,62,673

* Gone to Reserve Bank.

S. JAPHET & CO., LTD.

60 LONDON WALL,
LONDON - E.C.2

MERCHANT BANKERS

THE DOMINION BANK

Incorporated in Canada with Limited Liability



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PERCIVAL HUFFMAN, Manager. E. W. BOOTH, Assistant Manager.

THE BANK OF AUSTRALASIA

(Incorporated by Royal Charter 1835.)

Head Office: 4 THREADNEEDLE STREET, LONDON, E.C.2

West End Branch: 17, NORTHUMBERLAND AVENUE, W.C.2.

Paid-up Capital	...	...	...	...	...	...	...	...	...	£4,500,000
Reserve Fund ...	...	...	...	...	...	...	...	...	...	2,475,000
Currency Reserve	...	...	...	...	...	...	...	...	...	2,000,000
Reserve Liability of Proprietors under the Charter	...	...	...	...	...	...	...	...	...	4,500,000
										£13,475,000

DIRECTORS:

D. F. ANDERSON, Esq. KENNETH GOSCHEN, Esq. RIGHT HON. THE EARL OF MIDLETON, K.P., P.C.
CHARLES EDWARD BARNETT, Esq. CHARLES GIPPS HAMILTON, Esq. HORACE PREL, Esq.
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ARTHUR WHITWORTH, Esq.
Numerous Branches throughout the States of VICTORIA, NEW SOUTH WALES, QUEENSLAND, SOUTH AUSTRALIA, WESTERN AUSTRALIA, TASMANIA, and the Dominion of NEW ZEALAND.
Letters of Credit and Bills of Exchange granted. Bills Negotiated or sent for Collection. Telegraphic Transfers made. Banking Business of every description transacted with Australia and New Zealand.
Deposits received in London at interest for fixed periods on terms which may be ascertained at the Office.

BANQUE BELGE POUR L'ETRANGER (OVERSEAS), Ltd.

Affiliated to the Société Générale de Belgique

CAPITAL - - - - £2,000,000
entirely subscribed

LONDON:
4 Bishopsgate, E.C.2

NEW YORK:
67 Wall Street

BOARD OF DIRECTORS:
A. CALLENS (Chairman), Sir THOMAS J. STRANGMAN, P. RAMLOT, E. TERROIR, A. DONNAY (Managing Director)
Manager: M. SMITS

British and Foreign Banking Business of every description transacted

LETTERS OF CREDIT - - - - COMMERCIAL CREDITS - - - - COLLECTION OF CLEAN AND DOCUMENTARY DRAFTS
SPOT AND FORWARD FOREIGN EXCHANGE TRANSACTIONS, ETC.

CORRESPONDENTS THROUGHOUT THE WORLD
AGENTS IN THE UNITED KINGDOM FOR THE BELGIAN POSTAL CHEQUE SERVICE

THE MITSUI BANK, LIMITED

(The oldest Banking Institution in Japan—Founded in 1683)

Capital subscribed	-	-	Yen	100,000,000.00
Capital paid-up	-	-	Yen	60,000,000.00
Reserve Fund	-	-	Yen	58,800,000.00
Deposit	-	-	Yen	796,293,049.15

Head Office: TOKYO, JAPAN

Home Branches:
Fukuoka, Hiroshima, Kobe, Kyoto, Moji, Nagoya (2),
Osaka (5), Otaru, Wakamatsu, Tokyo (2), Yokohama.

Foreign Branches:
Bombay, London, New York,
Shanghai, Dairen, Sourabaya.

Correspondents in all important places at home and abroad

General Banking and Exchange Business

London Office: WINCHESTER HOUSE, OLD BROAD STREET, E.C.2
TELEPHONE: LONDON WALL { 3221
3222 CABLE ADDRESS: "MITSUIGINK, LONDON"

MERCANTILE BANK OF INDIA

The directors report for the year ended December 31, 1935, shows that the balance of profit and loss account for the year amounts to £174,266, and the amount available, after adding £172,831 brought forward from last account, is £347,097. From this sum has to be deducted £63,000, being the interim dividend of 6 per cent., less income tax, on the "A," "B" and "C" shares paid in September last. The directors have added

£12,000 to the officers' pension fund, written £10,000 off freehold banking premises, and made an additional allocation of £25,000 to contingencies account. They now recommend a final dividend on the "A," "B" and "C" shares of 6 per cent., less income tax (making 12 per cent. for the year), leaving a balance of £174,097 to be carried forward.

LIABILITIES						ASSETS					
December 31	Capital and Reserves	Notes in Circulation	Current and Deposit Accounts, etc.	Bills Payable	Acceptances on Account of Customers	Cash in Hand and at Bankers, including Bullion	Government and other Securities	Bills Receivable	Bills Discounted	Loans Receivable and Advances	Premises
1931.....	£2,100,000	£174,825	£11,220,362	£496,435	£122,724	£1,458,044	£5,493,039	£1,353,740	£39,114	£5,285,539	£373,784
1932.....	2,125,000	162,110	13,034,773	468,207	187,688	2,141,647	5,889,640	2,090,793	33,447	4,968,494	369,263
1933.....	2,125,000	103,990	12,248,040	416,628	125,134	1,957,613	5,968,124	1,899,898	27,578	4,632,622	359,037
1934.....	2,125,000	155,637	12,974,356	537,745	214,212	1,760,773	6,107,952	1,837,611	28,667	5,902,092	351,461
1935.....	2,125,000	160,412	13,916,615	512,018	171,383	2,024,631	6,630,425	2,179,899	19,163	5,107,638	341,461

P. & O. BANKING CORPORATION, LIMITED

The directors report that the net profits for the year ended March 31, 1935, after providing for taxation, bad and doubtful debts and valuing investments at or below market rates, amount to £113,442 which, with £52,196 brought forward from last year, gives an available balance for disposal of £165,638. The

directors have written £5,000 off bank premises, and out of the balance of £160,638 they propose to pay a dividend of 5 per cent. less income tax at 3s. 8d., absorbing £105,496; carrying £55,142 to next account.

LIABILITIES						ASSETS					
March 31	Capital and Reserves	Current, Deposit and Other Accounts, etc.	Loans Payable against Security	Acceptances, Endorsements, etc.	Bills for Collection, etc.	Cash at Bankers and in Hand, including Bullion	Bills Receivable	Investments	Loans Receivable against Security	Advances to Customers, etc.	Premises
1931.....	£2,774,160	£7,712,779	£7,550,000	£181,740	£288,324	£659,009	£3,405,339	£5,033,627	£4,695,000	£4,187,759	£167,666
1932.....	2,774,160	6,897,715	4,073,158	200,953	232,327	2,374,536	2,102,179	4,346,876	1,650,000	3,173,789	158,377
1933.....	2,774,160	7,071,906	3,089,017	199,735	267,285	1,496,345	2,233,194	5,984,792	790,824	2,463,430	148,882
1934.....	2,774,160	6,433,239	5,165,763	118,683	281,844	1,957,887	2,134,364	6,807,975	805,824	2,714,907	138,000
1935.....	2,774,160	7,169,970	5,916,250	130,622	307,896	1,266,275	3,709,699	5,445,763	1,815,823	3,128,466	127,282

THE NATIONAL BANK OF INDIA, LIMITED

The directors' report for the year ended December 31, 1935, shows that the net profits, after providing for all bad and doubtful debts, amount to £707,669, inclusive of £250,100 brought forward from the previous year. An *ad interim* dividend at the rate of 18 per cent. per annum was paid on September

26th last, absorbing £180,900, and the directors now recommend a further dividend at the same rate less income tax. They propose to add £50,000 to the officers' pension fund and to transfer £50,000 to contingencies account, leaving a balance of £247,669 to be carried forward.

LIABILITIES					ASSETS					
December 31	Capital and Reserves	Current, Deposit and Other Accounts, etc.	Bills Payable	Acceptances for Customers	Cash on Hand, at Call, and at Bankers	Indian Government Rupee Securities	Other Securities	Bills of Exchange	Discounts, Loans, etc.	Premises
1931	₹ 4,200,000	₹ 27,804,029	₹ 757,989	₹ 193,249	₹ 3,796,408	₹ 4,590,655	₹ 8,365,709	₹ 5,632,313	₹ 12,012,719	₹ 649,470
1932	4,200,000	30,113,142	745,896	297,747	4,317,548	4,412,343	9,409,035	5,896,887	10,609,336	669,779
1933	4,200,000	29,636,308	760,818	382,996	4,563,811	5,585,774	9,788,374	3,553,507	10,805,737	690,380
1934	4,200,000	28,703,042	756,190	351,156	3,990,939	5,109,765	9,522,179	4,280,728	10,515,587	691,574
1935	4,200,000	29,382,941	660,259	408,110	4,427,753	5,021,282	9,789,005	4,427,068	10,283,643	641,574

FOREIGN BANKS HAVING LONDON OFFICES AND BRITISH BANKS TRADING ABROAD

ANGLO-CZECHOSLOVAK AND PRAGUE CREDIT BANK

LIABILITIES							ASSETS							
Dec. 31	Capital and Reserves	Staff Pension Fund	Deposit Accounts	Current Accounts	Acceptances on account of Clients	Items in Transit	Cash in Hand and with Banks	Balances with Banks Abroad	Bills receivable	Investments	Participations	Advances, etc.	Items in Transit	Premises
	Kc.	Kc.	Kc.	Kc.	Kc.	Kc.	Kc.	Kc.	Kc.	Kc.	Kc.	Kc.	Kc.	Kc.
1931	138,000,000	62,329,600	1,177,205,288	2,061,950,812	35,416,121	60,678,562	206,792,962	46,022,061	272,374,732	399,202,071	74,000,000	2,389,789,076	19,824,065	80,224,023
1932	138,026,347	62,329,600	1,020,009,026	1,860,114,434	18,664,391	36,546,609	179,716,197	34,001,508	248,500,023	395,761,362	73,650,000	2,079,416,105	22,658,349	77,072,201
1933	138,072,478	62,329,600	915,962,039	1,739,781,025	19,036,090	23,962,059	177,097,488	36,691,289	190,820,360	395,859,546	73,000,000	1,903,180,462	21,348,095	75,091,171
1934	138,104,763	62,329,600	974,898,892	1,722,268,461	28,525,008	23,248,982	238,965,057	49,719,832	145,255,742	416,321,891	73,000,000	1,897,929,704	20,204,844	73,741,666
1935	138,137,894	62,329,600	1,034,541,007	1,757,416,620	30,057,253	23,149,015	290,882,425	94,910,648	155,485,055	447,524,538	73,000,000	1,864,794,756	14,015,798	75,846,295

THE ANGLO-FRENCH BANKING CORPORATION, LIMITED

The profit and loss account for the year ended December 31, 1935, shows a sum of £6,425 as profit, after making provision for all expenses.

LIABILITIES					ASSETS					
December 31	Capital	Current Deposit and other Accounts	Due for Securities purchased and Exchange bought	Acceptances on behalf of Customers	Cash in hand, at banks, and at Call and Short Notice in London	Balances with Banks Abroad	Due from Customers for Securities and Exchange Sold	Loans, Advances, etc.	Foreign Assets not immediately realisable	Investments
1931	£1,250,000	£258,170	£40,584	£1,844,419	£459,848	£29,952	£24,723	£105,771	£591,248	£122,546
1932	1,250,000	590,095*	10,755	1,163,819	266,947	25,110	11,416	52,484	451,498	...
1933	1,250,000	731,162	78,525	307,348	573,524	15,168	78,262	17,629	776,456	...
1934	1,250,000	65,487	22,634	...	404,868	12,796	22,721	23,476	136,765	...
1935	1,250,000	89,994	92,053	...	231,267	85,114	69,487	183,754	107,411	27,386

* Includes contingencies account.

ANGLO-INTERNATIONAL BANK, LIMITED

The directors submit a report for the year ending December 31, 1935, which states that the net losses on the realisation of assets and sundry provisions amounted to £168,410, and expenses in connection with the liquidation of foreign branches amounted to £6,217, making a charge to profit and loss account of £174,627;

from this sum has been deducted the surplus of interest, dividends, commissions, etc., over general expenses and directors' fees, £8,279, leaving a debit balance for the year of £166,348, which, added to the balance brought forward from the previous year, £255,458, makes a total debit balance of £421,806.

LIABILITIES				ASSETS								
Dec. 31	Capital	Current, Deposit and other Accounts	Acceptances and Guarantees for Account of Customers	Cash with Bankers and in Hand	Money at Call	Balances with Bankers Abroad	Bills Receivable	Securities and Investments	Notes and Treasury Bills, etc.	Advances, etc.	Acceptances and Guarantees on behalf of Customers	Premises Abroad
1931	£1,960,008	£1,202,473	£2,358,163	£164,888	£200,000	£88,546	£74,064	£799,525	£240,391	£1,426,461	£2,358,163	£174,603
1932	1,960,008	862,129	1,826,206	139,154	230,000	60,950	31,713	738,899	198,054	1,201,328	1,826,206	171,939
1933	1,960,008	509,763	1,414,266	42,429	225,000	31,412	88,315	455,448	191,263	1,238,330	1,386,531	171,939
1934	1,960,008	442,310	1,176,116	39,463	225,000	38,649	64,079	882,482	128,655	612,619	1,160,085	171,939
1935	1,960,008	505,242	1,084,465	39,734	425,000	42,510	61,372	759,624	128,939	414,341	1,084,465	171,923

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK, LIMITED

The report of the directors for the year ended January 31, 1936, states that the net profits, after making provision for bad and doubtful debts and income tax, amount to £17,057, which, with

the balance of £65,224 brought forward from last year, make a total of £82,281: this it is proposed to carry forward.

LIABILITIES				ASSETS					
January 31	Capital	Current, De- posit and Other Accounts	Acceptances and Confirmed Credits	Cash in Hand and at Call	Balances with Banks abroad	Bills dis- counted	Investments	Advances, etc.	Banco Nacional Ultramarino, Lisbon and Branches, Accounts
	£	£	£		£	£	£	£	£
1932	1,000,000	427,176	137,514	208,259	59,642	114,343	233,367	265,309	487,775
1933	1,000,000	562,191	294,472	254,782	120,606	291,409	412,785	170,549	241,819
1934	1,000,000	664,567	390,818	278,321	164,893	373,539	393,593	197,325	206,774
1935	1,000,000	734,661	632,634	350,999	175,007	444,799	365,175	234,631	234,275
1936	1,000,000	838,995	535,822	379,349	202,046	691,770	234,018	235,425	83,668

BANK OF AMERICA

LIABILITIES					N.T. & S.A.		ASSETS			
December 31	Capital, Surplus and Profit and Reserves	Liabilities for Letters of Credit, Acceptances, etc.	Deposits	Circulation	Rediscount and Bills Payable	Cash and due from Banks	Investments and Securities	Stock in Federal Reserve Bank	Loans, Discounts and Bankers' Acceptances	Premises, etc.
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
*1931	113,129,997	14,333,885	799,220,729	15,000,000	19,000,000	74,517,757	255,673,431	3,000,000	577,566,169	45,301,788
1932	107,388,891	11,096,808	700,447,811	45,500,000	11,875,839	64,297,317	260,252,550	2,700,000	480,675,374	41,777,824
*1933	112,357,400	20,992,019	826,051,868	45,500,000	...	106,488,147	334,346,029	2,700,000	483,678,945	39,014,219
*1934	105,977,315	17,554,907	997,685,995	45,500,000	...	130,945,752	485,160,617	3,934,790†	472,382,853	37,306,115
1935	104,107,653	18,046,264	1,155,265,465	...	...	134,989,706	620,219,559	2,475,000	451,009,354	35,394,076

* Includes figures of Bank of America State Bank.

† Includes investments in Federal Deposit Insurance Corporation.

THE ANGLO-SOUTH AMERICAN BANK, LIMITED

The directors submitted a report for the year ending June 30, 1935. The net profit, as shown by the profit and loss account, amounted to £37,020, to which must be added the amount of £158,962 brought forward from 1934, making a total of

£195,982. Out of this total the directors applied to legal reserves in Chile and Ecuador the sum of £7,793, and have transferred to contingency account £29,227, leaving £158,962 to be carried forward.

£158,962 brought forward from 1934, making a total of £1,120,167

LIABILITIES						ASSETS								
June 30	Capital and Reserves	Acceptances and Engagements	Current Deposit and Other Accounts	Current Accounts of Subsidiary Companies	Bills for Collection	Cash in Hand and at Call	Securities	Bills receivable	Customers' Liabilities for Acceptances and Engagements	Advances, etc.	Holdings in Subsidiary Companies	Holdings in the Anglo-South American Real Property Company	Depreciation of Capital employed Abroad	Premises
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1931.....	5,632,670	12,490,100	38,842,388	1,797,227	5,822,012	6,789,386	6,393,812	6,274,661	11,729,786	26,301,861	3,563,777	...	...	514,539
1932.....	6,632,670	3,207,558	24,206,924	1,356,873	4,648,076	4,198,682	1,932,862	4,401,243	3,166,152	15,804,030	3,143,352	1,019,140	1,414,876	472,510
1933.....	6,632,670	2,479,432	26,949,531	1,479,195	4,222,205	9,083,893	1,883,405	3,368,996	2,466,787	14,641,345	3,110,228	1,065,444	1,349,891	463,651
1934.....	6,632,670	2,409,768	23,428,551	1,156,729	4,219,417	7,153,756	2,243,002	2,916,023	2,392,137	12,442,177	2,521,498	1,103,851	2,033,593	456,884
1935.....	6,632,670	1,620,154	21,676,307	1,120,167	3,739,594	6,099,668	2,196,057	2,456,904	1,417,964	12,126,206	2,424,468	1,144,420	2,848,334	398,133

BANCO DE BILBAO

LIABILITIES							ASSETS						
December 31	Capital and Reserves	Deposits	Bills Payable	Acceptances for account of Customers, etc.	Sundry Creditors	Securities Deposited	Cash in Hand and at Other Banks	Bills Receivable	Govt. and other Securities	Advances on Security and Sundry Debtors	Banking Correspondents, etc.	Unissued Shares	Premises
1931	Pesetas 185,305,513	Pesetas* 809,903,235	Pesetas 19,063,717	Pesetas 5,492,448	Pesetas 77,650,274	Pesetas 317,993,351	Pesetas 193,731,140	Pesetas 89,703,100	Pesetas 441,451,852	Pesetas 78,728,465	Pesetas 79,936,405	Pesetas 25,000,000	Pesetas 19,974,502
1932	186,979,449	859,787,987	20,699,207	5,911,238	127,975,914	297,812,052	221,163,378	110,651,192	436,634,844	85,259,262	133,015,511	25,000,000	19,974,501
1933	187,652,774	910,620,132	25,733,353	62,188,534	12,188,359	302,043,506	236,849,811	98,375,816	444,902,697	96,011,996	172,924,043	25,000,000	21,217,751
1934	187,652,774	894,194,502	26,371,700	81,409,445	18,362,538	310,441,830	219,174,434	96,381,786	483,770,979	122,385,899	126,562,473	25,000,000	21,490,873
1935	175,000,000	872,522,897	35,814,026	29,441,565	15,377,037	317,042,720	232,835,780	91,447,621	501,108,551	134,337,101	67,255,390	25,000,000	21,490,873

BANCO DE CHILE

The report for the half-year ended December 31, 1935, shows that after writing off and providing for bad and doubtful debts the net profit is \$9,224,659, which, added to the shareholders' fund of \$9,100,852, gives an available total of \$18,325,511.

The board proposes to distribute this sum in the following form. To pay a dividend of \$9.00 per share, \$9,000,000, and to carry forward to shareholders' fund \$9,325,511.

LIABILITIES							(Chilean currency)		ASSETS						
Dec. 31	Capital and Reserves	Current Accounts	Sight Deposits, etc.	Term Deposits	Guaran- tees	Obligations to Bankers Abroad	Cash in Hand and at Bank	Cheques on Local Banks	Foreign Banks and Corres- pondents	Current Loans and Advances	Discounts	Obligations against Guaran- tees and Other Advances	Invest- ments	Exchange Operations	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1931	226,216,324	126,221,265	13,780,255	126,263,791	19,488,584	2,705,115	29,684,063	5,609,905	9,726,807	333,938,928	31,397,102	93,591,050	88,360,251	4,184,189	
1932	201,527,141	221,428,456	14,478,756	125,208,527	11,865,101	4,740,066	101,140,376	6,627,855	5,695,049	320,340,630	35,393,155	58,222,727	115,521,204	884,468	
1933	201,987,136	324,776,691	20,098,354	106,699,068	11,863,127	2,696,538	68,163,130	11,239,252	8,253,667	375,162,832	120,714,261	33,878,260	106,841,574	1,780,535	
1934	202,566,019	383,090,404	23,709,716	116,085,982	14,703,514	3,298,403	75,168,757	20,232,456	6,049,876	461,982,184	123,403,372	33,528,140	90,446,844	12,036,688	
1935	239,493,992	437,103,914	*	178,845,257	18,570,739	20,117,750	96,975,542	13,910,596	28,552,931	474,142,843	141,738,716	98,226,449	101,699,418	40,223,035	

* Not shown separately.

BANK OF ATHENS

The report of the directors for the year ended December 31, 1935, states that net profits, after making the necessary provisions for amortisation, general expenses, taxes, installations and repairs to premises, and the payment of Drs. 2,751,232 into the staff pension fund, amounts to Drs. 18,790,541. It was proposed to declare a dividend of Drs. 10 per share, and to carry forward the balance of Drs. 5,303,109.

LIABILITIES							ASSETS						
December 31	Capital and Reserves	Sight Deposits	Fixed Deposits	Deposits in Guarantee	Savings Bank	Current Accounts	Cheques Payable	Cash in Hand, at Bank and Treasury Bills	Due from Banks Abroad	Bills Receivable	Loans, Advances, Discounts, etc.	Current Accounts	Securities
1931	Drs. 250,000,000	Drs. 2,363,400,501	Drs. 572,272,375	Drs. 28,951,208	Drs. 514,337,718	Drs. 392,344,515	Drs. 66,987,553	Drs. 286,066,845	Drs. 141,977,115	Drs. 399,594,907	Drs. 1,439,443,630	Drs. 523,945,090	Drs. 348,625,486
1932	176,000,000	682,423,518	572,272,375	28,951,208	514,337,718	392,344,515	52,781,905	218,427,138	110,232,077	278,015,239	1,000,920,390	523,945,090	215,835,781
1933	176,000,000	857,464,758	558,469,769	37,336,865	653,101,421	304,659,734	52,392,444	431,743,198	82,033,728	325,698,998	899,861,485	615,013,064	207,991,710
1934	176,000,000	900,419,519	529,680,677	40,367,579	713,525,171	262,912,596	35,684,350	290,609,654	58,742,858	492,363,818	928,581,409	598,925,999	213,894,828
1935	176,000,000	878,179,945	450,565,388	38,321,310	682,618,617	289,309,334	32,394,305	263,800,560	68,709,082	476,246,778	905,862,223	538,848,341	221,152,733

* Included in previous column.

BANKERS' TRUST COMPANY, NEW YORK

LIABILITIES							ASSETS							
December 31	Capital and Surplus Fund	Un-divided Profits	Con-tingency Fund	Deposits	Out-standing and Certified Cheques	Out-standing Accept-ances	Cash in Hand and at Banks	Ex-changes for Clearing House	U.S. Govt. Securities	Demand Loans	Time Loans and Discounts	Securities and Invest-ments	Custom-ers' Liability on Ac-ceptances	Premises
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1931.....	75,000,000	25,020,371	12,000,000	521,154,355	36,932,052	45,424,644	102,831,684	72,257,133	134,358,765	82,542,309	236,196,236	22,303,430	44,106,778	20,974,895
1932.....	75,000,000	27,136,109	5,000,000	604,433,680	17,433,751	30,380,065	80,823,087	23,209,655	319,300,000	62,025,213	176,973,399	39,987,601	29,428,022	26,465,189
1933.....	75,000,000	10,030,599	15,849,892	595,278,582	16,447,172	16,172,954	111,724,952	26,901,289	242,478,351	66,367,060	205,717,183	44,207,626	14,995,863	20,682,195
1934.....	75,000,000	12,018,798	16,922,710	861,365,212	21,622,819	6,803,883	189,202,302	55,875,115	437,811,600	49,922,006	183,182,634	50,367,524	5,937,672	20,453,109
1935.....	75,000,000	18,386,035	13,966,038	860,783,720	49,592,323	4,193,581	190,298,399	82,091,686	458,595,209	50,794,858	158,125,324	55,428,410	3,765,941	20,115,982

SOCIÉTÉ GÉNÉRALE

POUR FAVORISER LE DÉVELOPPEMENT DU COMMERCE ET DE L'INDUSTRIE EN FRANCE

ESTABLISHED 1864

(Incorporated in France with Limited Liability)

SUBSCRIBED CAPITAL - - - - - Frs. 625,000,000
 PAID-UP CAPITAL - - - - - Frs. 322,267,000
 RESERVE FUND & UNDIVIDED PROFITS - - - - - Frs. 417,465,396
 DEPOSITS (31st December, 1935) - - - - - Frs. 8,815,078,627

EVERY DESCRIPTION OF BANKING BUSINESS TRANSACTED

Over 1,450 BRANCHES IN FRANCE AND NORTH AFRICA

Subsidiary Banks or Correspondents in all parts of the World

Head Office: 29 BOULEVARD HAUSMANN, PARIS

London Office: 105 OLD BROAD STREET, E.C.2

West End Branch: 11 WATERLOO PLACE, S.W.1

THE ANGLO-PALESTINE BANK LTD.

Established 1902

10/12 WALBROOK, LONDON, E.C.4

GENERAL MANAGEMENT: TEL-AVIV

TEL-AVIV
SAFADJAFFA
PETAH-TIKVAHJERUSALEM
HEDERAHAIFA
HADAR HACARMELTIBERIAS
REHOVOTH

EVERY BANKING FACILITY FOR BUSINESS WITH PALESTINE

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK

(REGISTERED IN ENGLAND)

9, BISHOPSGATE, E.C.2

LIMITED

AUTHORISED CAPITAL - £1,500,000

PAID-UP CAPITAL - £1,000,000

London Board of Directors: W. J. WOOLRICH, Chairman The Rt. Hon. THOMAS WILES, P.C., Deputy Chairman Sir BASIL E. MAYHEW, K.B.E. F. G. SALJE
 Directors Resident Abroad: Admiral J. DA FONSECA MONTEIRO, C.M.G. Dr. F. J. VIEIRA MACHADO A. M. CORREIA DE SA JULIO SCHMIDT

Every Description of International Banking Transacted
 Approved Bills and Documents negotiated or advanced against Foreign exchange transactions given special attention The Bank will be pleased to assist in opening up fresh business connections with Portugal and her Colonies
 Collections on all parts undertaken Current and Deposit accounts opened in sterling and other currencies Loans granted against marketable securities
 ENQUIRIES INVITED

Sole London Representatives of:

BANCO NACIONAL ULTRAMARINO, LISBON,

and its offices in PORTUGAL, the PORTUGUESE COLONIES, BRAZIL, BOMBAY, and of
 BANQUE FRANCO-PORTUGAISE D'OUTRE-MER, PARIS
 Correspondents throughout the World

National Central Savings
Bank of HungaryUNGARISCHE LANDES CENTRAL
SPARKASSABudapest IV
Deák Ferenc-utca 7

Cable Address: MOKTAR

Foreign Department:

Phone: Budapest Automat 825-18

Established 1872

Every description of Banking Business transacted. Compensation transactions in connection with exports and imports. Our foreign department furnishes all kinds of information

Sale and payment of Pengeo Travellers' Cheques

Eleven Branches in Budapest, and Branches in Debrecen, Miskolc and Diósgyőr

Exchange Offices:

Central Exchange Office, Limited, Budapest, IV. Apponyi-tér 1, and V. Szabadság-tér 3 (opposite the Stock Exchange Building), and
 Central Wechselstub A.G. Niederlassung Vienna, I. Kärntnerstrasse 43

THE
MOSCOW NARODNY
BANK
LIMITED

(with which is amalgamated)

The Bank for Russian Trade Limited)

ESTABLISHED 1919

Head Office:

Thornton House, Finsbury Square,
London, E.C.2Telegraphic Address:
NARODNY, LONDONTelephone:
METRO 3600

SHANGHAI BRANCH:

Hamilton House, 170, Kiangse Road

Authorised Capital - £1,750,000
 Capital Paid Up - £1,635,000
 Reserve Fund - £200,000

All classes of Banking Business transacted in connection with Anglo-Russian Trade. Drafts, Letters of Credit, Mail and Telegraphic transfers, etc., in all currencies effected on the principal places in the U.S.S.R. Correspondents and Agents in all the principal centres abroad.

are carried forward. Owing to certain transfers of shares between the bank and the Société Mobilière et Immobilière Congolaise, to be distributed among the shareholders, the bank's capital has been written down from Frs. 25,000,000 to Frs. 20,000,000.

.61

December 31	Capital and Reserves	Current, Deposit and Other Accounts	Dissentient Shareholders' Account	Bills Payable	Bills for Collection	Cash in Hand and at Bankers	Bills Receivable	Investments	Advances and Other Accounts	Subsidiary Company	Premises, etc.
1931	£ 2,000,000	£ 5,608,309	£ 2,202	£ 2,561	£ 839,850	2,323,712	612,052	£ 102,242	£ 4,162,043	£ 16,724	£ 563,014
1932	2,000,000	5,652,041	2,138	6,067	829,177	3,117,704	771,390	90,736	3,278,764	21,244	562,203
1933	2,000,000	3,800,480	2,139	4,947	604,005	2,129,709	629,116	70,866	2,562,642	24,397	557,763
1934	2,000,000	4,542,034	1,575	9,670	854,492	2,582,517	611,004	63,943	2,881,273	26,086	556,625

BRITISH OVERSEAS BANK, LIMITED

The directors' report states that the profit, after allowing rebate of interest and providing for all bad and doubtful debts (other than provided for out of contingencies account), for the year ended October 31, 1935, amounts to £60,131; balance available from last account, £66,633, making a total of £126,770,

which has been appropriated as follows: In payment of a dividend on the "A" ordinary shares at the rate of 6 per cent. per annum (less income tax) for the year ended October 31, 1935, which together with income tax thereon amounts to £60,000, leaving a net balance to be carried forward to next year of £66,770.

LIABILITIES				ASSETS								
October 31	Capital and Reserves	Current Deposit and other Accounts	Acceptances, etc.	Cash in Hand and at Bankers	Money at Call and Short Notice	Balances with Bankers Abroad	Bills Discounted	Government Securities	Investments	Advances, etc.	Owed by Subsidiary Companies	Premises
1931	£ 2,225,000	£ 3,046,880	£ 4,277,291	£ 196,844	£ 1,266,850	£ 201,258	£ 205,056	£ 469,628	£ 622,652	£ 1,981,370	£ 52,192	£ 335,737
1932	2,175,000	2,531,990	3,448,932	252,400	595,792	192,830	647,496	450,467	563,109	1,594,242	136,129	336,115
1933	2,250,000	2,599,182	2,988,843	216,638	685,576	150,442	662,732	396,771	570,806	1,840,098	53,939	336,624
1934	2,250,000	2,964,622	3,121,136	229,388	945,996	145,423	498,095	379,936	515,849	2,024,740	142,023	336,781
1935	2,250,000	2,638,403	2,988,526	247,417	869,329	208,471	553,525	370,629	587,013	1,782,860	14,715	336,961

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

The directors report that there has been an increase of \$3,057,966 in the undivided profits account during the year ended December 31, 1935, as shown herewith:—Undivided profits January 1, 1935, \$18,839,363; add earnings for

1935, \$15,340,189; totalling \$34,179,552; less dividends paid during 1935, \$12,282,223; making the undivided profits at December 31, 1935, \$21,897,329.

LIABILITIES							ASSETS						
Dec. 31	Capital and Reserves	Deposits	Certified and Cashier's Cheques	Circulating Notes	Acceptances	Liability for Acceptances and Foreign Bills	Cash and Due from Banks	Securities and Investments	Loans, Discounts and Bankers' Acceptances	Real Estate	Mortgages	Customers' Acceptance Liability	Other Assets
1931	\$ 316,550,431	\$ 1,459,114,886	\$...	\$ 16,176,650	\$ 139,740,879	\$ 39,183,156	\$ 10,503,178	\$ 333,571,055	\$ 328,102,442	\$ 1,154,633,726	\$ 34,065,298	\$ 133,292,897	\$ 4,194,130
1932	275,067,730	1,466,038,619	...	89,507,435	1,217,624	20,758,974	391,297,423	446,701,815	887,187,429	32,716,426	...	85,812,421	12,574,864
1933	211,303,363	1,338,699,324	25,640,125	99,716,312	389,045	18,730,134	304,790,578	454,572,716	795,192,027	42,672,453	...	94,506,175	22,204,353
1934	238,896,119	1,639,086,387	70,705,988	43,836,820	408,055	6,117,478	514,731,534	734,634,393	651,069,766	41,570,414	4,055,282	41,436,542	11,552,918
1935	241,858,177	2,075,121,091	...	20,518,920	7,771,009	5,279,997	855,637,783	775,522,673	638,002,317	43,047,738	2,550,793	18,674,106	17,113,783

COMMERCIAL BANK OF THE NEAR EAST, LIMITED

The following is a statement of the results for the year 1935: Profit for the year after making provision for bad and doubtful debts, rebate and directors' fees, £3,569; less balance of provision for depreciation of investments, £2,221—£1,348. Add balance brought forward from the year ended December 31, 1934, £1,628—£2,976. As well as the amount mentioned above, the sum of £5,000, transferred last year to contingency account

to provide for any subsequent depreciation in investments, has had to be appropriated for the investment reserve in order to reduce the value of the securities to market value as at the date of the balance sheet. In view of the unsettled international conditions which exist at present, the directors have decided to carry forward the above balance of profit and loss account of £2,976 to the current year.

LIABILITIES					ASSETS							
December 31	Capital and Reserves	Current, Deposits and other Accounts	Bills for Collection	Acceptances, Endorsements, etc.	Cash in Hand and at London Bankers	Money at Call	Remittances in Transit	Balances with Foreign Banks	Bills Discounted	Investments	Advances to Customers, etc.	Furniture and Fittings
1931	£ 200,000	£ 432,335	£ 148,523	£ 52,570	£ 27,299	£ 20,000	£ 1,030	£ 66,518	£ 64,477	£ 120,078	£ 206,277	£ 1,743
1932	200,000	361,039	101,813	26,841	17,008	30,000	1,241	17,773	89,340	73,652	201,989	1,583
1933	200,000	308,672	111,721	22,288	14,041	15,000	2,025	27,925	76,826	111,050	193,998	1,489
1934	207,000	270,288	84,611	20,824	14,109	95,000	486	14,142	46,115	140,353	167,297	1,414
1935	207,000	323,711	135,304	34,993	44,578	...	2,555	48,089	74,512	177,176	185,528	1,260

THOS. COOK AND SON (BANKERS), LIMITED

LIABILITIES					ASSETS								
October 31	Capital and Reserves	Current Deposit and other Accounts, etc.	Balances due to Subsidiary Companies	Liability to Customers on account of Engagements, etc.	Cash in Hand and with Bankers on Account	Deposits with Bankers	Currencies in Hand	Remittances in Transit	Money at Call and Short Notice	Discounts	Investments	Advances	Premises
1931	£ 250,000	£ 2,623,860	£ ...	£ 13,580	£ 398,136	£ 885,732	£ 22,229	£ 345,486	£ 120,000	£ 1,078,626	£ 620,139	£ 224,551	£ 64,893
1932	250,000	2,974,165	4,706	17,221	603,031	1,207,500	25,663	290,186	293,000	331,753	519,039	216,876	61,571
1933	250,000	2,904,761	36,184	14,661	599,813	1,207,500	26,332	129,651	183,000	341,457	494,300	148,076	58,815
1934	250,000	3,182,993	55,201	14,394	616,258	1,798,750	25,715	134,154	160,000	163,664	571,469	160,403	57,289
1935	250,000	3,241,664	66,048	18,699	613,978	1,784,182	27,369	162,121	95,000	102,696	506,530	209,510	56,327

* Included in previous column.

CRÉDIT LYONNAIS

LIABILITIES						ASSETS						
Dec. 31	Capital and Reserves	Deposits at Call	Current Accounts	Accounts Payable after Collection	Acceptances	Fixed Deposits	Cash in Hand and at Banks	Discounts and French Treasury Bills	Loans and Advances	Current Accounts	Investments	Sundries
1931 ...	Frs. 1,208,000,000	Frs. 5,525,897,714	Frs. 9,051,137,971	Frs. 268,107,276	Frs. 253,968,769	Frs. 390,456,437	Frs. 5,041,814,943	Frs. 7,309,074,430	Frs. 261,216,121	Frs. 4,187,250,688	Frs. 4,628,965	Frs. 5,972,329
1932 ...	1,208,000,000	5,687,803,452	8,385,069,612	227,954,483	169,497,325	341,340,339	5,440,409,976	7,103,757,424	258,627,124	3,310,108,484	4,508,942	347,285,584
1933 ...	1,208,000,000	5,769,745,457	7,989,695,845	199,911,092	124,193,914	308,852,222	4,526,697,834	7,803,462,344	370,686,954	2,978,720,540	4,636,019	372,462,789
1934 ...	1,208,000,000	5,267,941,710	6,778,734,225	177,842,035	58,128,610	356,342,811	2,809,468,577	7,640,960,454	385,709,496	3,089,604,245	4,077,402	347,722,174
1935 ...	1,200,000,000	4,851,798,609	5,881,350,423	161,258,089	73,556,677	154,293,702	1,963,606,180	7,424,110,862	332,660,222	2,680,988,595	3,766,973	343,935,035

THE UNION BANK OF AUSTRALIA Limited

Established 1837

Incorporated 1880

CAPITAL AUTHORISED AND ISSUED - £12,000,000
 Capital Paid-up - £4,000,000 } together £7,250,000
 Reserve Fund - £3,250,000 }
 Currency Reserve - - - - £1,600,000
 Reserve Liability of Proprietors - - £8,000,000

DIRECTORS:

The Hon. EDMUND W. PARKER, *Chairman*.
 Maj.-Gen. Sir JOHN H. DAVIDSON, K.C.M.G., C.B., D.S.O.
 HUGH D. FLOWER, Esq.
 J. W. HELY-HUTCHINSON, Esq.
 The Rt. Hon. LORD HILLINGDON.
 Sir MALCOLM HOGG.
 ARTHUR TERENCE MAXWELL, Esq.
 ROBERT C. NESBITT, Esq.
 The Rt. Hon. LORD STONEHAVEN, P.C., G.C.M.G., D.S.O.
 ALFRED W. TURNBULL, Esq.

HEAD OFFICE:

71 Cornhill, London, E.C. 3

Manager:—W. A. LAING. Assistant Manager:—F. H. McINTYRE.
 Secretary:—C. E. MURCH.

BRANCHES THROUGHOUT AUSTRALIA AND NEW ZEALAND

Drafts upon the Branches are issued by Head Office, and may be obtained from the Bank's Agents throughout England, Scotland and Ireland.
 Commercial and Circular Travelling Credits issued—available throughout the World.
 Telegraphic Remittances are also made.
 Bills on the Australian States and Dominion of New Zealand are purchased or sent for collection.
 Deposits are received at Head Office at rates of interest and for periods which may be ascertained on application.

THE YOKOHAMA SPECIE BANK, LIMITED

(Incorporated in Japan)

Established 1880

Capital Subscribed and Fully Paid - Yen 100,000,000
 Reserve Fund - - - - „ 129,150,000

Head Office - - YOKOHAMA

BRANCHES AT

ALEXANDRIA
 BATAVIA
 BERLIN
 BOMBAY
 CALCUTTA
 CANTON
 DAIREN
 FENGTIEN (Mukden)
 HAMBURG
 HANKOW
 HARBIN
 HONOLULU
 HONG KONG
 HSINKING
 KARACHI
 KOBE
 LONDON
 LOS ANGELES
 MANILA
 MOJI
 NAGASAKI
 NAGOYA
 NEW YORK
 OSAKA
 PARIS
 PEIPING
 RANGOON
 RIO DE JANEIRO
 SAMARANG
 SAN FRANCISCO
 SEATTLE
 SHANGHAI
 SINGAPORE
 SOURABAYA
 SYDNEY
 TIENSIN
 TOKYO
 TOKYO (Marunouchi)
 TSINGTAO
 YINGKOW

LONDON OFFICE:

7 BISHOPSGATE, LONDON, E.C.2

H. KANO, Manager

Increase your Trade with Australia, New Zealand and Pacific Islands

The Bank of New South Wales through its 748 Branches is in a position to assist business men in their trade with above countries. Facilities include:—Letters of Credit; Negotiation and Collection of Bills; Forward Exchange Quotations; Issuing Drafts and Making Mail and Cable Transfers; Dealings in all Currencies, etc. Full details of the Bank's services may be obtained from the London Offices.



HEAD OFFICE, SYDNEY, AUSTRALIA.

BANK of NEW SOUTH WALES

ESTABLISHED 1817

Incorporated in New South Wales with Limited Liability

(With which are amalgamated the Western Australian Bank and The Australian Bank of Commerce Limited)

AGGREGATE ASSETS, 30th September, 1935—£115,559,000

London Offices: 29 Threadneedle Street, E.C.2.
 47 Berkeley Square, W.1.

LATVIEŠU AKCIJU BANKA

(LETTISH BANK LIMITED)

Established 1903

RIGA, Latvia

Capital Paid Up - Lats 2,000,000

EVERY DESCRIPTION OF BANKING BUSINESS TRANSACTED

SPECIAL FACILITIES FOR BRITISH TRADE WITH LATVIA

London Agents:

THE BRITISH OVERSEAS BANK LIMITED

33 GRACECHURCH STREET, E.C. 4

CREDITO ITALIANO

At the annual general meeting held on March 31, 1936, it was decided to allocate the net profit of 29,122,486 lire and the profits of 7,825,142 lire brought forward from 1934, as follows:—to

ordinary reserve, 2,912,249 lire; to be set aside for depreciation of securities, 31,470,000 lire; to balance carried forward, 2,565,379 lire, making a total of 36,947,628 lire.

LIABILITIES

ASSETS

Dec. 31	Capital and Reserves	Deposits and Savings Accounts	Current Accounts	Acceptances on behalf of Customers	Cheques Outstanding	Sundry Creditors	Guarantees on Account of Customers	Cash in Hand and at Call	Bills Receivable	Loans Against Collateral	Current Accounts	Investments	Sundry Debtors
	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire	Lire
1931...	800,000,000	1,140,184,624	5,324,674,020	176,425,118	181,843,218	72,685,375	393,020,307	383,158,121	4,031,229,736	392,959,811	1,909,573,061	569,153,068	299,992,034
1932...	800,000,000	1,232,374,346	4,834,842,563	144,007,819	166,965,491	69,697,910	359,066,694	410,902,692	3,876,254,898	298,513,506	1,725,732,086	639,633,066	251,083,224
1933...	800,000,000	1,501,758,150	4,390,802,673	127,323,950	174,184,457	59,467,515	228,747,147	470,708,132	4,022,483,618	232,613,241	1,128,024,849	791,913,451	109,170,550
1934...	602,989,372	1,538,496,598	4,211,070,341	117,036,788	156,658,020	74,567,442	228,446,542	339,865,887	3,877,522,132	105,740,834	1,371,342,956	752,186,576	160,739,120
1935...	605,880,040	1,498,886,181	4,260,164,875	8,395,220	202,811,189	106,490,493	200,846,796	359,269,560	3,880,283,243	67,754,803	1,525,338,167	714,103,677	86,544,535

COMPTOIR NATIONAL D'ESCOMPTE DE PARIS

The report of the directors for the year ended December 31, 1935, shows that net profit, after the necessary reductions for expenses, taxes, and other charges, amounts to Fr. 44,213,301. A dividend was announced of Frs. 50 for each share, and Frs. 10-45

for each founders' share. This leaves Frs. 275,429, which increases the amount carried forward into the shareholders' account to Frs. 6,515,371.

LIABILITIES

ASSETS

Dec. 31	Capital and Reserves	Current and Deposit Accounts	Fixed Deposits	Acceptances	Cash in Hand and at Banks	Discounts and French Treasury Bills	Loans and Advances	Current Accounts	Branches Abroad	Investments	Credit Balances with Correspondents	Sundry Accounts
	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.	Frs.
1931	833,687,542	9,416,190,891	89,756,210	114,875,454	3,372,239,923	4,346,045,339	320,349,244	1,319,938,195	21,119,078	13,134,734	1,030,890,168	18,751,572
1932	835,951,968	9,055,428,638	47,930,890	69,901,222	1,537,722,465	5,999,200,094	294,227,118	1,264,774,170	29,301,183	13,190,898	880,376,755	18,783,772
1933	837,844,517	7,834,497,008	35,765,640	47,412,213	1,432,127,402	4,754,723,334	316,063,860	1,342,204,472	48,511,933	13,263,918	872,727,261	21,714,477
1934	839,672,636	7,572,546,062	29,600,270	65,007,490	1,429,055,170	4,424,936,984	395,371,799	1,255,190,228	25,426,808	7,651,789	979,144,244	20,508,722
1935	841,698,358	6,708,728,881	25,004,920	114,590,433	1,430,756,631	3,779,641,237	346,680,341	1,192,860,774	39,483,784	13,335,103	861,277,833	18,805,860

CRÉDIT FONCIER D'ALGÉRIE ET DE TUNISIE

LIABILITIES

ASSETS

December 31	Capital and Reserves	Joint Account with Crédit Foncier de France*	Current and Deposit Accounts	Time Deposits	Correspondents and Creditors	Acceptances, etc.	Cash	Bills	Correspondents	Investments	Advances Against Securities	Current Accounts	Syndicates
	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs	Francs
1931	180,867,771	369,163,108	1,495,840,323	450,941,031	197,160,630	19,669,514	125,753,388	1,422,229,401	113,573,290	48,175,505	160,071,320	372,479,315	52,827,669
1932	181,598,425	515,524,920	1,780,897,540	354,742,839	147,494,253	24,346,563	180,716,641	1,409,397,838	80,112,086	51,200,704	253,556,937	403,284,414	49,223,373
1933	182,331,502	579,501,156	1,654,649,422	366,258,236	131,453,227	18,699,973	140,942,924	1,291,180,807	69,676,367	54,567,667	292,703,567	398,462,344	50,648,586
1934	183,068,368	585,631,784	1,580,675,010	306,401,920	149,499,240	17,791,300	104,759,970	1,207,413,112	68,546,708	53,062,950	365,935,185	353,352,824	48,805,225

* Offset by equal assets.

GUARANTY TRUST COMPANY OF NEW YORK

LIABILITIES

ASSETS

Dec. 31	Capital and Surplus Fund	Undivided Profits	Accrued Interest, Misc. Accounts, etc.	Acceptances	Deposits	Outstanding Cheques	Cash in Hand and with Banks	U.S. Govt. Securities	Notes of R.F.C.	Other Securities	Loans and Bills Purchased	Real Estate Bonds and Mortgages	Premises	Accrued Interest and Accounts Receivable
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1931	260,000,000	24,959,038	8,112,103	86,715,795	1,025,049,551	44,972,365	257,806,419	274,349,207	...	65,082,077	778,505,669	1,445,273	14,554,843	7,222,066
1932	260,000,000	11,233,494	6,512,829	85,968,777	1,018,967,670	19,810,548	197,891,874	527,071,010	...	112,618,493	456,157,496	2,391,701	14,322,480	6,393,017
1933	260,000,000	7,985,636	5,708,549	106,189,769	994,126,731	25,455,921	202,490,022	393,765,199	29,637,638	107,121,584	541,614,198	2,393,977	14,071,405	21,882,835
1934	260,000,000	7,294,720	10,267,571	94,908,218	1,237,089,329	22,975,116	333,576,269	464,507,036	20,000,000	96,053,097	579,712,918	2,579,303	13,821,691	14,779,524
1935	260,000,000	7,398,412	15,076,421	71,334,590	1,485,303,641	28,627,522	620,600,526	474,466,017	...	80,907,459	592,238,794	2,990,699	13,547,352	7,920,544

HAMBROS BANK, LIMITED

The directors' report for the year ending March 31, 1935, shows that after payment of all expenses, making provision for rebate on bills discounted, bad and doubtful debts, and income tax, the accounts show a profit of £324,913. Deducting the directors' remuneration of £14,892, and adding the balance brought forward from last year of £92,270, there remains an available total of £402,291. After transferring £150,000 to contingency reserve account and allowing the sum of £50,375 for interim dividend

on the £10 shares and £9,300 for interim dividend on the £1 "A" shares paid on October 31, 1934, the directors now recommend the payment of a further dividend of 11½ per cent., less income tax, on the £10 shares, making a total of 18 per cent. for the year, less income tax, and a further dividend of 3 per cent., less income tax, on the £1 "A" shares, making a total of 6 per cent. for the year, less income tax, and that the balance of £94,191 be carried forward.

LIABILITIES

ASSETS

March 31	Capital and Reserves	Profit and Loss Account	Current, Deposit and Other Accounts	Acceptances	Cash in Hand, at Bankers and at Call	Bills of Exchange	Investments	Loans, Advances and Other Accounts	Premises
	£	£	£	£	£	£	£	£	£
1931	2,450,000	219,488	18,350,652	10,988,551	7,456,034	3,987,264	4,147,358	5,002,014	453,487
1932	2,400,000	187,696	10,631,788	9,202,701	4,450,657	1,526,721	2,943,241	3,867,259	453,487
1933	2,400,000	189,543	10,643,073	7,325,292	3,276,042	2,543,721	3,404,969	3,536,473	453,487
1934	2,400,000	190,695	12,863,548	10,179,976	3,366,624	2,552,497	4,555,051	4,529,106	453,487
1935	2,400,000	192,617	13,564,998	10,940,561	4,083,332	2,272,481	4,618,411	4,732,886	453,487

THE HONGKONG AND SHANGHAI BANKING CORPORATION, LIMITED

The directors report that the net profits for the year ending December 31, 1935, together with \$3,294,701 balance brought forward from last account, after paying all charges, deducting interest paid and due, and making provision for bad and doubtful accounts and contingencies, amount to \$15,383,543. They recommend writing off bank premises account the sum of \$1,000,000, in addition to a transfer already made from allocations accumulated in previous years for a contingency which

has now become non-existent. After deducting \$1,000,000, the interim dividend of £2 10s. per share, paid on August 12th last, viz.: £400,000 at 2s. 2½d.—\$3,622,641, and remuneration to directors, there remains for appropriation \$10,699,860, out of which the directors recommend the payment of a final dividend of £3 per share, viz., £480,000 which, at 1s. 3½d., the rate of the day, will absorb \$7,372,800. The balance \$3,327,060 to be carried to new profit and loss account.

LIABILITIES

ASSETS

Dec. 31	Capital and Reserves	Notes in Circulation	Current Accounts	Fixed Deposits	Bills Payable	Acceptances	Profit and Loss Account	Cash	Bullion in Hand and in Transit	British Government Indian, Colonial and other Securities	Discounts, Loans and Credits	Bills Receivable, etc.	Premises
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1931...	120,434,783	129,235,330	558,024,701	215,456,693	15,073,578	1,090,711	10,599,772	141,758,661	72,648,225	244,227,624	432,286,333	138,293,739	19,610,274
1932...	134,000,000	137,449,255	694,379,175	237,258,655	15,659,063	2,484,897	12,619,033	203,097,871	130,373,972	289,987,610	439,250,174	148,981,297	19,674,237
1933...	119,784,173	146,535,175	666,364,833	207,588,822	13,728,117	2,860,122	11,592,944	217,695,778	166,864,943	229,569,958	388,313,575	144,490,831	18,658,979
1934...	106,097,581	133,946,215	504,204,989	179,192,461	9,690,000	4,916,689	9,914,213	137,918,708	177,390,735	194,414,110	318,955,251	92,248,247	22,118,388
1935...	129,840,000	119,010,770	568,131,918	208,027,823	12,424,354	2,366,587	11,699,860	154,181,307	41,909,294	282,233,304	435,863,291	132,776,563	22,170,965

THE IMPERIAL BANK OF IRAN

The profits for the year ended March 20, 1935, after making provision for expenses of management, general charges in London and at chief office and branches, income tax, and bad and doubtful debts, amount to £75,760, to which has to be added £49,058 brought forward from last account, making a total of £124,818. The assets and liabilities of the branches in Iran have been converted at the rate of exchange of Rials 66 per £ sterling,

being the rate on March 20, 1935. The rate last year was Rials 77. The directors now recommend payment of a final dividend of 7s. per share, and a bonus of 2s. per share, making with the interim dividend of 4s. per share a total for the year of 13s., free of income tax. It is also proposed to add £10,000 to reserve, which is thereby increased to £730,000, and to carry forward £49,818.

LIABILITIES

ASSETS

March 20	Capital and Reserves	Current and Fixed Deposits, etc.	Bills Payable, Provision for Contingencies, Endorsements, etc.	Acceptances, etc.	Profit and Loss Account	Cash in Hand, at Bankers, at Call, and Short Notice, and Bullion	British Government and Other Securities	Discounts, Loans, Advances, etc.	Bills Receivable	Premises
	£	£	£	£	£	£	£	£	£	£
1931	1,520,000	2,895,227	1,697,244	103,937	87,893	3,030,434	3,306,309	1,010,265	532,154	2,963
1932	1,540,000	2,555,647	1,379,834	80,420	91,087	2,256,089	3,354,209	846,933	514,282	8,520
1933	1,560,000	2,730,969	1,551,160	150,622	91,889	1,059,772	3,545,805	869,787	450,910	7,744
1934	1,570,000	3,128,793	1,655,914	278,159	94,058	1,053,273	3,467,919	1,268,583	653,617	5,373
1935	1,580,000	3,065,478	2,009,720	620,325	94,818	1,278,223	3,552,066	1,222,163	694,194	2,670

INTERNATIONAL BANKING CORPORATION

LIABILITIES

ASSETS

December 31	Capital and Surplus	Undivided Profits	Deposits	Notes in Circulation in China	Items in Transit with Branches	Acceptances	Reserves	Other Liabilities	Cash and Due from Banks and Bankers	Loans, Discounts and Advances	Bonds and Securities	Customers' Liability Account of Acceptances	Other Assets
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
931	5,000,000	4,826,400	9,311,882	1,678,014	76,773	1,817,609	798,408	11,062	11,603,503	4,132,835	5,820,815	1,817,609	145,385
932	5,000,000	4,836,481	6,244,083	1,419,381	150,449	930,131	1,640,499	3,015	5,748,305	2,681,598	10,867,509	869,169	57,449
933	5,000,000	3,166,032	7,563,124	980,937	154,112	1,476,486	4,305,554	3,456	6,688,912	3,069,323	11,423,031	1,397,254	71,181
934	5,000,000	3,223,533	11,325,714	679,979	396,893	1,538,770	4,403,135	2,192	10,057,742	3,510,676	11,416,678	1,526,438	78,675
935	6,000,000	2,173,144	12,044,103	453,671	213,944	3,076,316	406,064	2,466	9,285,434	4,792,330	7,166,085	3,067,000	58,859

IONIAN BANK, LIMITED

The directors' report for the year ended August 31, 1935, shows a net profit of £12,079, to which has to be added balance brought forward from last accounting year £14,567

THE MITSUBISHI BANK, LIMITED

LIABILITIES					ASSETS									
December 31	Capital and Reserves	Deposits	Acceptances and Guarantees	Interest accrued on Deposits	Cash on Hand and in Banks	Money at Call and Short Notice	Government, Municipal, and other Bonds	Stocks and Shares	Discounts and Loans	Foreign Bills Purchased	Due from Foreign Banks	Money in Trust	Capital Uncalled	Premises, etc.
	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen
1931	134,160,325	609,451,616	3,332,001	6,399,587	34,018,695	11,232,727	250,432,240	35,005,780	339,324,581	20,607,280	15,538,141	2,278,380	37,500,000	15,024,532
1932	136,743,725	640,378,987	1,569,417	6,835,618	47,016,643	52,990,000	272,554,158	32,319,989	317,705,251	10,462,187	7,141,367	2,592,777	37,500,000	14,978,560
1933	141,165,735	661,368,857	2,007,213	7,067,161	53,427,347	64,895,680	160,334,291	184,169,733	274,278,306	22,281,570	3,875,661	3,013,080	37,500,000	16,226,438
1934	145,786,210	722,648,160	4,302,162	5,388,816	54,938,773	44,369,302	389,075,672	34,449,142	265,344,161	38,293,286	5,011,879	3,487,915	37,500,000	15,904,056
1935	145,786,210	722,648,160	4,302,162	5,388,816	54,938,773	44,369,302	389,075,672	34,449,142	265,344,161	38,293,286	5,011,879	3,487,915	37,500,000	15,904,056

THE MITSUI BANK, LIMITED

LIABILITIES							ASSETS							
December 31	Capital and Reserves	Deposits	Due to Foreign Banks	Liabilities under L/C, etc.	Interest Accrued on Deposits	Rebate on Bills not Due	Cash in Hand and at Banks	Money at Call and Short Notice	Govt., Municipal and other Bonds	Loans and Discounts	Foreign Bills purchased	Due from Foreign Banks	Capital Uncalled	Premises
	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen	Yen
1931.....	150,800,000	637,443,079	15,941,401	3,547,241	6,871,747	2,103,537	58,310,094	17,150,000	189,325,834	434,993,809	33,825,053	33,501,285	40,000,000	16,473,750
1932.....	151,800,000	687,648,845	17,169,435	8,428,738	7,045,349	2,776,412	49,045,968	42,660,000	235,579,197	429,889,703	62,776,645	7,084,356	40,000,000	15,061,381
1933.....	153,800,000	715,288,952	17,803,730	10,418,911	7,020,534	2,369,698	55,485,933	42,640,000	281,047,837	409,395,376	67,438,154	3,962,277	40,000,000	14,219,501
1934.....	155,800,000	748,556,286	8,440,426	4,721,761	7,490,426	1,948,548	56,608,695	35,510,000	218,946,210	383,634,027	69,275,354	2,980,434	40,000,000	14,261,777
1935.....	157,800,000	796,293,049	19,098,263	9,234,652	7,596,671	2,092,741	55,985,859	29,630,000	338,209,571	451,766,280	63,540,862	3,134,919	40,000,000	14,882,131

THE NATIONAL BANK OF EGYPT

The report for the year ending December 31, 1935, shows the following statement: Gross profit for the year, after providing for depreciation on the bank's buildings and furniture, for rebate of discount, and for doubtful debts, amounts to £906,529. After deducting from this for directors' fees £15,223, and for

current expenses £464,621, the remainder is divided between the statutory dividend of 4 per cent., amounting to £120,000, and an additional dividend of 11 per cent., amounting to £330,000. By adding the balance brought forward from last year, £230,299, there remains £206,984 to be carried forward.

LIABILITIES.									ASSETS					
Dec. 31	Capital and Reserves	Current, Deposit and other Accounts	Egyptian Govt.	Sudan Govt.	Mixed Tribunals	Cheques and Bills Payable	Acceptances, etc.	Bankers' Accounts	Cash in Hand	Money at Call and Short Notice	Securities	Advances	Bills of Exchange	Bankers' Accounts
	£st.	£st.	£st.	£st.	£st.	£st.	£st.	£st.	£st.	£st.	£st.	£st.	£st.	£st.
1931	6,000,000	17,151,677	2,826,381	200,482	1,869,840	203,192	873,214	1,195,285	2,386,927	1,680,000	14,435,023	8,428,934	1,249,751	297,397
1932	6,000,000	19,784,026	3,300,569	600,900	1,953,950	153,116	873,537	834,578	2,368,234	2,045,000	21,143,653	6,049,223	889,329	285,322
1933	6,000,000	18,656,956	3,487,435	871,196	1,821,116	161,069	1,406,311	662,988	2,209,045	2,065,000	19,199,622	5,493,730	2,418,151	441,140
1934	6,000,000	16,428,830	4,978,103	563,542	1,681,486	155,109	1,583,027	509,699	2,392,631	1,600,000	18,359,189	5,511,446	2,361,821	275,472
1935	6,000,000	21,855,049	6,220,582	958,364	1,810,345	229,140	1,107,923	1,103,622	2,551,852	1,955,000	23,826,189	7,150,069	2,400,018	467,060

THE LONDON AND EASTERN TRADE BANK, LIMITED

The directors' report for the year ended September 30, 1935, shows a loss of £5,782, to which must be added the balance brought forward from last year £276,893 and the additional

provision for doubtful debts and depreciation of securities £56,497, making a total of £339,172 to be carried forward to next year.

LIABILITIES					ASSETS					
September 30	Capital	Current Deposit and Other Accounts	Acceptances	Guarantees, Rediscunts, etc.	Cash in Hand and at Bankers in London	Money at Call	Discounts	Securities	Loans, Overdrafts, etc.	Profit and Loss Account
	£	£	£	£	£	£	£	£	£	£
1931*	600,000	1,004,796	1,200,950	132,096	204,705†	650,000	14,114	81,177	689,999	35,200
1932†	600,000	251,267	92,951	80,397	46,859	70,000	...	19,411	485,094	-- 199,393
1933	600,000	169,957	52,191	130,557	46,965	75,000	...	35,924	344,241	-- 245,327
1934	600,000	152,859	17,503	39,157	76,684	35,000	11,859	63,363	256,101	-- 276,894
1935	600,000	158,785	8,488	29,598	111,688	20,000	2,246	64,530	209,376	-- 339,172

* June 30th.

† For 15 months.

‡ Including £100,000 Treasury bills.

ŽEMĖS BANKAS

KAUNAS, Duonelaičio g-vė 35

BALANCE SHEET, 31st December, 1935

ASSETS.			LIABILITIES.		
	Lt.	Ot.		Lt.	Ot.
1. Cash on hand and due from State Bank	1,834,180	97	1. Stock Capital	50,000,000	—
2. Correspondents	252,701	61	2. Surplus	3,930,090	—
3. Discounted Bills	1,231,483	55	3. Special Fund	200,000	—
4. Special Current Account	14,073,708	56	4. Mortgage Bonds in circulation	60,299,700	—
5. Loans for Mortgage Bonds security	102,270,409	63	5. Current Account	9,237,362	59
6. Mortgage Loans	10,117,010	56	6. Deposits	14,113,678	67
7. Bonds	3,566,556	50	7. Coupons due	1,305,563	05
8. Unsubscribed Stock	1,935,000	—	8. Interest in anticipation for 1936	348,918	13
9. Different Debtors	530,350	71	9. Other Liabilities	660,007	23
10. Inventory	96,123	—	10. Securities	12,091,201	36
11. Real Estate	1,858,448	61	11. Collections	18,828	—
12. Other Assets	2,638,392	16	12. Branch of Klaipėda	7,544,868	20
13. Securities	12,091,201	36	13. Net profit for 1935	309,046	19
14. Bills for Collection	18,828	—			
15. Branch of Klaipėda	7,544,868	20			
	160,059,263	42		160,059,263	42

The NATIONAL BANK of NEW ZEALAND

Est'd. 1872

Limited

DIRECTORS:

SIR AUSTIN E. HARRIS, K.B.E. (CHAIRMAN).
THE RIGHT HON. LORD BALFOUR OF BURLEIGH.
THE RIGHT HON. VISCOUNT HAMPDEN, G.C.V.O.,
K.C.B., C.M.G.

SYDNEY PARKES, ESQ.

RICHARD DURANT TROTTER, ESQ.

SIR THOMAS M. WILFORD, K.C.M.G., K.C.

ARTHUR WILLIS, ESQ.

HEAD OFFICE: 8 MOORGATE, LONDON, E.C.2.

(Manager: A. O. Norwood.)

CHIEF OFFICE IN NEW ZEALAND: WELLINGTON.

(General Manager: Sir James Grose.)

Subscribed Capital - £6,000,000
Paid-up Capital - £2,000,000
Reserve Fund - £1,000,000
Currency Reserve - £500,000

The Bank conducts every description
of banking business connected with
New Zealand.

BANCO ESPAÑOL DE CREDITO

Head Office:

ALCALA, 14 MADRID

G.P.O. Box 297 Telegraphic Address: BANESTO

AUTHORISED CAPITAL - Ptas. 100,000,000.00.-

PAID UP CAPITAL - " 51,355,500.00.-

RESERVES - " 70,592,954.34.-

CREDITORS on 31st
January, 1936 - " 1,363,870.165.25.-

400 Branches in Spain and Morocco

UNDERTAKES EVERY CLASS OF
BANKING AND EXCHANGE TRANSACTIONS

IN SPAIN AND ABROAD

English, Scottish & Australian Bank, Limited

Head Office: 5 GRACECHURCH ST., E.C.3
and 379 Branches and Agencies throughout Australia.

Subscribed Capital - £5,000,000
Paid-up Capital - £3,000,000
Further Liability of Proprietors £2,000,000
Reserve Fund - £1,665,000
Special Currency Reserve - £1,585,000

Board of Directors:

ANDREW WILLIAMSON, Esq., Chairman.

C. L. BAILLIEU, Esq., C.M.G.

LORD HUNSDON.

E. M. JANION, Esq.

SIR GEORGE SCHUSTER,

K.C.S.I., K.C.M.G., C.B.E., M.C.

SIDNEY M. WARD, Esq.

SIR FREDERICK W. YOUNG.

Manager & Secretary—A. A. SHIPSTON.

Asst. Mgr.—F. C. HOUNSFIELD.

Sub-Mgr.—J. JAMIE.

Accountant—R. J. ALLEN.

Bankers: Bank of England: Westminster Bank Limited.

Chief Office in Australia:

COLLINS STREET, MELBOURNE.

Letters of Credit, Travellers Cheques and Drafts issued
on the Branches and Agencies of the Bank throughout
Australia.

Remittances made by Telegraphic Transfer.

Bills Negotiated or forwarded for Collection.

Wool and Produce Credits arranged.

Banking and Exchange Business of every description
transacted with Australia.

MANCHESTER:
36, Charlotte St.BRADFORD:
33, Hustlergate.

NEW YORK

PARIS

Est'd. 1862

Affiliated to Lloyds Bank Ltd.

Bank of London & South America Limited

6, 7 & 8 TOKENHOUSE YARD,
LONDON, E.C.2

Branches in

ARGENTINA — BRAZIL
COLOMBIA — CHILE
PARAGUAY — URUGUAY
PORTUGAL

THE NATIONAL CITY BANK OF NEW YORK

Dec. 31	LIABILITIES						ASSETS									
	Capital and Surplus	Undivided Profits	Reserves	Circulation	Liability as Acceptor, Endorser or Maker on Acceptances and Bills	Deposits	Cash and Due from Banks and Bankers	U.S. Govt. Obligations	State, Municipal and other Bonds and Securities	Loans, Discounts and Bankers' Acceptances	Customers' Liability Account of Acceptances	Stock in Federal Reserve Bank and Ownership of International Banking Corp.	Items in Transit	Premises		
1931...	\$ 214,000,000	\$ 11,347,466	\$ 47,203,843	\$...	\$ 166,721,252	\$ 1,418,702,860	\$ 358,194,606	\$ 250,611,951	\$ 115,378,425	\$ 913,237,064	\$ 126,849,743	\$ 14,600,000	\$ 9,846,619	\$ 61,523,248		
1932...	200,000,000	5,454,098	36,795,206	2,000,000	71,633,555	1,299,377,710	300,619,219	364,536,676	173,179,979	619,791,302	66,296,877	14,600,000	10,349,480	59,842,095		
1933...	157,500,000	5,087,506	8,219,894	25,000,000	73,878,590	1,117,159,221	364,531,932	228,936,154	131,195,652	497,027,471	68,838,566	14,600,000	20,000,542	56,653,629		
1934...	157,500,000	8,273,298	10,576,859	...	65,779,526	1,394,604,308	450,285,755	431,938,339	135,518,004	482,834,614	56,678,257	14,600,000	3,377,340	58,162,279		
1935...	157,500,000	10,644,279	16,111,607	...	57,444,517	1,652,366,244	527,491,424	510,764,688	179,786,459	547,223,821	30,634,183	12,725,000	10,670,332	54,215,505		

THE MOSCOW NARODNY BANK, LIMITED

Dec. 31	LIABILITIES						ASSETS									
	Capital and Reserves	Current and Deposit Accounts	Correspondents of the Bank	Bills Rediscounted	Miscellaneous Creditors	Liabilities in respect of Guarantees	Cash at Banks on Current Accounts and in hand	Investments	Correspondents of the Bank	Bills Discounted	Advances	Miscellaneous Debtors	Bills for Collection	Premises		
1931	£ 2,060,000	£ 787,597	£ 1,285,616	£ 1,296,684	£ 146,497	£ 3,018,961	£ 943,843	£ 331,268	£ 931,898	£ 1,653,188	£ 2,377,918	£ 9,990	£ 998,799	£ 6,127		
1932	2,113,186	513,863	624,199	803,946	68,949	2,381,553	871,158	293,891	469,212	991,686	2,603,944	7,913	821,320	5,401		
1933	2,083,186	500,925	676,273	308,507	67,226	2,210,396	1,558,541	302,130	143,710	308,507	2,266,413	3,527	287,874	4,837		
1934	1,835,000	904,873	264,302	556,877	94,891	2,040,384	822,774	247,078	249,544	556,877	2,311,513	34,311	10,511	5,879		
1935	1,835,000	669,319	191,318	11,119	37,227	1,550,388	820,536	...	192,624	11,708	1,600,000	116,785	11,531	5,446		

OTTOMAN BANK

Dec. 31	LIABILITIES						ASSETS									
	Capital and Reserves	Notes in Circulation	Bills Payable and Sight Drafts	Current Accounts of Sundries	Deposits for Fixed Terms	Acceptances	Profit and Loss Account	Cash in Hand and at Bankers	Money at Call and Notice	Bills receivable	Investments	Current Accounts of Sundries	Advances on Securities	Premises		
1931	£ 6,250,000	£ 417,754	£ 235,788	£ 13,089,367	£ 1,593,486	£ 1,322,101	£ 100,854	£ 6,082,423	£ 479,375	£ 6,004,479	£ 1,664,964	£ 4,929,875	£ 1,864,645	£ 661,488		
1932	6,250,000	383,887	265,665	11,226,164	1,718,663	1,017,167	100,338	3,929,108	1,533,791	5,601,522	2,109,609	4,315,254	1,817,859	637,554		
1933	6,250,000	362,302	250,136	11,655,549	1,483,303	787,087	102,159	4,291,754	1,136,040	5,558,002	1,471,545	5,111,137	1,897,918	637,054		
1934	6,250,000	374,391	265,263	12,395,128	1,512,748	637,755	104,542	3,801,705	1,203,307	5,674,154	1,973,088	5,304,790	2,316,722	628,307		

SOCIÉTÉ GÉNÉRALE Pour Favoriser le Développement du Commerce et de l'Industrie en France

The directors' report for the year ended December 31, 1935, states that net profits amount to Frs. 60,575,621. It was proposed to declare a dividend of 5 per cent., i.e., of Frs. 12.50, on 1,210,932 shares half paid up, and Frs. 25 on 39,068 fully-paid shares, amounting to Frs. 16,113,350. A statutory payment of Frs. 3,508,727 to the directors and auditors, leaves a surplus of Frs. 40,953,544, to which is added Frs. 27,136,853 carried forward from last year. A further dividend was proposed of Frs. 32.50, the same as last year, amounting to Frs. 40,625,000, leaving Frs. 27,465,396 to be carried forward.

Feb. 28	LIABILITIES						ASSETS									
	Capital and Reserves	Cheque Accounts	Deposits for Fixed Periods	Sundry Current Accounts	Acceptances	Cash in Hand and at Banks	Bills and National Defence Bonds	Coupons for Encashment and Contangoes	Advances on Security	Sundry Current Accounts	Govt. Stocks, Shares, etc., and Investments	Real Estate, etc.	Calls on Shares			
1932	Francs 1,012,000,000	Francs 3,423,532,301	Francs 429,332,400	Francs 7,708,170,357	Francs 3,925,238,177	Francs 5,071,021,168	Francs 99,341,559	Francs 385,710,081	Francs 2,952,753,374	Francs 59,841,634	Francs 71,397,039	Francs 303,960,250				
1933	1,015,000,000	3,513,988,754	291,974,500	7,299,725,069	127,127,852	2,619,219,032	6,339,364,793	103,166,513	377,014,590	2,575,958,501	60,430,086	71,397,039	303,491,250			
1934	1,015,000,000	3,169,382,818	264,678,800	6,360,311,378	128,285,636	1,923,118,908	5,139,786,624	157,057,541	448,999,158	2,933,347,773	62,267,468	71,397,039	303,159,750			
1935	1,015,000,000	3,151,589,247	257,045,500	6,215,399,734	73,097,007	2,175,894,472	5,025,683,238	184,067,765	434,555,687	2,548,240,651	59,566,795	71,381,788	302,955,000			
Dec 31 1935	1,015,000,000	2,769,754,206	254,149,000	5,791,175,422	106,200,601	1,899,654,145	4,645,216,991	142,313,613	518,992,213	2,430,560,762	52,759,716	71,381,788	302,733,000			

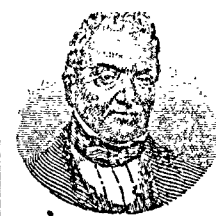
SOCIÉTÉ GÉNÉRALE DE CRÉDIT INDUSTRIEL ET COMMERCIAL

Dec. 31	LIABILITIES						ASSETS									
	Capital and Reserves	Deposit Accounts	Current Accounts	Fixed Deposits	Acceptances	Transitory and Sundry Accounts	Cash in Hand and due from Other Banks	Bills Receivable and "Bons de la Défense Nationale"	Current Accounts	Advances Guaranteed	Transitory and Sundry Accounts	Investments	Shares of Affiliated Societies	Premises		
1931	Francs 170,000,000	Francs 380,000,527	Francs 901,897,323	Francs 301,280,021	Francs 39,420,905	Francs 23,270,775	Francs 230,426,470	Francs 1,079,002,729	Francs 135,715,621	Francs 95,238,587	Francs 2,229,873	Francs 54,599,827	Francs 105,892,693	Francs 20,000,000		
1932	170,000,000	449,187,159	1,062,568,456	488,103,335	25,279,623	17,537,343	246,592,122	1,465,450,397	147,397,190	94,624,792	5,785,583	54,982,703	106,017,068	20,000,000		
1933	170,000,000	409,354,199	790,473,674	338,577,312	55,411,698	16,529,450	242,772,829	960,574,094	181,983,260	97,998,177	10,842,496	54,386,395	106,028,622	20,000,000		
1934	170,000,000	398,643,467	695,141,557	342,557,532	29,598,148	19,896,060	185,894,759	901,703,540	207,533,427	82,567,753	12,836,153	53,797,255	109,443,630	20,000,000		
1935	170,000,000	351,676,889	768,130,772	287,663,984	24,420,409	20,655,360	210,859,567	771,028,745	231,476,340	104,763,108	14,353,246	52,095,283	109,425,950	20,000,000		

SWISS BANK CORPORATION

After deduction of expenses and taxes, and making provision for bad and doubtful debts, etc., the net profit for the year ended December 31, 1935, amounts to S.Fcs. 7,116,142, which together with the amount carried forward from last year, viz., S.Fcs. 1,139,943, makes a total of S.Fcs. 8,256,085. The board propose to pay a dividend of 4½ per cent. on the paid-up capital, which will absorb S.Fcs. 7,200,000, and to carry forward S.Fcs. 1,056,085.

December 31	LIABILITIES						ASSETS									
	Capital	Reserves	Sight Deposits	Time Deposits	Fixed Deposits (obligations)	Acceptances	Profit and Loss	Cash	Banks and Bankers	Bills receivable	Advances	Govt. and other Securities	Syndicates	Bank Premises and other Property		
1931	160.0	53.0	596.9	341.9	247.4	57.5	13.6	354.1	142.0	228.6	639.2	72.0	15.3	18.0		
1932	160.0	53.0	597.6	258.2	243.4	17.8	11.8	319.3	105.7	240.0	576.0	68.6	13.5	18.1		
1933	160.0	53.0	573.6	217.8	224.1	20.0	10.9	290.2	112.6	184.0	576.5	64.5	13.0	18.1		
1934	160.0	39.0	476.5	246.9	243.6	24.2	8.3	244.5	84.1	213.4	576.2	51.6	10.6	18.1		
1935	160.0	32.0	437.6	205.4	175.6	25.2	8.2	117.1	108.6	161.6	554.2	71.7	10.5	20.0		



NATIONAL BANK OF GREECE

Established in 1841.

Capital paid-up and Reserves Drs. 1,205,000,000. —
Deposits - - - 10,083,000,000. —
Total Resources - - - 12,430,000,000. —

HEAD OFFICE IN ATHENS.

Branches and Agencies throughout Greece.

Branches and Agencies in Egypt: CAIRO, ALEXANDRIA, ZAGAZIG.
Affiliated Institution in New York: Hellenic Bank Trust Company, 51 Maiden Lane.
Correspondents in all parts of the world.

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Telegrams: "ANGLANK, LONDON."

CAPITAL:

Authorised £2,000,000

Paid Up - £1,960,008

London Clearing Agents: Bank of England. Glyn, Mills & Co. National Provincial Bank, Ltd.

BOARD OF DIRECTORS:

Sir BERTRAM HORNSBY, C.B.E. (Chairman)

Sir PETER BARK, G.C.V.O. (Managing Director)

E. W. H. BARRY, Esq.

JULIAN DAY, Esq., M.C.

A. G. M. DICKSON, Esq.

Sir GORDON NAITER, BART.

ZOLTAN HAJDU, Esq.

Every description of Home and Foreign Banking transacted. Special facilities for business with the Continent of Europe
Current accounts opened and deposits for short periods accepted at rates which may be obtained on application

BANK OF ATHENS

Head Office: ATHENS

(Incorporated in Greece with Limited Liability)

Paid-up Capital and Reserves, Drs. 176,000,000

With 117 offices, in all the principal towns in Greece, Egypt and Cyprus, the Bank extends Facilities for Export and Import Trade between Great Britain and the Near East generally.

ENQUIRIES INVITED

NEW YORK: Bank of Athens Trust Company, 205 West 33rd Street

LONDON: 22 FENCHURCH STREET, E.C.3

K. A. ZILKHA

Maison de Banque

ESTABLISHED IN 1899

BAGHDAD [IRAQ] BEYROUTH [SYRIA] DAMASCUS [SYRIA]

MAIN OFFICE: BEYROUTH (LEBANON-SYRIA)

Bankers with thirty-six years of experience, equipped to ensure prompt and efficient execution of your collection and payment orders, and to carry out banking business of all descriptions on very moderate terms. Correspondents all over the commercial towns of Syria, Lebanon and Iraq, the Near East and the principal financial centres of the world.

Organised to act as Correspondents for Foreign Banks

SOCIÉTÉ BELGE DE CRÉDIT INDUSTRIEL ET COMMERCIAL ET DE DÉPÔTS

December 31	LIABILITIES				ASSETS								
	Capital and Reserves	Deposit and Current Accounts	Profit and Loss	Other Accounts	Cash	Due from other Banks	Bills receivable	Coupons for Collection	Current Accounts	Sundry Assets	Loans and Advances	Uncalled Capital	Premises
1931	Frs. 28,500,000	Frs. 103,767,113	Frs. 2,006,816	Frs. 403,249	Frs. 3,136,659	Frs. 21,278,096	Frs. 74,445,187	Frs. 83,607	Frs. 6,950,067	Frs. 3,813,038	Frs. 10,433,330	Frs. 13,507,200	Frs. 1,030,288
1932	28,700,000	98,838,997	2,029,433	425,512	2,638,786	26,885,663	61,898,956	118,942	11,709,089	2,619,500	9,706,799	13,391,200	1,024,533
1933	28,900,000	97,130,202	1,768,745	424,708	3,594,492	18,716,157	70,484,022	226,366	8,456,557	2,574,503	9,743,542	12,895,200	1,022,140
1934	28,900,000	74,422,863	1,722,111	140,658	1,706,310	17,685,154	44,190,350	368,474	3,606,291	7,645,895	15,578,901	12,873,600	1,019,982

THE SUMITOMO BANK, LIMITED

The profit for the half-year ended December 31, 1935, amounts to Yen 4,623,278. To this sum has to be added Yen 4,443,268 brought forward from last half-year making a total of Yen 9,066,546. From this the directors propose to make the following distribution: To dividend, Yen 1,750,000; to bonus, Yen 150,000; to pension reserve, Yen 1,000,000; to reserve fund, Yen 1,500,000. The balance of Yen 4,666,546 is to be carried forward to the next half-year.

December 31	LIABILITIES							ASSETS							
	Capital and Reserves and Pension Reserve	Deposits	Exchange Sold	Due to Other Banks	Foreign Credits, Acceptances and Guarantees	Accrued Interest, Unearned Discount, etc.		Cash in Hand	Money at Call and Short Notice	Securities	Discounts	Loans	Exchange Purchased	Bank Premises	Capital Unpaid
1931	Yen 95,880,837	Yen 667,131,547	Yen 10,868,164	Yen 4,187,625	Yen 5,051,194	Yen 10,281,848		Yen 49,793,511	Yen 11,900,000	Yen 247,840,677	Yen 49,170,111	Yen 365,322,879	Yen 17,740,653	Yen 19,740,472	Yen 20,000,000
1932	97,396,658	735,187,166	13,217,770	4,174,738	9,310,925	11,940,057		49,382,829	24,850,000	261,486,211	61,526,336	386,151,430	40,053,060	19,662,151	20,000,000
1933	101,080,694	798,157,383	9,025,834	5,129,529	14,565,827	11,634,638		62,618,630	37,550,000	293,141,656	71,093,928	390,308,121	31,748,224	19,535,328	20,000,000
1934	107,641,903	872,527,563	11,594,988	5,538,755	9,629,913	12,610,427		79,830,668	43,950,000	355,172,588	79,243,013	386,848,505	28,413,867	18,898,649	20,000,000
1935	112,592,459	952,297,545	16,364,846	6,475,428	10,899,809	12,258,979		70,712,194	33,550,000	409,067,083	92,987,219	429,035,431	32,080,825	18,952,469	20,000,000

THE YOKOHAMA SPECIE BANK, LIMITED

The directors' report for the half-year ending December 31, 1935, shows that the net profit of the bank, after providing for all bad and doubtful debts, rebate on bills, etc., was Yen 16,760,937, inclusive of Yen 9,503,102 brought forward from last account. The directors propose that Yen 1,700,000 be added to the reserve fund, and recommend a dividend at the rate of 10 per cent. per annum, which will absorb Yen 5,000,000. The balance, Yen 10,060,937, will be carried forward to the credit of next account.

Dec. 31	LIABILITIES							ASSETS							
	Capital and Reserve	Reserve for Doubtful Debts	Notes in Circulation	Deposits	Bills Payable, Discounts, Acceptances, etc.	Balance of Profit and Loss Brought Forward	Net Profit for past Half-year	Cash in Hand	Cash at Bankers	Investments	Discounts Loans, Advances, etc.	Bills Receivable, etc.	Bullion and Foreign Money	Premises and Properties	
1931	Yen 216,200,000	Yen 3,739,500	Yen 11,329,974	Yen 570,589,377	Yen 484,018,520	Yen 5,637,930	Yen 5,339,946	Yen 21,831,563	Yen 95,506,469	Yen 344,548,685	Yen 400,985,580	Yen 412,613,317	Yen 405,646	Yen 22,968,210	
1932	218,450,000	3,810,301	6,598,139	680,156,578	552,989,706	5,077,293	7,082,171	36,821,552	97,583,084	451,042,150	394,924,811	470,556,638	686,484	21,212,685	
1933	221,250,000	3,602,332	4,265,022	600,507,592	694,200,637	6,869,039	7,279,126	40,027,697	54,142,090	460,363,757	465,037,228	494,465,397	1,836,965	20,911,202	
1934	224,250,000	3,639,943	4,244,909	593,463,255	703,273,262	8,256,945	7,234,380	25,850,939	45,337,976	369,163,627	494,168,773	577,962,746	11,832,988	19,043,134	
1935	227,450,000	3,724,454	3,840,085	651,760,676	755,522,697	9,503,102	7,257,835	19,684,697	124,630,447	494,515,174	352,354,374	646,742,288	757,270	19,577,645	

THE P. & O. BANKING CORPORATION, LIMITED

Head Office: 117-122 LEADENHALL ST., LONDON, E.C.3

AUTHORISED CAPITAL £5,000,000
SUBSCRIBED CAPITAL £2,594,160
PAID-UP CAPITAL £2,594,160
RESERVE FUND £180,000

Every description of Banking Business transacted.
Correspondents in all parts of the World.

BRANCHES:

14 Cockspur Street, London, S.W.1;
Bombay; Calcutta; Calicut;
Coimbatore; Colombo; Hongkong;
Madras; Shanghai; Singapore

AFFILIATED BANK:

THE ALLAHABAD BANK, LTD.

Head Office: CALCUTTA; with 36 Branches and Sub-Agencies in India.

AUTHORISED CAPITAL Rs. 40,00,000
SUBSCRIBED CAPITAL Rs. 40,00,000
PAID-UP CAPITAL Rs. 35,50,000
RESERVE FUND Rs. 44,50,000

CREDIT FONCIER D'ALGERIE ET DE TUNISIE

Limited Liability company incorporated in France in 1880

Telegraphic Address: 'Phone (5 lines):
FONCALTUN, LONDON NAT. 9291

CAPITAL: Frs. 150 MILLIONS

OVER 130 BRANCHES IN
ALGERIA, TUNIS, MOROCCO & NEAR EAST
62 BISHOPSGATE, LONDON, E.C.2

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65 BROADWAY, NEW YORK
KING WILLIAM ST. HOUSE, LONDON

5 RUE LOUIS-LE-GRAND,
PARIS, 2:E

TEL. OPERA 75-30

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THE BRITISH LINEN BANK

Incorporated by Royal Charter 1746

LONDON OFFICES:

City Office - 38 Threadneedle Street, E.C.2

West End Branch - 198 Piccadilly, W.1

where accounts may be opened on usual London terms

Head Office: 38 St. Andrew Square, Edinburgh

Over 210 Branches throughout Scotland

IONIAN BANK, LIMITED

ESTABLISHED 1839

CAPITAL AUTHORISED - £1,000,000 RESERVE FUND - £100,000
CAPITAL PAID UP - £600,000 TOTAL ASSETS - £4,325,163

HEAD OFFICE: 25/31 Moorgate, LONDON, E.C.2

GREECE:

EGYPT:
Central Office—ALEXANDRIA
9 Branches and Agencies

Central Office—ATHENS
30 Branches and Agencies

CYPRUS:
Central Office—NICOSIA
4 Branches and Agencies

EVERY FORM OF INTERNATIONAL BANKING SERVICE

THE BRITISH BANK FOR THE NEAR EAST

THE SUMITOMO BANK, LIMITED

(INCORPORATED IN JAPAN).

Head Office: OSAKA, JAPAN.

Capital Subscribed - Yen 70,000,000.00
Capital Paid-up - Yen 50,000,000.00
Reserve Fund - Yen 45,090,000.00

HOME OFFICES:—Fukuoka (2), Hiroshima (3), Kobe (3),
Kokura, Kumamoto, Kure, Kurume (2), Kyoto (3), Moji,
Nagoya (2), Niihama, Okayama, Onomichi, Osaka (27),
Shimonoseki, Tokyo (19), Wakamatsu, Wakayama, Yanai and
Yokohama.
OFFICES in PACIFIC LINERS:—M.S. "Asama Maru," M.S.
"Chichibu Maru" and M.S. "Tatsuta Maru."
FOREIGN OFFICES:—Shanghai, London, New York, San Francisco,
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Sacramento, California, U.S.A. The Sumitomo Bank of Hawaii,
Honolulu, Hawaii, U.S.A. The Sumitomo Bank of Seattle,
Seattle, Washington, U.S.A.
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INCORPORATED IN EGYPT. LIABILITY OF MEMBERS IS LIMITED.

Head Office - CAIRO.

FULLY PAID CAPITAL - £3,000,000
RESERVE FUND - £3,000,000

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Branches in all the Principal Towns in EGYPT and the SUDAN.

THE EASTERN BANK LTD.

Head Office: 2 & 3 CROSBY SQUARE, LONDON, E.C.3

Authorised Capital - £2,000,000
Paid-up Capital - £1,000,000
Reserve Fund - £500,000

BRANCHES:

BOMBAY, CALCUTTA, KARACHI, MADRAS,
COLOMBO, SINGAPORE, BAGHDAD, BASRA,
AMARAH, MOSUL, KIRKUK, BAHRAIN

Conducts all descriptions of Banking business with the East.

Current Accounts are opened and Fixed Deposits are received at rates of interest which may be ascertained on application.

EXECUTORSHIPS and TRUSTEESHIPS UNDERTAKEN.

THE UNION BANK OF SCOTLAND, Ltd.

ESTABLISHED OVER 100 YEARS

SUBSCRIBED CAPITAL - £5,200,000
PAID-UP - £1,200,000
RESERVE FUND - £1,800,000
DEPOSITS - £31,956,543

HEAD OFFICES:

GLASGOW—St. Vincent Street. EDINBURGH—George Street.
213 Branches throughout Scotland.

LONDON OFFICES: 62 CORNHILL, E.C.3.

Manager: JOHN THOMSON Asst. Manager: JOHN A. MORRISON

HAS FOREIGN EXCHANGE DEPARTMENT.

332 Oxford Street, W.1 - J. M. S. Lambie, Manager
1 Regent Street, S.W.1 - John Macdonald, Manager
140 Kensington High Street, W.8 - David L. Manson, Manager

Adapted in every way to carry through all forms of Banking Business in London and Scotland.

Every description of Home and Foreign Banking transacted. Letters of Credit issued on all places at Home and Abroad; Cable Remittances, Freight Collections, Ship's Disbursements Credits, Commercial Credits, &c., arranged. Bills of Exchange and Shipping Documents collected or negotiated subject to approval.

The Bank also undertakes the duties of TRUSTEE and EXECUTOR.

SMALL SAVINGS ACCOUNTS BEARING INTEREST. Sums of 1/- and upwards received. PASS BOOKS and HOME SAFES ISSUED. Strictest Secrecy is observed by the Bank's Officials.

At London Offices Current Accounts and other business conducted on the usual terms of London Banks.

Deposits received at Interest.

NORMAN L. HIRD, General Manager.

ROYAL BANK OF SCOTLAND

Incorporated by Royal Charter, 1787.

CAPITAL (fully paid):
£3,780,192

RESERVE FUND:
£3,857,143

DEPOSITS:
£64,009,174

A COMPLETE BRITISH EMPIRE
AND FOREIGN BANKING SERVICE

TOTAL NUMBER OF OFFICES 254

CORRESPONDENCE INVITED

HEAD OFFICE EDINBURGH

General Manager—WILLIAM WHYTE.

Associated Bank—Williams Deacon's Bank, Ltd. (Members of the London Bankers' Clearing House).

LONDON OFFICES:

CITY:
3 Bishopsgate, E.C.2
8 West Smithfield, E.C.1

WEST END:
(Drummonds)
49 Charing Cross, S.W.1
Burlington Gardens, W.1
(formerly Branch of Bank of England)

64 New Bond Street, W.1

BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT, 1695

AUTHORISED CAPITAL - £4,500,000
PAID-UP CAPITAL - £1,500,000
RESERVE FUND and BALANCE CARRIED FORWARD - £2,554,157
DEPOSITS and CREDIT BALANCES as at 29th February, 1936 - £39,518,484

Governor: The Rt. Hon. LORD ELPHINSTONE, K.T. Deputy Governor: THE LORD HENRY SCOTT
A. W. M. BEVERIDGE, Treasurer.

Head Office: THE MOUND, EDINBURGH

GLASGOW, Chief Office: 2, St. Vincent Place. J. W. MACFARLANE, Manager.

LONDON OFFICES: City Office—30, BISHOPSGATE, E.C.2. J. W. JOHNSTON, Manager.

Piccadilly Circus Branch—16/18, PICCADILLY, W. C. D. ALLISON, Manager.

255 Branches and Sub-Branches in Edinburgh, Glasgow, and throughout Scotland
Every description of British and Foreign Banking Business transacted

BANK OF CZECHOSLOVAK LEGION'S PRAGUE

Telegraphic Address: "LEGIOBANKA."

22 Branches and 5 Exchange Offices in Czechoslovakia.

Capital Paid Up - Kč 70,000,000

Reserves - Kč 65,000,000

COMPLETE BANKING SERVICE



ZEMSKÁ BANKA

(FORMERLY ROYAL BANK OF BOHEMIA)

PRAGUE, CZECHOSLOVAKIA

Branch at BRATISLAVA

CAPITAL ... Kč. 40,000,000
WORKING CAPITAL OF THE BRANCH AT BRATISLAVA ... Kč. 16,000,000
RESERVE FUNDS ... Kč. 192,000,000
DEPOSITS ... Kč. 4,506,000,000
SECURITIES IN CUSTODY ... Kč. 11,023,000,000
COMMUNAL, LAND DEVELOPMENT AND RAILWAY LOANS ... Kč. 2,649,000,000

All business transactions are guaranteed by the Country of Bohemia, the most developed Province of the Czechoslovak Republic. Mortgage Loans. Credit for Construction of Buildings. All Banking, Discount and Stock Exchange Transactions. Transfers effected on all places of the Republic and abroad. Safe custody of Securities, Legal Safe Custody, Safes.

Issue

of Communal and Land Development Bonds guaranteed by the Country of Bohemia; Communal and Land Development Bonds issued for the purposes of the Municipalities in Slovakia and Carpathian Ruthenia are also guaranteed by the Republic.

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Established 1810

Incorporated by Royal Charter and Act of Parliament

OVER 370 BRANCHES AND SUB-OFFICES IN SCOTLAND AS WELL AS THE FOLLOWING LONDON OFFICES:—

CITY OFFICE: 62 LOMBARD STREET, E.C.3

KINGSWAY BRANCH: IMPERIAL HOUSE, 15 KINGSWAY, W.C.2

PICCADILLY BRANCH: 4 OLD BOND STREET, W.1

Head Office: 14 George Street, EDINBURGH

THE NATIONAL BANK OF SCOTLAND LIMITED



Head Office:
EDINBURGH

Branches throughout
SCOTLAND

ESTABD 1825

LONDON OFFICES: 37 Nicholas Lane, E.C.4, and 18/20 Regent Street, Piccadilly Circus, S.W.1

The Bank undertakes the duties of Trustee or Executor under Wills, Trustee under Marriage and other Settlements, etc.

NATIONAL DISCOUNT COMPANY, LIMITED

ESTABLISHED 1856.

35 CORNHILL, LONDON, E.C.3

Telegraphic Address:
"NATDIS, STOCK, LONDON."Telephones:
MANSION HOUSE 5241 (3 Lines)

SUBSCRIBED CAPITAL	-	£2,153,335
PAID-UP CAPITAL	-	£1,000,000
RESERVE FUND	-	£1,000,000

DIRECTORS:

Col. The Hon. SIDNEY PEEL, C.B., D.S.O., Chairman.	FREDERICK W. GREEN.
Lt.-Col. The Hon. GEORGE AKERS-DOUGLAS.	H. S. H. GUINNESS.
The Hon. ARTHUR M. ASQUITH, D.S.O.	Sir SIGISMUND F. MENDEL, K.B.E.
FRANCIS GOLDSMITH.	Sir CHARLES D. SELIGMAN.

Manager—FRANCIS GOLDSMITH.

Sub-Manager—ROBERT E. de B. BATE.

Asst. Sub-Manager—HARRY E. W. BROWN.

Chief Accountant & Secretary—SEYMOUR S. JOHNSON.

Registrar—GERALD H. ELLARY.

Auditors:
PRICE, WATERHOUSE & CO.Bankers:
BANK OF ENGLAND.
NATIONAL PROVINCIAL BANK, LIMITED.

Treasury Bills, Bank and Mercantile Bills negotiated.

Money received on Deposit at Call and Short Notice at the Current Market Rates of Interest, and for longer periods upon specially agreed terms.

Loans granted upon approved securities.

All communications to be addressed to the Manager.

THE Commercial Banking Company of Sydney, LIMITED

(with which is amalgamated the BANK OF VICTORIA, LTD.)

ESTABLISHED 1834. INCORPORATED IN NEW SOUTH WALES WITH LIMITED LIABILITY

Authorised Capital	£12,000,000	0 0
Capital Paid up	£4,739,012	10 0
Reserve Fund	£4,300,000	0 0
Reserve Capital	£4,739,012	10 0
	£13,778,025	0 0

Total Assets
30th June, 1935 ... £59,657,737 0 0Head Office: Sydney—343 George Street
General Manager: C. Darvall

430 Offices and Branches in New South Wales, Queensland, Victoria, South Australia and Federal Capital Territory. Agencies throughout Australia and New Zealand, and all other parts of the world. Drafts payable on demand and Letters of Credit are issued by the London Office on the Head Office, Branches and Agencies of the Bank. Bills on Australasia negotiated and collected. Remittances cabled and mailed.

LONDON OFFICE:
18 BIRCHIN LANE, LOMBARD STREET, E.C.3
V. B. JONES, Manager

Telegraphic Address: "Compdebarj, Amsterdam."

Handel-Maatschappij

H. Albert de Bary & Co., N.V.
AMSTERDAM

Merchant Bankers

Capital - Fl. 15,000,000
Reserves Fl. 9,500,000

THE DAI-ICHI GINKO, LIMITED

(FORMERLY THE FIRST NATIONAL BANK)
Established 1873CAPITAL (Paid up) - Yen 57,500,000
RESERVE - Yen 69,500,000

A Complete Banking Service

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TOKYOBranches:
YOKOHAMA, NAGOYA, KOBE, OSAKA, KYOTO, SEOUL
and other principal Cities at homeCorrespondents:
All important places at home and abroad

HUNGARIAN COMMERCIAL BANK OF PEST

(Pesti Magyar Kereskedelmi Bank)

Established by Royal Charter: 1841

Capital: P. 25,000,000
Surplus: P. 36,700,000

BUDAPEST

V., Gróf Tisza István utca 2

Telegrams: Commerz

Telephone: 848-88

EVERY KIND OF BANKING BUSINESS TRANSACTED

Correspondents all over the World

43 Affiliations and Branches in Hungary

STOCKHOLMS INTECKNINGS GARANTI AKTIEBOLAG

STOCKHOLM

ESTABLISHED 1869

Paid-up Capital and Reserve Funds Kr. 35,000,000

Telegraphic Address: SIGAB, STOCKHOLM

London Agents:

HAMBROS BANK, Ltd., LAZARD BROTHERS & Co., Ltd., WESTMINSTER BANK, Ltd.,
LLOYDS BANK, Ltd.

All kinds of Banking Business transacted

The Hongkong and Shanghai Banking Corporation

(Incorporated in the Colony of Hongkong. The liability of members is limited to the extent and in manner prescribed by Ordinance No. 6 of 1929 of the Colony)

AUTHORISED CAPITAL	...	...	...	\$50,000,000
ISSUED AND FULLY PAID UP	...	...	...	\$20,000,000
RESERVE FUNDS	{	STERLING	...	£6,500,000
		HONGKONG CURRENCY	...	\$10,000,000
RESERVE LIABILITY OF PROPRIETORS	...	...	...	\$20,000,000

Head Office - HONGKONG

BOARD OF DIRECTORS:

Hon. Mr. J. J. PATERSON, Chairman
G. MISKIN, Deputy-ChairmanHon. Mr. W. H. BELL J. R. MASSON
A. H. COMPTON T. E. PEARCE
S. H. DODWELL J. A. PLUMMER
M. T. JOHNSON A. L. SHIELDS

CHIEF MANAGER V. M. GRAYBURN

BRANCHES:

Amoy, Bangkok, Batavia, Bombay, Calcutta, Canton, Chefoo, Colombo, Dairen (Dalny), Foochow, Haiphong, Hamburg, Hankow, Harbin, Hongkew (Shanghai), Ipoh, Johore, Kobe, Kowloon, Kuala Lumpur, London, Lyons, Malacca, Manila, Moukden, Muar, New York, Peiping (Peking), Penang, Rangoon, Saigon, San Francisco, Shanghai, Singapore, Sourabaya, Sungei Patani, Tientsin, Tokyo, Tsingtao, Yloilo, Yokohama.

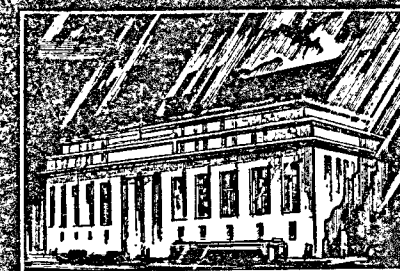
COMMITTEE IN LONDON:

The Hon. Alexander Baring Sir George Macdonogh,
A. H. Barlow G.B.E., K.C.B., K.C.M.G.
D. G. M. Bernard C. F. Whigham
C. A. Campbell

MANAGERS IN LONDON:

O. J. Barnes R. E. N. Padfield
Sub-Manager: G. M. Dalgety Accountant: A. M. Knight

9 GRACECHURCH ST., LONDON, E.C.3

Pre-eminent in the
PITTSBURGH

District

MELLON
NATIONAL BANK

PITTSBURGH - PENNSYLVANIA

Correspondence Invited

Cable Address: Mellonson, Pittsburgh

London Agts: National Provincial Bank, Ltd.

Member Federal Deposit Insurance Corporation

NATIONAL BANK OF INDIA, LIMITED

Registered in London under the Companies Act of 1862 on the 23rd of March, 1866.

Established in Calcutta 29th September, 1863.

Bankers to the Government in KENYA (B. E. Africa) and UGANDA.

Subscribed Capital -	-	-	-	-	£4,000,000
Paid-up Capital -	-	-	-	-	£2,000,000
Reserve Fund -	-	-	-	-	£2,200,000

Head Office: 26 BISHOPSGATE, LONDON, E.C.2

BRANCHES					
ADEN	CHITTAGONG	MADRAS	KISUMU	ENTEBBE	
ADEN STEAMER	COCHIN (S. India)	MANDALAY	MOMBASA	JINJA	
POINT	COLOMBO	NUWARA ELIYA	NAIROBI	KAMPALA	
AMRITSAR	DELHI	RANGOON	NAIROBI	DAR-ES-	
BOMBAY	KANDY	TUTICORIN	NAKURU	SALAAM	
CALCUTTA	KARACHI	ZANZIBAR		TANGA	
CAWNPORE	LAHORE				

The Bank grants Drafts and Telegraphic Transfers on all places where it is represented; negotiates and collects Bills of Exchange; collects Pay, Pensions, and generally transacts every description of Eastern Banking business.

Current Accounts are opened and Deposits are received for fixed periods, not exceeding one year, at rates to be obtained on application.

Circular Letters of Credit available throughout the World are issued to Constituents at Head Office and Branches.

Trusteeships and Executorships undertaken.

ALEXANDERS DISCOUNT CO. LIMITED.

24 Lombard Street, E.C.3.

Capital Authorised -	£1,800,000
Subscribed -	1,800,000
Paid-up Preference Shares	200,000
Paid-up Ordinary Shares -	800,000
Reserve Fund -	1,000,000

DIRECTORS.

COLIN FREDERICK CAMPBELL, *Chairman.*

GEORGE CLEVERLY ALEXANDER.

ROBERT ALEXANDER.

SIR AUSTIN EDWARD HARRIS, K.B.E.

ERIC GORE BROWNE, D.S.O.

FRANK NEWCOMB.

Manager—F. NEWCOMB.

Sub-Manager—B. F. CREWDSON, C.B.E.

Secretary—P. C. TONG.

Approved Mercantile Bills discounted. Loans granted on negotiable securities. Money received on deposit at call and short notices at current market rates, as advertised from time to time in the daily papers. For longer periods on specially agreed terms.

The Company deals in British Treasury Bills of any maturity.

NETHERLANDS BANK OF SOUTH AFRICA

(Incorporated with limited liability under the laws of the Netherlands.)

AUTHORISED CAPITAL	
£ 9,000,000 at 7.20½ =	£1,249,132.11.0
SUBSCRIBED CAPITAL	
£ 5,622,500 at 7.20½ =	£780,360.17.3
PAID-UP CAPITAL	
£ 5,622,500 at 7.20½ =	£780,360.17.3
RESERVE FUND	
£ 2,450,000 at 7.20½ =	£340,041.12.8

South
African
Currency

Head Office:

AMSTERDAM, HEERENGRACHT, 546

London Office:

201 SALISBURY HOUSE, FINSBURY
CIRCUS, E.C.2

LONDON MANAGER: P. D. SANTILHANO

Hamburg Office:

SCHAUENBURGERSTRASSE 32, HAMBURG

Head Office in South Africa:

PRETORIA

London Bankers: NATIONAL PROVINCIAL BANK, LTD.,
and MIDLAND BANK LIMITED

BRANCHES IN SOUTH AFRICA:

Bethlehem, Bloemfontein, Capetown, Dullstroom, Durban, East London, Ermelo, Hartbeestfontein, Johannesburg (Fox Street), Johannesburg (Van Brandia Street), Pietersburg, Port Elizabeth, Potchefstroom, Premier Mine, Pretoria, Springs, Worcester

The Bank is prepared to issue Drafts and Letters of Credit, and to make Telegraphic Transfers upon its branches, as well as upon its Agencies in the Cape Province, Natal, Orange Free State, and Transvaal. Bills negotiated and collected, and every description of Banking business transacted in connection with South Africa. Current Accounts kept and Deposits received for fixed periods.

THE ECONOMIST TRADE SUPPLEMENT

New Series

SATURDAY, MAY 30, 1936

No. 156

THE STATE OF TRADE

THE expansion of business activity in recent weeks continued to exceed the normal seasonal improvement at this time of the year. Moreover, although developments abroad have given rise to some uncertainty, reflected in the sagging tendency of quotations for industrial securities, there is every prospect of a further increase in activity and employment, at any rate in the near future.

The general improvement is reflected in our index of business activity, which has risen steadily since the decline between December and January. As will be seen from the chart on this page, the index for April is only slightly below the December level. The steep rise of the index towards the end of last year may have been due to an intensification of activity in anticipation of a coal strike. With the exception of exports of British manufactures and shipping movements, all the group indices are as high as, or higher than, a year ago. Further, the indices of building activity and shipping movements alone show a decline between March and April.

Employment in Great Britain reached a new record last month and showed an increase of 82,000 over March and of 371,000 over the corresponding month a year ago. Moreover, the improvement appears to have been fairly general, for all districts of the United Kingdom, with the exception of the North-Eastern division, registered a decline in unemployment. The progress of recovery last month is also revealed in the latest returns of the London Clearing Banks. Excluding the District Bank, the deposits of the clearing banks rose from £1,940 millions in April, 1935, to £2,038 millions in March and £2,082 millions in April of this year. Again, discounts and advances increased from £974 millions in April, 1935, to £1,073 millions in March and £1,103 millions in April this year.

The incidence of recovery has undergone slight change, except that exports have gained little ground since last year. On a superficial view, the disappointing showing of exports may be attributed to the over-valuation of the £ in terms of other currencies and to the stagnation of world trade. But while the exchange value of the £ may have been partly responsible for the disappointing trend of the exports of cotton manufactures, for example, it certainly does not explain the decline in our exports of iron and steel and machinery. Actually, the average value of our exports of manufactures in the first quarter of 1936 was practically the same as in the corresponding quarter a year ago. The demand for iron and steel and for the products of the engineering industry has risen to such an extent that British manufacturers have in many cases been unable even to meet domestic requirements at current prices. In answer to complaints, the iron and steel and engineering industries point to the limits set by present capacity, which cannot be enlarged at a moment's notice, and to the

shortage of skilled labour at certain key points. And since the profit margin on exports is frequently lower, manufacturers prefer to satisfy internal requirements at the expense of foreign markets. For the same reason, imports, especially of industrial raw materials, semi-manufactured articles and machinery, have tended to increase recently.

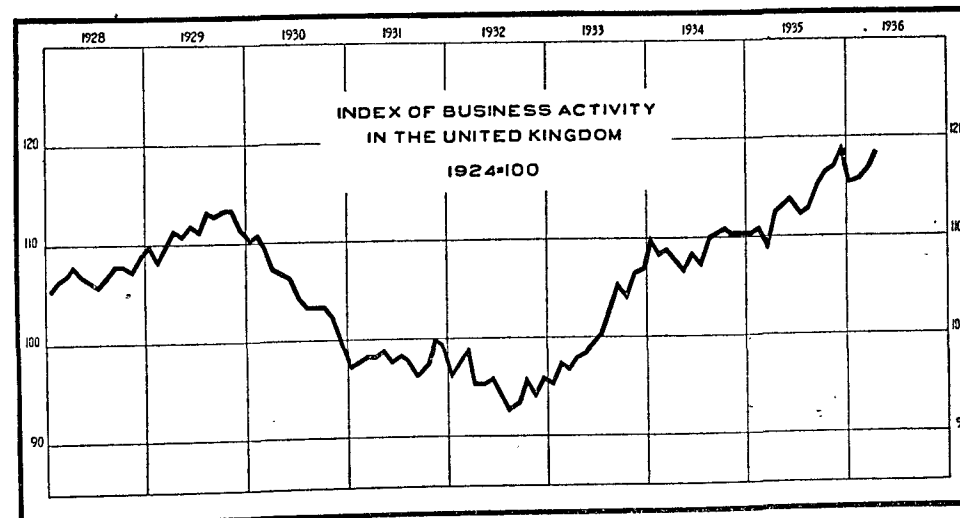
For the fourth month in succession, our index of building activity has been below the December level. The Board of Trade index of the production of building materials and building for the first quarter of 1936 also showed a slight decline compared with the previous two quarters. Plans approved for private dwellings in 146 towns last month were lower than a year ago, but the decline has been partly offset by an increase in the value of plans approved for other forms of construction. But the absence of further progress in building activity has been more than offset by the expansion of the metal industries, stimulated by the increase of commercial (as distinct from dwelling-house) construction, and by the improvement in the engineering, shipbuilding, automobile and aircraft industries, partly

due to re-armament. Domestic demand for coal and for industrial chemicals remained above last year's level, but both industries registered a decline in exports.

Those consumers' goods trades which do not depend mainly on exports are also making headway with the increase in purchasing power.

Unemployment in the textile trades as a whole showed a slight increase between March and April, but a decrease in the clothing, leather and leather goods and food, drink and tobacco industries. The value of retail sales showed a seasonal rise in April, but the increase in sales compared with a year ago was somewhat smaller than in preceding months, partly as a result of inclement weather.

The international setting has undergone no improvement in recent weeks. Confidence has been somewhat shaken by political developments and by the uncertainty concerning the future of the franc and the currencies of the other members of the gold bloc. This uncertainty is reflected in the decline in the prices of primary products subject to international arbitrage. In Europe, the continued stagnation in Holland, Switzerland and, to a lesser extent, in Poland, stands in striking contrast to the recovery in other countries, including Scandinavia, Belgium, France and some of the Danubian countries. The recession of activity in the United States, which set in last January, was arrested in March and gave way to a renewed upward movement at the beginning of April. Domestic recovery continues in the principal South American countries. The news from the British Empire, and especially from South Africa, Australia and Canada, is also encouraging. In the Far East, industrial activity in Japan declined after the turn of the year, but is expected to increase again. China's foreign trade is gradually expanding.



HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of May. In the remainder they relate to the month of April.

COAL

The coal-mining industry experienced a seasonal contraction during April, when production in all areas showed a decline. The movement is reflected in a slackening of employment, which is now no better than at this time last year. A slight decline in the volume of exports was also recorded last month, shipments being somewhat smaller than in the same month of 1935. Forward business is, however, reported to have shown some improvement during the first half of May, although uncertainty regarding the course of prices is a limiting factor. Meanwhile, industrial fuels remain an active market, heavy deliveries being made against existing contracts; a continued shortage of some classes of coal is reported. With the advent of warmer weather the house coal trade has declined to summer levels, and the introduction of summer prices on May 1st appears to have had little effect as yet.

IRON AND STEEL

Activity in the iron and steel industry continued to expand. Production of both pig iron and steel in April was substantially higher than a year ago. Imports were nearly twice as heavy as in April last year, while exports were appreciably smaller. Yet, despite the remarkable expansion of home consumption, demand for pig iron and certain semi-finished materials exceeds supply at current prices and consumers complain of arrears in deliveries and of the difficulty in placing orders for near delivery. As compared with a year ago, production of structural steel, plates of a thickness of $\frac{1}{2}$ inch and over, and of tin, terne and black plates registered a marked increase. Meanwhile, there are no signs that the expansion of home demand has yet reached its limit.

ENGINEERING

The engineering industry continued to gain ground in recent weeks, and the proportion of unemployed workers in the industry fell below 10 per cent. in April. Meanwhile, new business is coming in well and activity is expected to continue its upward trend. The progress of certain sections of the industry has been hastened by the Government's re-armament programme. But recovery has revealed "bottle-necks" in the industry which hamper the rapid acceleration of the output of certain products. As a consequence, it is difficult to obtain quick delivery of equipment. It is not surprising, therefore, that imports of machinery continue to increase relatively to exports. In April, for example, imports were 10,211 tons, compared with 6,171 tons a year ago, while exports declined from 32,181 tons to 30,807 tons during this period. Among individual sections, machine tool makers are very active, and there has been an improvement in the manufacture of prime movers, especially oil engines, power equipment, agricultural machinery and marine engines. Business is better in sugar crushing and refining machinery, and fair in textile machinery. Demand for lighting and excavating machinery is quite good.

ELECTRICAL ENGINEERING

The past month witnessed a marked increase in the volume of new orders placed for heavy electrical machinery, both by home and overseas consumers.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*
(1920 = 100)

Period	Home	Export	Total
1928—April	70	122	84
1929 "	86	145	100
1930 "	72	210	108
1931 "	60	130	76
1932 "	49	110	59
1933 "	64	78	65
1934 "	45	104	62
1935—April	105	135	115
May	110	128	117
June	109	124	115
July	101	123	109
August	85	122	99
September	71	135	93
October	70	141	93
November	79	150	102
December	89	141	106
1936—January	90	149	110
February	97	152	115
March	107	151	122
April	118	169	136

* Copyright of the British Electrical and Allied Manufacturers' Association. The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

MOTOR INDUSTRY

There are no signs of a slackening of activity in this industry, new registrations continuing to show a rising trend. During March, sales of private cars and of goods vehicles in Great Britain showed an advance of 6 per cent. and 16 per cent., respectively, over the 1935 level. Thus, the number of vehicles in use continues to increase. Imports of private cars during April were sharply reduced, compared with the same month of last year, while exports registered a significant improvement. Exports of commercial vehicles continue well in excess of the 1935 level.

CHEMICALS

A steady business has been transacted in most sections of the chemical market, although in some directions, particularly in pharmaceutical chemicals, demand has been rather limited. Wood distillation products have been quite active, and numerous inquiries have been received for coal tar products; but sales of naphthalene and cresylic acid are restricted owing to scarcity of supplies. The value of exports fell by £90,000 between April 1935, and the past month, while imports increased in value by £147,834 over the same period.

ELECTRICITY

INDEX OF GENERATION OF ELECTRICITY*
(Great Britain, excluding London and Wales)
(Monthly Average, 1923-24 = 100)

	(t)
1929	171
1930	167
1931	171
1932	181
1933	199
1934	227
1935	260
1935—April	230
May	241
June	236
July	229
August	227
September	257
October	281
November	298
December	352
1936—January	312
February	322
March	295
April	283

* Prepared by the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association.

† Corrected for seasonal fluctuations, for the increase in electrification (trend), and for connections to the "grid."

COTTON

Continued stagnation in the export market and some improvement in home demand have been features of the cotton industry during the past month. Employment, although better than a year ago, showed practically no change in April and remained at an unsatisfactory level; short-time working is still common. In the spinning section the percentage of spindles in full production fell from 81 to 79 during April, against 70 at the end of April, 1935. On the other hand, the *Economist* index of cotton consumption, calculated on a daily basis, rose from 96½ in March (1924 = 100) to 104 in April. Exports of cloth during the first four months of 1936 amounted to only 650,658,000 square yards, against 704,563,000 square yards in the same period of last year. The contraction is due largely to a decline in shipments to India from 235,090,000 to 168,844,000 square yards over this period. But the warmer weather has stimulated the home demand for light fancy materials and sales of autumn goods have improved.

WOOL

Some seasonal slackening of activity became apparent during April, especially in the woollen section, where unemployment showed a rise in some districts. The employment position in the worsted branch showed little change. Both sections are considerably better off than at this time last year. Imports of sheep's and lambs' wool were rather smaller in April than in March. Meanwhile, export business is still hampered by exchange restrictions and other barriers in foreign countries. Nevertheless, shipments of tops and yarns were satisfactorily maintained last month, although exports of woollen and worsted tissues recorded a decline. Owing largely to the absence of foreign buyers, prices at the London wool sales early in May were barely steady. Manufacturers are now anticipating a period of rather quiet demand.

JUTE

Demand for the raw material and for jute yarns is quiet and prices are easy. In the manufacturing section unemployment remains as severe as ever. Meanwhile, the dispute over working hours in India remains unsettled and the extension of production has, consequently, had a depressing effect upon prices.

RAYON

Sales of yarns for weaving and hosiery purposes have been moderate, but orders have generally been for small quantities. Stocks of rayon fabrics are reported to be small, but yarn stocks are fairly substantial. In view of the probability of a large replacement demand for fabrics in coming months, yarn production is being maintained.

LINEN

Home flax markets are practically cleared of supplies and sales are restricted to actual requirements. The yarn and cloth markets have shown no special features during the past month, but home and export demand are well maintained. Damask and cambric goods have recently come in for increased attention.

BOOTS AND SHOES

The position of the footwear trades showed little change last month, employment being rather better than at this time last year. Conditions, however, remain patchy.

POTTERY

No new features were evident last month and employment showed little change, remaining slack on the whole. Little improvement has taken place since a year ago, and a high percentage of workpeople are on short time.

AGRICULTURE

The growth of autumn sown crops was retarded by cold weather, but corn crops generally are now improving in appearance. Germination of spring-sown corn has been slow. At the end of April there was a fairly large acreage of potatoes still to be planted. The preparation of the land for root crops is more backward than usual. The fall of lambs in hill flocks is stated to be below normal. Pastures made very little growth until the end of April. Cattle which were turned out to grass early have lost condition, and sheep—particularly hill sheep—have not made good progress. Milk yields were generally slightly below normal.

SHIPPING

After falling steadily for some months, the *Economist* index of whole cargo shipping freights scored a fractional advance in April. The movement of grain from the River Plate and the resumption of chartering for the St. Lawrence brought some slight

relief to the market. But the improvement has not been maintained during the past fortnight.

BUILDING

Evidence that the boom in residential building has reached its peak is accumulating. Thus, for the fourth successive month, our index of building activity in April fell short of the December level. Moreover, the value of plans approved last month by 146 local authorities was below the corresponding total for 1935. The competition of Government contractors has seriously affected costs in certain instances, and a shortage of skilled operatives is reported from some areas. Nevertheless, there is no reason to anticipate an immediate recession in the building industry. Any decline in residential building will be at least partially offset by increased construction for commercial purposes, while slum clearance and public works may also help to fill the gap. Meanwhile, unemployment was again reduced in April and is now appreciably below last year's level.

RETAIL TRADE

A seasonal expansion was recorded in April, when the money value of retail sales was 5 per cent. in excess of the 1935 figure. The increase was almost entirely in the food group, sales in the "non-food" section being hindered by the bad weather last month.

HOME TRADE STATISTICS—APRIL, 1936

	Mar., 1936	Apr., 1936	Compared with Apr., '35	Mar., 1936	Apr., 1936	Compared with Apr., '35
UNEMPLOYMENT— (State Insurance %)	14.4	13.8	— 1.8			
PRODUCTION—						
Coal (million tons)*	4.7	4.2	+ 0.1			
Iron (thous. ")	633.6	629.8	+ 103.5			
Steel (" ")	980.1	991.5	+ 182.8			
FOREIGN TRADE—						
Imports (million £'s)	68.1	66.7	+ 6.9			
Re-exports (" ")	5.9	5.9	+ 1.7			
British Exports (" ")	36.5	33.4	+ 0.4			
TRANSPORT—						
Railway Receipts (thous. £'s)	2,789	2,935	+ 114			
Shipping Freights (av. level†)	77.2	77.3	+ 5.7			
COMMODITY PRICES (av. level‡)	70.9	70.9	+ 4.2			
TRADE DISPUTES (thous. working days loss)	195	141	— 63			
SECURITY VALUES (av. level§)	128.6	130.1	+ 5.2			

FINANCIAL DATA—

	Mar., 1936	Apr., 1936	Compared with Apr., '35
Bank of England Notes (Mill. £'s)*	405	418	+ 28
Bank Deposits (" ")*	2,108	2,154	+ 214
Bank Advances (" ")*	849	864	+ 89
Banks' Cash Ratio (%)	10.3	10.6	— 0.6
Bank Clearings:			
London (million £'s)*	750	699	— 9
Manchester (" ")*	10.2	9.4	...
Three Months' Bank Drafts (Discount Rate %)*	$\frac{1}{2}$	$\frac{1}{2}$	— $\frac{1}{2}$
Day-to-Day Loans (%)	$\frac{1}{2}$	$\frac{1}{2}$	...

(†) 1913 = 100. (‡) *Economist* Index No., 1927 = 100.
(§) *Bankers' Magazine* Index No. of 365 securities; December, 1921 = 100. (¶) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.
* Average weekly figures.

INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1924 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in Use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Towns	Monthly	Three-Months' Moving Average
1929	107	97½	147½	85½	159	116½	132½	112	104	113	109½	109	111½	123	112	...
1930	103	93	150	86½	168½	118	144½	98	77	101	86	108	109	124½	106½	...
1931	99	87	150½	74	175	117	136½	84½	80½	94½	64	98	106	109	98½	...
1932	98	85	155½	64½	180½	116	126	69	88	96	65½	95	106	97½	96	...
1933	101½	85	168½	67½	187	118	162	81	94½	106	68	96½	111	99	101	...
1934	106½	92	188½	75	199	119½	194	108	92½	114½	74	99½	117	108	109½	...
1935	109	94½	210	75	208½	122½	220½	115½	94	114½	80	101	122	112½	113½	...
1933—April.....	99	80	152½	68	184	115	153½	75	85½	101	67	97	110½	96	98	97½
May.....	100½	83	160½	67	185½	119	157½	71½	90	104	65	93	110	89½	98½	98
June.....	101½	80½	155½	65½	186	117	159½	77½	98	106½	69	98	109½	88½	99½	98½
July.....	102	79½	163	64½	187½	115½	164½	80	108	119	64½	97	113½	98½	100½	99½
August.....	103	84½	164½	64½	188½	116½	167½	86½	110½	132	68	98½	110	95½	103	101
September.....	104	88½	169	70	189½	116½	173	83	103	120½	74½	100	112	107	105½	103
October.....	104	87	168	75	190	117	174½	88½	92	103	73½	98	114	104	104	104
November.....	105	90½	181½	76½	191	118	177	93	97	109½	71	97	112½	107½	106½	105½
December.....	104½	91½	183½	76½	193	120½	178	114½	90½	105	69	97	113½	106½	107	106
1934—January.....	105½	103½	180½	68	195	119	178½	117½	95½	120	73	105	120½	113½	110	108
February.....	105½	89½	179	74	196½	120	183	106½	98½	119	68	99½	117	130	108½	108½
March.....	105½	94	185	75½	196½	117½	186	112½	87½	109	72	101	118	119½	109	109
April.....	106	89	180½	77	197	118	190	106½	93½	113	71	97	117	108½	108	108½
May.....	106½	88½	177½	75½	198	117	191	104	93½	110	70½	96½	114	108	107	108
June.....	106½	85½	183	76	200	117	195½	103	103	123	74½	98	116	95½	108½	108
July.....	106½	85	179	71	201½	116	197½	107	97	127½	73	89½	115½	106	107	107½
August.....	107	93	183½	73	202½	120	198½	107	95½	137	70½	100	113	100	110	108½
September.....	107½	91	186½	77½	201½	117½	199½	106	91	119½	82	100½	114½	101	110	109½
October.....	107	83	183½	80	199½	119	202	109½	85	119	83	99½	116	130½	110½	110½
November.....	107	98	200	78½	198	119½	205	103	81	98½	76	97½	116	130½	110½	110½
December.....	107	90	182	78	200	124	204	117	87	102	79	100½	120½	112	110½	110½
1935—January.....	107	93	193	72½	203½	120	206	117	90	96	75	95½	123	126	110½	110½
February.....	107	93	193	73	206½	121	209	110½	86	108½	80½	97½	121	108	111	110½
March.....	107½	97	195	74	207	117	213	115	89½	102	79	99	118	105½	109½	110½
April.....	108½	92½	203	75½	207	123½	216	105½	85½	120	81	100	120	109½	112½	111
May.....	108	97	207	77½	207	120	221	106	90½	119	77	106	121	113	113½	112
June.....	108½	94½	202½	75	207½	118	217	113	97½	115½	84	101½	128	120	114	113½
July.....	109	88	202	70½	208½	120½	219	109	108	125	77	102	126	113	112½	113
August.....	109½	89½	207	71½	209½	121	222	122½	97	118	77	102	123	111	113	113
September.....	110	96½	209	74	210	124	228½	123½	90	124	83	104	124	109	115½	113½
October.....	110	101	214	81	211	122	228	120	91½	119	83	101	121	108½	116	115
November.....	110½	100½	215	82½	211½	123	233	118½	101	120	80½	101	120½	107	117	116½
December.....	110½	102	225	78½	213	127½	238	138	93	129	79½	104	126	124½	119	117½
1936—January.....	110	102½p	218	73	215	124	236	139	97	110½r	73½r	99½	123½r	104½	115½p	117½p
February.....	111	97½p	226½	75r	217½	124	237½	134½	93½	114r	79	100	123r	104r	116r½p	117½p
March.....	111½	95½p	220½	78½p	219½p	124½	238	132	96½	118½r	80	100½	124½r	108r	117½p	116½p
April.....	112	96½p	233	80½p	...	124½	235½	133	104	128½p	80½p	99	125½p	109½p	118½p	117½p

FINANCE

Notes in Circulation—(000,000's omitted)

Period	United Kingdom	Austria	Belgium	Bulgaria	Czechoslovakia	Denmark	Finland	France	Germany	Greece	Hungary	Jugoslavia	Netherlands
End of	Bank of England Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Reichsbank Notes	"Rentenbank"	Bank Notes	Bank Notes	Bank Notes
	£	Schilling	Francs	Leva	Koruna	Kron.	Markat	Francs	Reichsmark	Reutenmks.	Drachmae	Pengö	Dinars
1913.....	29.6	1,067	189	152	113	5,714	2,742	245	397	5,193	501	5,818	951
1929.....	369.8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	4,776	422	4,003	423
1931.....	364.2	1,183	18,270	2,919	7,679	346	1,293	85,723	4,776	4,776	422	4,003	423
1932.....	371.2	914	18,135	2,835	6,267	332	1,085	85,028	3,560	4,776	422	4,003	423
1933.....	392.0	952	17,093	2,983	5,906	375	1,184	82,613	3,643	3,92	392	4,327	912
1934.....	405.2	964	17,650	2,449	5,640	386	1,277	83,412	3,901	3,85	385	4,384	912
1935.....	424.5	976	20,583	2,497	5,761	384	1,381	81,150	4,235	3,98	398	4,890	809
1935—March.....	381.4	914	18,851	2,140	5,560	369	1,441	83,044	3,664	3,95	395	4,432	848
April.....	393.2	925	19,063	2,173	5,500	370	1,431	82,352	3,711	3,84	384	4,435	871
May.....	390.4	926	20,157	2,123	5,567	375	1,369	82,776	3,810	3,77	377	4,446	837
June.....	396.9	937	20,153	2,152	5,780	378	1,328	82,099	3,895	3,73	373	4,473	808
July.....	408.3	942	20,397	2,133	5,454	361	1,310	81,128	3,878	3,66	366	4,513	809
August.....	399.6	963	20,576	2,266	5,524	375	1,317	82,240	4,032	3,96	396	4,681	795
September.....	398.2	953	20,702	2,408	5,730	368	1,336	82,309	4,143	3,99	399	4,678	819
October.....	399.9	963	21,035	2,413	5,715	387	1,302	83,306	4,159	3,99	399	4,777	819
November.....	401.3	953	20,792	2,303	5,599	384	1,319	82,447	4,186	3,79	379	4,838	787
December.....	424.5	976	20,583	2,497	5,761	384	1,381	81,150	4,235	3,98	398	4,890	809
1936—January.....	397.1	929	20,505	2,177	5,208	365	1,342	81,503	4,098	3,98	398	4,848	757
February.....	399.9	931	20,362	2,113	5,210	375	1,445	81,239	4,177	3,99	399	4,930	750
March.....	406.5	929	20,817	2,293	5,413	371	1,520	83,197	4,267	3,98	398	4,904	781
April.....	416.9	952	21,274	2,252	5,509	382	1,546	82,557	4,348	3,97	397	4,824	766

Period	Italy	Norway	Poland	Roumania	U.S.S.R.	Sweden	Switzerland	Australia	Canada	South Africa	Egypt	United States	Japan
End of	Bank Notes	State Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes
	£	£	Kroner	Zloty	Zloty	Leu	Gd. Rbls.	Rbls.	Kroner	Francs	£	Dollars	Yen
1913.....	2,284	499	108	437	234	314	10.0	2.3	2.2	4.85	1,642	426	2.7
1929.....	16,774	80	318	1,340	2,144	1,028	1,501	569	999	42.2	359	7.5	26.6
1931.....	14,295	...	334	1,218	241	23,750	2,370	1,584	583	48.2	303	7.3	19.5
1932.....	13,672	...	315	1,003	332	21,594	2,922	2,925	598	45.0	306	6.9	18.8
1933.....	13,243	...	327	1,004	342	21,219	3,069	3,433	648	45.1	304	9.7	20.3
1934.....	13,145	...	333	981	384	22,307	...	3,499	708	45.2	340	10.8	19.8
1935.....	...	...	348	1,007	404	23,127	...	786	1,366	46.4	211	12.0	23.3
1935—March.....	12,894	...	323	945	388	21,904	3,501	3,978	705	1,358	41.8	214	11.3
April.....	12,891	...	322	946	380	21,788	...	...	675	1,319	43.5	202	11.1
May.....	12,878	...	322	952	378	20,937	...	...	683	1,302	42.0	191	11.6
June.....	13,029	...	332	948	390	21,261	...	...	718	1,307	41.5	198	11.6
July.....	13,858	...	330	932	396	21,234	...	...	685	1,281	41.4	191	11.4
August.....	14,095	...	330	983	415	21,751	...	...	722	1,283	41.4	202	11.9
September.....	15,273	...	331	981	406	21,993	...	4,999	771	1,317	41.7	208	11.7
October.....	...	...	329	1,047	417	22,430	...	...	743	1,325	42.0	217	11.6
November.....	...	...	331	1,034	412	22,329	...	...	733	1,323	42.6	219	12.2
December.....	...	...	348	1,007	404	23,127	...	...	786	1,366	46.4	211	12.0
1936—January.....	...	...	339	959	386	22,258	...	...	724	1,275	42.4	200	12.2
February.....	...	...	346	979	397	23,056	...	...	756	1,274	41.8	203	12.4
March.....	...	...	357	979	397	23,056	...	...	756	1,274	41.8	203	12.4
April.....	...	...	364	1,010	399	...	...	...	780	1,311	...	...	...

a Until November, 1928, including State notes, then transferred to Bank of Canada. b Prior to March, 1935, including Dominion Notes then transferred to Bank of Canada. c Net issue. d In terms of new lire = 8,373 francs. e Excluding notes held by Reichsbank. f Token coins only. g Gross issue. h Since January, 1934, excluding gold coin. i Since January, 1926, excluding notes held by Bank of Poland. j Since 1920, including Austria-Hungarian and other notes converted after the war into National Currency. k Since 1926 excluding notes held by the State Bank. l In terms of new lire = 1,829 millions. m Since May, 1922, including Luxembourg. From 1927-1929, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes in October, 1926.

LONDON RATES OF EXCHANGE

	Paris	Brussels	Milan	Zurich	Madrid	Amsterdam	Stockholm	Oslo	Copenhagen	Berlin	Vienna	New York	Buenos Aires
	Francs to £1	Belgas to £1	Lire to £1	Francs to £1	Pesetas to £1	Florins to £1	Kronor to £1	Kroner to £1	Kroner to £1	Marks to £1	Schillings to £1	Dollars to £1	Pence to Dollars
Par level	124.21	85.00	92.46	25.22½	25.22½	12.107	18.159	18.159	18.159	20.43	34.58½	4.88½(a)	47.62½
Highest, 1935	75.50	29.53	66.00	15.40	36.50	7.43½	19.45	19.95	22.45	12.39	27.50	4.98½	48.83½
Lowest, "	70.56½	19.95	65.62½	14.33	34.00	6.87	19.35	19.85	22.35	11.57	24.25	4.71½	48.40
Beginning of—													(b)
July, 1914	25.15	25.35½	25.25½	21.16½	26.10	12.11½	18.30	18.25	18.30	20.49½	34.55	4.87½	47½
January, 1928	124.00	34.92½	92.32½	25.27½	28.24	12.09½	18.11½	18.34½	18.20½	20.45½	34.52	4.87½	47½
January, 1929	124.10½	34.88½	92.64	25.18½	29.74	12.08	18.13	18.19	18.17½	20.45½	34.44½	4.85½	47½
January, 1930	123.91	34.88½	93.22	25.13½	36.62½	12.09½	18.13½	18.20½	18.20½	20.43½	34.65½	4.87½	45½
January, 1931	123.66½	34.76½	92.74	25.04½	46.30½	12.05½	18.13½	18.16	18.16	20.38½	34.48½	4.85½	35½
January, 1932	86.37½	24.37½	66.62½	17.37½	40.18½	8.44½	17.75	18.25	18.12½	14.25	30.00	3.38½	40½
January, 1933	85.50	24.09½	65.12½	17.34½	40.90	8.31½	18.37½	19.40½	19.31½	14.00	28.50½	3.33½	42½
January, 1934	83.00	23.39½	61.84½	16.79½	39.53½	8.09½	19.40	19.90	22.40	13.71	29.50	5.15	35½
January, 1935	74.68½	21.02½	57.62½	15.22	36.06½	7.29	19.40	19.90	22.40	12.26	28.50	4.94½	27.62½
January, 1936	74.43½	20.24	61.25	15.15	35.93½	7.25½	19.40	19.90	22.40	12.24	28.50	4.92½	18.25
February "	74.84½	20.32½	62.12½	15.18	36.09	7.28½	19.40	19.90	22.40	12.28	28.50	5.00½	18.05
March "	74.70½	20.27	62.25	15.10	36.06½	7.26½	19.40	19.90	22.40	12.27	28.50	4.99½	18.05
April "	75.10½	20.26½	62.62½	15.21	36.25	7.29	19.40	19.90	22.40	12.30	28.50	4.95½	18.02½
May "	75.01½	20.22½	62.75	15.20½	36.21½	7.28½	19.40	19.90	22.40	12.28½	28.50	4.93½	17.97½

	Rio de Janeiro	Monte Video	Valparaíso	Bombay	Hong Kong	Shanghai	Kobe	Singapore	Place	Method of Quoting	April Quotations—		
	Pence to Milreis	Pence to Dollar	Peso to £1	Pence to Rupee	Sterling to Dollar	Sterling to Tael	Sterling to Yen	Sterling to Dollar			Highest	Lowest	Average*
Par level	16	51	40.00	s. d.	s. d.	s. d.	s. d.	s. d.	New York, 1935				
Highest, 1935	2.50	18.86½	128	1 6½	1 3½	1 2½	1 1½	2 4	Apr., 1935	Dollars to £1.	4.86½	4.76½	4.836
Lowest, "	3.50	22.50	115	1 6½	2 8½	1 10½	1 2½	2 4½	Mar., 1936		4.99½	4.94½	4.971
									Apr., 1936		4.96½	4.93½	4.944
Beginning of—									Paris, 1935				
July, 1914	16½	51½	39.65	1 3½	1 10½	2 6½	2 0½	2 3½	Apr., 1935	Francs to £1.	73.93½	72.31½	73.271
January, 1928	5½	50½	39.35	1 6½	2 11½	2 7½	2 0½	2 4½	Mar., 1936		75.18½	74.63½	74.882
January, 1929	5½	51	39.64	1 6½	2 0½	2 7½	1 11½	2 4½	Apr., 1936		75.28½	74.87½	75.003
January, 1930	5½	51	39.64	1 6½	2 0½	2 7½	1 11½	2 4½					
January, 1931	5½	46½	39.80	1 5½	1 8	2 1½	2 0½	2 3½	Amsterdam, 1935				
January, 1932	4½	35½	39.89	1 5½	1 1½	1 5½	2 0½	3 3½	Apr., 1935	Florins to £1.	7.35	7.06	7.168
January, 1933	4½	31½	28.00	1 6½	1 5½	1 11½	2 1½	2 4½	Mar., 1936		7.32	7.23½	7.272
January, 1934	5½	30½	...	1 6½	1 3½	1 7½	1 3	2 3½	Apr., 1936		7.31	7.27	7.282
January, 1935	4½	35½	...	1 6½	1 5½	1 4½	1 2	2 4½					
January, 1936	3½	20½	117	1 6½	1 8½	1 5	1 2½	2 4½	Berlin, 1935				
February "	2½	22½	127	1 6½	1 3½	1 2½	1 2½	2 4½	Apr., 1935	Rechnmks. to £1.	12.10	11.87	11.998
March "	2½	22½	129	1 6½	1 3½	1 2½	1 2½	2 4½	Mar., 1936		12.38	12.26	12.293
April "	2½	22½	128	1 6½	1 3½	1 2½	1 2½	2 4½	Apr., 1936		12.33	12.26	12.284
May "	2½	22½	131	1 6½	1 3½	1 2½	1 2½	2 4½					

* Daily rate. (a) 8.25½ since dollar devaluation on February 1, 1934. (b) Paper pesos to £ after January, 1935.

FOREIGN TRADE

IMPORTS for Domestic Consumption—Merchandise Only—(000's omitted)

Period	U.K.	Irish Free State	Belgium	Bul- garia	Czecho- slovakia	Den- mark	France	Fin- land	Germany	Greece	Italy	Jugo- Slavia	Nether- lands	Poland	Sweden	Switzer- land	U.S.S.R.	Egypt
Monthly Average	£	£	Francs	Leva	Koruna	Kroner	Francs	Markka	Marks	Drachmae	Lire	Dinars	Gulden	Zloty	Kronor	Francs	Roubles or Gold Rbl.	£E
1913	54,931	...	386,384	15,775	1,661,820	64,785	701,778	41,035	897,474	4,828	303,803	229,231	235,358	259,248	70,545	159,985	...	2,271
1929	62,589	5,020	2,851,520	683,719	1,427,900	142,907	4,851,719	583,026	1,120,566	1,106,270	1,805,397	632,896	229,358	259,248	148,549	231,987	73,386	4,453
1931	66,512	4,139	1,978,455	388,339	977,075	117,483	3,516,609	288,700	560,590	730,300	970,300	400,023	157,728	122,350	118,960	187,600	92,086	2,544
1932	54,352	3,453	1,347,000	289,275	621,785	90,860	2,455,487	288,500	388,875	654,300	687,256	238,300	108,286	71,832	96,240	146,890	58,670	2,212
1933	52,412	2,934	1,233,000	183,500	483,200	102,080	2,369,000	328,100	350,300	702,500	618,100	240,200	100,730	68,920	91,320	132,700	29,170	2,174
1934	56,530	3,231	1,142,000	187,300	530,300	108,080	1,925,000	397,600	370,900	732,500	638,900	297,800	86,520	66,560	108,730	119,540	19,310	2,390
1935	58,470	3,087	1,417,000	250,700	560,900	106,230	1,745,000	445,300	346,600	789,100	...	308,300	77,990	71,720	122,330	106,940	20,970	2,605
1935—Mar.	56,037	3,644	1,142,000	185,400	516,000	107,389	1,717,000	383,100	352,700	726,400	670,200	284,200	79,900	69,690	110,730	105,900	20,660	2,090
Apr.	53,668	2,736	1,318,000	253,500	516,900	92,900	1,697,000	403,100	359,300	814,900	651,300	325,500	78,330	73,980	125,740	109,200	20,100	2,221
May	58,973	3,455	1,581,000	283,200	537,900	113,500	1,820,000	506,800	332,500	1,000,100	552,500	369,100	78,020	70,030	122,020	109,840	17,770	2,226
June	52,605	3,014	1,421,000	281,400	447,100	94,650	1,677,000	472,700	316,900	846,400	*721,900	282,000	73,210	76,920	108,920	110,380	25,000	2,074
July	57,863	3,050	1,504,000	199,200	485,500	100,510	1,742,000	490,900	330,100	968,600	570,600	71,000	76,090	74,060	114,630	110,120	19,700	2,553
Aug.	54,960	2,804	1,391,000	267,600	524,700	96,520	1,698,000	457,300	317,500	899,500	569,100	276,900	75,590	71,950	120,130	96,000	23,650	2,365
Sept.	57,020	3,021	1,415,000	214,600	622,900	124,140	1,508,000	468,000	317,700	931,800	666,800	287,700	75,680	63,820	124,640	100,260	19,000	2,770
Oct.	63,650	3,478	1,721,000	314,500	657,800	121,200	1,723,000	557,100	333,800	959,000	...	...	...	...	...	...	...	3,300
Nov.	66,884	3,499	1,611,000	335,500	788,200	108,000	1,736,000	526,500	345,100	1,037,800	...	...	...	...	...	...	...	3,840
Dec.	69,049	2,911	1,804,000	288,300	754,300	104,900	1,933,000	441,300	378,000	953,800	...	...	...	...	...	...	...	2,810
1936—Jan.	63,704	2,878	1,810,000	384,200	530,800	128,000	2,026,000	461,300	364,100	985,700	...	...	...	...	...	...	...	2,810
Feb.	56,666	3,137	1,658,000	303,100	515,400	94,800	2,049,000	370,900	333,800	932,700	...	...	...	...	...	...	...	2,110
Mar.	62,152	3,217	1,758,000	219,500	588,800	93,630	1,954,000	394,900	355,400	935,600	...	...	...	...	...	...	...	2,110
Apr.	60,744	...	...	...	...	...	2,126,000	...	361,000	...	...	...	...	...	...	...	...	...

CAPITAL ISSUES.—(000,000's omitted)													
Period	United Kingdom	Austria	Czechoslovakia	France	Germany	Italy	Netherlands	Poland	Roumania	Sweden	Switzerland	British India	Japan
Monthly Average	£	Schilling	Koruna	Francs	Mark	Lire	Gulden	Zloty	Lei	Kronor	Francs	Ruppes	Yen
1913	16.3	...	...	...	...	...	...	...	...	...	...	...	...
1929	23.8	8.6	55	1,259	60	23	13	...	20	18	...	56	45
1931	8.5	3.1	42	1,362	65.2	361	20	6.4	210	28	48	27	261
1932	15.7	4.9	27	511	12.3	304	31	11.6	37	11	32	33	318
1933	20.4	17.9	21	300	7.3	...	...	3.0	47	8	15	...	551
1934	14.1	...	...	...	...	...	...	...	...	...	...	...	118
1935	...	...	...	...	...	...	...	...	...	...	...	...	...
1936	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	6.7	9.8	19	358	11.4	152	3	3.3	122	8	50	21	655
Apr.-June	11.0	...	...	...	...	...	...	...	...	...	...	...	75
July-Sept.	9.4	9.0	13	306	8.5	531	2	1.1	115	9	11	27	425
Oct.-Dec.	14.5	...	...	...	...	...	...	...	...	...	...	...	123
1935	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	9.1	...	...	...	...	...	...	...	...	...	...	...	83
Apr.-June	11.6	...	...	...	...	...	...	...	...	...	...	...	78
July-Sept.	9.5	...	...	...	...	...	...	...	...	...	...	...	231
Oct.-Dec.	...	...	...	...	...	...	...	...	...	...	...	...	...
1936	...	...	...	...	...	...	...	...	...	...	...	...	...
January	33.7	...	...	...	...	...	...	...	...	...	...	...	123
February	17.1	...	...	...	...	...	...	...	...	...	...	...	231
March	11.1	...	...	...	...	...	...	...	...	...	...	...	130
April	10.3	...	...	...	...	...	...	...	...	...	...	...	176

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of Roumania and Czechoslovakia. In the case of the Netherlands, Switzerland and the U.K. both bonus shares and conversions are excluded. *a* Excluding Treasury Bills. *d* Excluding large railway issues. *f* "Rivista Bancaria." *g* Issues exceeding 100,000 on the Dutch market including Colonial, and since Jan. 1925, foreign issues. *m* Since 1924, excluding amalgamations and conversions. Until end 1922 paper mark. *o* "Société de Banque Suisse," figures of net amount of new capital paid-up. *p* Compiled by "Commercial and Financial Chronicle." *y* Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES													
	1930	1931	1932	1933	1934	1935	1936						
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June						
London	3 3/4	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2						
Paris	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2						
Berlin	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2						
New York	21 1/2	21 1/2	21 1/2	21 1/2	21 1/2	21 1/2	21 1/2						
Amsterdam	3 3/4	3 3/4	3 3/4	3 3/4	3 3/4	3 3/4	3 3/4						
Brussels	3 3/4	3 3/4	3 3/4	3 3/4	3 3/4	3 3/4	3 3/4						
Rome	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2						
Switzerland	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2						
Vienna	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2						
Warsaw	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2						
Tokyo	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4						
Calcutta	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2						

* Federal Reserve. † 6% on May 6. ‡ 4 1/2% on May 18.

LONDON BANKERS' CLEARING RETURNS

	Town	Metropolitan	Country	Total
1913	14,191,275	855,648	1,369,481	16,416,404
1929	39,935,924	1,881,989	3,078,784	44,896,697
1931	31,815,808	1,667,852	2,752,209	36,235,869
1932	27,833,633	1,610,407	2,667,919	32,111,959
1933	27,714,480	1,656,676	2,766,471	32,137,626
1934	30,740,117	1,759,528	2,984,512	35,484,157
1935	32,443,575	1,887,112	3,229,064	37,559,751
1935 (May 22)	12,736,542	741,769	1,249,430	14,727,741
1936 (May 20)	12,804,623	792,234	1,365,300	14,962,157

U.K. IMPORTS AND EXPORTS.—(000,000's omitted)

	Food		Raw Materials		Manufactures		Imports of		Exports of	
	Imports	Exports	Imports	Exports	Imports	Exports	Wheat	Raw Cotton	Sheep's and Lambs' Wool	Cotton Piece Goods
Monthly Average	£	£	£	£	£	£	Cwts.	Centals	Centals	Sq. Yds.
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	589
1929	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	306
1932	31.1	2.7	13.7	3.6	13.1	23.0	8.8	1.0	0.8	182
1933	28.3	2.3	15.0	3.8	12.6	23.5	9.4	1.2	0.8	179
1934	28.8	2.5	17.5	4.0	14.3	25.4	8.6	1.1	0.7	172
1935	29.7	2.6	17.6	4.4	15.4	27.4	8.4	1.1	0.7	162
1935—September	29.6	2.8	17.5	4.7	15.5	34.1	7.3	0.6	0.3	150
October	37.5	3.4	18.0	4.7	17.4	30.6	9.9	1.4	0.4	161
November	34.4	3.8	19.7	5.1	16.9	29.3	9.9	1.7	0.6	153
December	34.4	2.7	23.6	4.2	16.0	26.2	9.1	2.1	0.8	148
1936—January	31.3	2.8	22.4	4.1	16.0	26.6	6.6	1.4	0.9	167
February	27.5	2.5	18.9	4.1	15.7	27.6	6.6	1.2	1.0	169
March	30.2	2.9	19.6	4.1	17.9	28.6	9.3	1.1	1.1	173
April	28.4	2.4	20.0	3.9	17.9	26.0	8.3	1.2	1.1	141

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

						Great Britain (g)					
	Austria	Germany	Italy	Canada	United States	Freight Traffic (f)					
						(b) (h)	(a)	(c) (i)	(c) (e)	(e)	Merchandise*†	Coal, etc.‡	Minerals‡ and Other Merchandise	Total‡
Monthly Average—	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Monthly Average—	Tons	Tons	Tons	Tons	Ton-Mile
1929	379	5,745	1,017	4,831	59,897	1929	5.1	17.2	5.4	27.7	1,452
1932	221	3,242	840	3,092	31,508	1931	4.3	14.4	4.0	22.7	1,276
1933	245	3,479	759	2,845	33,475	1932	3.8	13.8	3.4	21.0	1,163
1934	253	4,165	714	3,183	36,202	1933	3.8	13.7	3.5	21.2	1,177
1935	262	4,682	...	3,294	37,992	Four weeks ending :					
1935—April	234	3,941	702	2,965	34,047	1935—March 23	3.7	14.3	4.0	22.0	1,241
May	255	4,411	694	2,899	36,006	April 20	3.7	13.1	3.8	20.6	1,158
June	248	4,569	720	3,093	37,862	May 18	3.5	11.7	3.8	19.1	1,080
July	258	4,619	...	3,417	38,823	June 15	3.6	12.3	3.8	19.8	1,108
August	269	4,867	...	3,068	37,866	July 13	3.7	12.2	3.9	19.8	1,124
September	288	5,158	...	4,392	40,463	August 10	3.5	10.7	3.6	17.7	1,021
October	318	5,573	...	4,675	45,551	September 7	3.7	12.9	3.7	20.3	1,168
November	310	5,061	...	3,593	40,103	October 5	3.9	13.2	3.8	20.9	1,195
December	279	4,690	...	3,106	38,215	November 2	4.2	15.1	4.3	23.6	1,284
1936—January	229	5,016	...	2,880	35,215	November 30	4.2	14.8	4.4	23.3	1,347
February	218	4,627	...	...	40,672	December 28	3.6	14.4	3.9	21.9	1,240
March	...	5,103	...	...	...	January 25	3.7	15.3	3.9	22.9	1,274

* Inc. live-stock. (a) "Reichsbahn." Exc. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Railways with annual operating revenues of at least \$500,000. (e) Including free-hauled. (f) Including free-hauled. (g) Long ton = kg. 1,016.05; mile = metres 1,609.34. (h) Fiscal year ending June 30. † From January, 1932, onwards figures relate to 4-week periods. (i) Figures from 1933 not comparable with previous figures.

UNEMPLOYMENT

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.)

End of Month	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia	Canada
1921—June	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2
December	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1927—June	8.8	1.4	18.0	6.3	8.0	22.5	9.5	6.4	3.5
December	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6
1928—June	10.7	0.6	13.5	6.2	4.4	14.4	7.6	11.2	3.2
December	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.6
1929—June	9.6	0.4	10.0	8.5	2.6	11.3	7.3	70.0	2.8
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930—June	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5	10.6
December	20.2	9.2	25.1	31.7	18.2	25.5	23.3	23.4	17.0
1931—June	21.8	9.0	11.3	29.7	11.7	...	12.9	27.6	16.3
December	20.9	17.0	32.2	42.2	27.8	27.2	27.1	28.0	21.1
1932—June	22.3	18.7	24.9	43.1	27.2	26.2	19.1	30.0	21.6
December	21.7	18.6	42.8	43.1	24.5	42.4	31.5	28.1	25.6
1933—June	19.5	14.4	21.9	...	27.7	27.2	20.8	25.7	21.8
December	17.6	19.9	37.5	22.6	40.0	39.2	27.7	23.0	21.0
1934—June	16.4	17.1	15.5	13.3	29.1	27.2	14.9	20.9	18.0
December	16.1	22.2	30.3	14.3	37.9	32.8	25.0	...	18.0
1935—June	15.3	15.8	12.6	10.0	32.9	21.1	12.7	17.8	15.0
November	14.6	15.9	21.7	10.6	36.6	22.0	16.2	...	13.0
December	14.2	17.9	31.7	13.7	40.7	26.0	22.5	13.7	14.0
1936—January	16.3	18.6	28.0	13.5	42.6	28.0	19.3	...	14.0
February	15.4	18.6	30.5	13.5	40.7	...	18.0	...	13.0
March	14.4	...	25.9	10.4	37.0†	...	...	13.4	14.0
April	13.8	...	19.3	9.4	...	...	...	...	...

Number of Workers Covered by Last Returns

Millions	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia	Canada
1928	12.8	0.8	0.40	6.9	0.6	0.06	0.4	0.4	0.17

† Ex. Irish Free State since March, 1923. ‡ Provisional figure.

SECURITY VALUES

	United Kingdom		Nether-lands	Sweden	Switzer-land	Canada	United States
	" Bankers' Magazine "		Official. 49	Official. 52	Banque Nationale, (f) 26/33	Official. (i) Common	Standard Statistics Co. 242
	365 representative securities		Ordinary Industrial Shares	Industrial and Shipping Shares	Industrial Shares	Industrial Shares	Industrial Shares
Base	Dec., 1921 = 100		1921-25 = 100	Dec., 1924 = 100	Nom. value = 100	1926 = 100	1926 = 100
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1930-June	110.0	135.5	119.0	85	148.2	209.3	165.4
Dec.	112.5	118.5	114.4	60	131.8	177.6	120.3
1931-June	111.1	103.6	108.6	50	120.1	180.7	91.1
Dec.	102.2	90.7	98.5	35	79.4	116.8	74.3
1932-June	111.0	78.9	100.6	25	50.7	106.3	48.8
Dec.	116.8	85.8	109.4	35	57.3	126.5	58.4
1933-June	119.7	105.4	114.3	39	64.5	159.7(h)	103.6
Dec.	122.0	108.4	117.6	37	64.8	156.4	107.6
1934-June	125.3	114.5	121.8	34	71.3	156.6	126.1
Dec.	132.7	113.5	126.5	28	83.0	151.6	125.6
1935-June	130.3	115.6	125.5	33	90.0	169.9	145.2
Dec.	129.5	120.1	126.4	34	89.3	162.3	177.8
1936-Jan.	130.1	123.9	128.1	37	93.0	169.0	187.3
Feb.	131.0	126.7	129.6	40	98.3	175.3	199.6
Mar.	130.2	125.2	128.6	39	103.0	176.1	194.7
Apr.	131.5	127.1	130.1	37	105.0	178.5	...

HOME INDUSTRIES AND TRADE

The following reports on British industry cover, in most cases, the period to the middle of June. In the remainder they relate to the month of May.

COAL

There was little change in the position of the coal-mining industry during May. Output was below the level of May, 1935, although unemployment was rather less severe than it was twelve months earlier. Exports showed no improvement last month, and business with France has since been rendered difficult by the port strikes in that country. In recent weeks industrial fuels have been in steady demand on the home market, deliveries against existing contracts being heavy and prices firm. Unseasonable weather has kept the demand for house-coal above normal for this time of year, but business is showing a steady decline. Coke remains in firm request for industrial purposes. Meanwhile, the coal selling schemes were discussed in the House of Commons last Wednesday and will come into force on August 1st.

IRON AND STEEL

The output of steel ingots and castings registered a slight decline between April and May, but production of pig iron continued to expand; there is still, however, a marked shortage of pig iron and, despite heavier imports of semi-finished materials in recent months, a satisfactory balance between supplies and requirements has yet to be achieved. Since last autumn the increasing pressure of home demand has been satisfied, in part, at the expense of export orders. Reports last month, however, showed an appreciable expansion, though the tonnage shipped was still below the level of May, 1935. As compared with a year ago there has been a sharp decline in exports of pig iron, plates and sheets (except tinplates) and wrought tubes, and an appreciable increase in shipments of railway material.

ENGINEERING

The demand for the products of the engineering industry continues to expand. The position of the industry is similar to that of the iron and steel industry in that it has been unable in recent months to meet the marked increase in home requirements. Consequently purchases abroad have tended to expand considerably, imports during the first five months of 1936 amounting to 41,129 tons, compared with 30,306 tons during the corresponding period a year ago. For the same reason the improvement in exports of machinery has been arrested, the volume of shipments declining from 160,152 tons in January-May, 1935, to 159,084 tons during the corresponding period this year. Meanwhile agreement was reached on June 17th for a further increase in wages of 3s. a week in three instalments of 1s. each, to become effective at the end of June, September and December. Nearly 1,000,000 persons will benefit under the agreement. The pressure for higher wages is likely to continue. Most individual branches of the industry have made further headway in recent weeks, but there has been a slight decline in business in the marine engineering and agricultural machinery sections.

ELECTRICAL ENGINEERING

While the volume of home orders for heavy electrical machinery declined slightly between April and May, foreign business showed a further expansion.

INDEX OF NEW ORDERS RECEIVED BY HEAVY ELECTRICAL MANUFACTURING INDUSTRY*

(1920 = 100)

Period	Home	Export	Total
1928-May	68	108	79
1929 "	84	143	99
1930 "	70	209	105
1931 "	63	134	79
1932 "	56	105	62
1933 "	56	80	60
1934 "	47	112	67
1935-May	110	128	117
June	109	124	115
July	101	123	109
August	85	122	99
September	71	135	93
October	70	141	93
November	79	150	102
December	89	141	106
1936-January	90	149	110
February	97	152	115
March	107	151	122
April	118	169	136
May	115	176	136

* Copyright of the British Electrical and Allied Manufacturers' Association. The above index is a 12-month moving average of new orders received by the heavy plant section of the industry. It is based on the horse-power and not on the value of orders.

MOTOR INDUSTRY

Recent trends remained unchanged during April and May; business on the home market continued to expand and exports remained above the level of a year ago. New licences for private cars and goods vehicles during April amounted, respectively, to 28,303 and 5,863, against 25,554 and 5,620 in the same month of 1935. Exports of cars, chassis and commercial vehicles last month totalled 6,992 units (valued at £809,343), compared with 5,702 units (to the value of £724,421) in May, 1935. On the other hand, imports of private cars show a considerable fall over the year, the total for May being 859 (valued at £163,633), compared with 2,202 (valued at £331,192) a year ago. The outlook remains favourable.

CHEMICALS

Home chemical markets were fairly active during May, although business in pharmaceutical chemicals was still rather restricted. Trade in industrial chemicals and wood distillation products was good on the whole. In the coal-tar products section numerous inquiries were received for the finer distillates, but business was difficult owing to scarcity of supplies. Consumption of refined road tar was below the average on account of the unseasonable weather. Exports in May were £48,950 less than in May, 1935. May imports were valued at £65,401 more than in May, 1935.

ELECTRICITY

INDEX OF GENERATION OF ELECTRICITY*
(Great Britain, excluding London and Wales)
(Monthly Average, 1923-24 = 100)

	(†)	(‡)
1929	171	102.2
1930	167	93.1
1931	171	90.5
1932	181	87.5
1933	199	87.4
1934	227	98.6
1935	260	106.4
1935-May	241	105.0
June	236	106.0
July	229	108.0
August	227	109.0
September	257	111.0
October	281	111.0
November	298	109.0
December	352	110.5
1936-January	312	111.0
February	322	113.0
March	295	113.0
April	283	112.0
May	292	115.0

* Prepared by the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association.
† Corrected for seasonal fluctuations, for the increase in electrification (trend), and for connections to the "grid."

COTTON

Home demand in May was slightly better than in the previous month, but exports were barely maintained. Employment showed an improvement on the month and was considerably better than in May, 1935, the expansion being common to all branches. The slackening of activity in the spinning section last month was of less than normal seasonal dimensions and the percentage of spindles in full production remained unchanged at 79. Consumption of raw cotton was substantially in excess of last year's corresponding figure. Allowing for the difference in the number of working days, exports of yarns and piece-goods registered a slight decline between April and May and were again smaller than in May, 1935. An important factor is the falling off of shipments to India. The report of the Indian Tariff Board has not yet been published and much uncertainty exists regarding India's import duties. On the other hand, some benefit has accrued to Lancashire in consequence of the recent change in Australian tariffs.

WOOL

Available data suggest that the woollen and worsted industry suffered a further slight contraction of activity in May, partly owing to the sagging tendency of raw wool prices. But business remained substantially better than a year earlier. Exports of tops and yarns and of woollen and worsted tissues were about maintained at the April level, and were well in excess of the corresponding figure for 1935. In recent weeks there has been a better demand for woollen than for worsted manufactures. Manufacturers are anticipating a good autumn season. Meanwhile, the decline of raw wool supplies in exporting countries is reflected in the import figures, which fell last month to below the 1935 level.

JUTE

The depression in the industry continues unabated and the employment position further deteriorated last month. Owing to the absence of orders, spinners and manufacturers have had to curtail production. Meanwhile, competition of jute goods from India remains severe, while exports of British jute manufactures continue to fall short of the 1935 level.

RAYON

An appreciable improvement has been apparent in certain sections during the past few weeks and there is now more business in warp yarns—especially viscose. Yarn stocks are still considered to be heavy and short-time working remains fairly common. But the general outlook is now more promising and export business in fabrics—especially with Empire countries—has improved.

LINEN

Business in flax is confined to current needs, neither sellers nor buyers being keen to operate. The weather throughout Europe has been unfavourable for growing crops. As is usual at this time of year, yarns and cloth have been rather neglected, although demand for dress goods, damasks and cambrics has been well maintained.

BOOTS AND SHOES

Although short-time working remains common, some improvement in the position of the footwear trades was apparent last month. Exports in May were slightly above last year's level.

POTTERY

A slight general improvement in the pottery industry in May is reflected in an expansion of employment and in the total of wages paid. Conditions in Bristol and Derby are, however, substantially better than in North Staffordshire.

AGRICULTURE

All corn crops are backward, and need both rain and warmth. First early potatoes appear to be satisfactory, although backward, while main crop potatoes and root crops were sown under favourable conditions. Hop vines are generally strong and healthy, but, owing to cold winds, growth has been retarded. The hay season will probably be late, with the crops lighter than usual. Grass was not plentiful during May, and both cattle and sheep made less than normal progress. Lambs have not done well, especially in hill districts. Milk yields were below the seasonal average.

SHIPPING

As foreshadowed a month ago, shipping freights suffered a further fall during May, the *Economist* index (1898-1913 = 100) standing at 88.8, against 89.9 in April and 83.7 in May, 1935. No improvement on the freight markets has been recorded in recent weeks and prospects remain unfavourable.

HOME TRADE STATISTICS—MAY, 1936

	Apr. 1936	May 1936	Compared with May '35
UNEMPLOYMENT— (State Insurance %)	13.8	13.0	- 2.5
PRODUCTION— Coal (million tons)*	4.2	4.5	+ 0.2
Iron (thous. ")	629.8	661.0	+ 102.1
Steel (" ")	984.2	963.0	+ 109.7
FOREIGN TRADE— Imports (million £'s)	66.7	69.2	+ 4.7
Re-exports	5.9	5.6	...
British Exports (" ")	33.4	36.4	+ 1.2
TRANSPORT— Railway Receipts (thous. £'s)*	2,935	2,929	+ 127
Shipping Freights (av. level) [†]	77.3	76.3	+ 4.4
COMMODITY PRICES (av. level) [‡]	70.9	69.8	+ 1.7
TRADE DISPUTES (thous. working days loss)	141	163	+ 75
SECURITY VALUES (av. level) [§]	130.1	129.1	+ 3.3

FINANCIAL DATA—

	Apr. 1936	May 1936	Compared with May '35
Bank of England Notes (Mill. £'s)*	418	422	+ 31
Bank Deposits (" ")*	2,083	2,113	+ 152
Bank Advances (" ")*	838	839	+ 69
Banks' Cash Ratio (%)**	10.6	10.0	- 1.2
Bank Clearings: London (Million £'s)*	699	742	+ 39
Manchester (" ")*	9.4	10.1	+ 0.9
Three Months' Bank Drafts (Discount Rate %)*	3½	3½	- ¼
Day-to-Day Loans (%)*	½	½	...
(†) 1913 = 100. (‡) <i>Economist</i> Index No., 1927 = 100, 1921 = 100. (§) <i>Bankers' Magazine</i> Index No. of 365 securities; December, 1921 = 100. (¶) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.			

* Average weekly figures.

INDICES OF BUSINESS ACTIVITY*

Daily Averages of 1924 = 100

Period	Employment	Consumption of Power		Transport		Postal Receipts	Building Activity	Consumption of		Foreign Trade			Bank Clearings		Complete Index	
		Coal	Electricity	Merchandise on Railways	Commercial Motors in Use			Iron and Steel	Cotton	Imports of Raw Materials	Exports of British Manufactures	Shipping Movements	Metropolitan, Country, Provincial	Town	Monthly	Three-Months' Moving Average
1929	107	97	147	85	159	116	132	112	104	113	109	109	111	123	112	...
1930	103	93	150	86	168	118	144	98	77	101	86	108	109	124	106	...
1931	99	87	150	74	175	117	136	84	80	94	84	98	106	109	98	...
1932	98	85	155	64	180	116	125	69	88	96	65	95	106	97	96	...
1933	101	85	168	67	187	118	162	81	94	106	68	96	111	99	101	...
1934	106	92	188	75	199	119	194	108	92	114	74	99	117	108	109	...
1935	109	94	210	75	208	122	220	115	94	114	80	101	122	112	113	...
1935-May	100	83	160	67	185	119	157	71	90	104	65	93	110	89	98	98
June	101	80	155	65	186	117	159	77	98	106	69	98	109	88	99	98
July	102	79	163	64	187	115	164	80	108	119	64	97	113	88	100	99
August	103	84	164	64	188	117	167	86	110	132	68	93	110	85	103	101
September	104	88	169	70	189	116	173	93	103	120	74	100	112	107	105	103
October	104	87	168	75	190	117	174	88	92	103	73	98	114	104	104	104
November	105	90	181	76	191	118	177	93	97	109	71	97	112	107	106	105
December	104	91	183	76	193	120	178	114	90	105	69	97	113	106	107	106
1934-January	105	103	180	68	195	119	178	117	95	120	73	105	120	113	110	108
February	105	89	179	74	196	120	183	115	89	119	68	99	117	130	108	108
March	105	94	185	75	197	117	186	102	87	109	72	101	118	109	109	109
April	106	89	180	77	197	118	190	106	93	113	71	97	117	108	108	108
May	106	88	177	75	198	117	191	104	93	110	70	96	114	107	108	108
June	106	85	188	76	200	117	195	103	103	123	74	98	116	105	108	107
July	106	85	179	75	201	116	197	107	97	127	73	99	115	107	107	108
August	107	93	183	77	202	120	198	107	95	137	70	100	113	100	110	108
September	107	91	186	77	201	117	198	106	91	119	82	100	114	101	110	109
October	107	93	188	80	199	119	202	109	85	113	78	96	118	101	111	110
November	107	96	200	78	198	119	205	103	81	99	76	97	116	130	110	110
December	107	90	182	78	200	124	204	117	87	102	79	100	120	112	110	110
1935-January	107	93	193	72	203	120	206	117	90	110	86	103	121	106	111	110
February	107	93	193	73	206	121	209	110	88	108	80	97	118	105	109	110
March	107	87	195	74	207	117	213	115	89	102	79	99	118	105	109	110
April	108	92	203	75	207	123	216	105	85	120	81	100	120	109	112	111
May	108	97	207	77	207	120	221	106	90	119	77	106	121	113	113	112
June	108	94	202	75	207	118	217	113	97	115	84	101	126	120	114	113
July	109	88	202	70	208	120	222	122	97	118	77	102	123	111	113	113
August	109	89	207	71	209	124	228	123	90	124	83	104	124	109	115	113
September	110	96	209	74	210	124	228	120	91	119	83	99	121	108	116	115
October	110	101	214	81	211	123	233	118	101	120	80	101	120	107	117	116
November	110	100	215	82	213	123	233	138	93	129	79	104	126	124	119	117
December	110	102	225	78	213	127	238	131	106	125	79	101	125	125	119	118
1936-January	110	102	218	73	215	124	236	139	97	110	73	99	123	104	115	117
February	111	97	226	75	217	124	237	134	93	114	79	100	123	104	116	117
March	111	92	220	80	218	124	236	132	96	118	80	100	124	108	117	116
April	112	98	233	82	218	124	235	144	104	125	80	99	125	109	119	117

STATE OF TRADE OVERSEAS

BRITISH EMPIRE

Australia.—Although good general rains have improved agricultural prospects, some of the outer pastoral areas still need rain, states a cable from the National Bank of Australasia. It is anticipated that wheat crops will germinate late and that there will be some feed shortage. Meanwhile industry and trade show a seasonal recession, and the late autumn has checked the sale of cold weather goods and luxury lines in country districts.

South Africa.—There is no evidence of any setback to recovery in the Union. Railway earnings and revenue receipts continue to make a satisfactory showing, while mining remains prosperous. Farming conditions are favourable. A feature of recent months has been the phenomenal increase in building in Johannesburg, where there is now an acute shortage of skilled labour. Meanwhile, foreign trade shows a substantial gain over last year. Imports totalled £6,272,000 in May and exports (including gold) £13,268,000, against £5,880,000 and £12,687,000 respectively in the same month of 1935.

Canada.—Latest information suggests that business activity, which had recorded an expansion in April, was well maintained last month. Conditions are appreciably better than at this time last year. Employment continues to improve and foreign trade has been running well above the 1935 level. Money rates remain easy and wholesale prices have shown a sagging tendency.

India.—The Calcutta jute market displayed an easier tendency towards the end of May in response to more favourable crop reports; demand became more active at the lower level. The Bombay cotton market revived under American influence and prices rose. Trading in piece-goods was quiet at steady prices, while the yarn market also exhibited a quiet tone. The monsoon has advanced earlier than usual.

EUROPE

France.—The expansion of industrial activity which began last autumn was arrested in April; the official index of industrial production for April, at 101 (1913 = 100), was unchanged compared with March, but showed an increase of 8.6 per cent. over the corresponding month a year ago. The metal and building industries gained some ground, but activity in the textile trades declined in April. More recently, the commercial life of France was seriously dislocated by strikes, while the concessions given to the workers by the new Government will increase costs of production appreciably. Until the necessary adjustments have been made in the relationship of prices, prospects are not very bright, especially as the Government apparently wish to stave off devaluation as long as possible. The uncertain outlook is revealed in a sharp decline of security prices in recent weeks.

Germany.—The renewed expansion of business activity, which began in March, has since continued. The index of industrial production, calculated by the German Institute for Business Research, rose from 100 (1928 = 100) in March to 104.0 in April. A year ago the index stood at 94.7. Moreover, the decline in the output of consumption goods has been arrested, the index for April being 94.8 (1928 = 100), compared with 84.9 a year ago. A further improvement was noticeable in May, when the number unemployed declined from 1,762,800 to 1,491,000. The expansion of business activity is reflected in a rise of quotations for industrial securities. Wholesale commodity prices and the index of the cost of living are scarcely changed on the month. The metal industries continue very active. The machine tool section of the engineering industry, for example, is working almost to capacity; exports of machinery, especially to the United Kingdom, have increased appreciably. The building industry is active, largely on public orders.

U.S.S.R.—Although little information is available concerning the trend of business activity in recent months, further progress appears to have been made since last year. The index of industrial production for February (the latest available) is 351.9 (1929 = 100), compared with 269.0 in the corresponding month a year ago. Progress continued most marked in the capital equipment industries, but the output of goods for current consumption appears to have been accelerated since the beginning of last year. Foreign trade returns for February show an increase in imports, but a decrease in exports, compared with the corresponding month last year.

Norway.—Reports on financial and industrial developments during May indicate a favourable trend. Deposits with savings banks decreased somewhat, while deposits with joint stock banks showed a moderate increase. The index of industrial production for April was 115, against 109 a year ago and 118 for March, the fall from the preceding month being due to stoppage on account of a shortage of water. Foreign trade statistics indicate increased turnover during April. The number unemployed decreased by 18 per cent. between April and May. There was some improvement in the freight markets, and unemployed tonnage was reduced during the month by about 95,000 tons dw.

Greece.—Torrential rains and hail caused considerable damage to fruit and cereal crops. Export markets were hesitant. Foreign trade returns for April were higher than a year ago, but the unfavourable balance of trade showed an increase. Internal trade continued slack and wholesale prices declined. Foreign exchange reserves of the Bank of Greece declined in May; the Stock Exchange was dull, with prices lower or at best unchanged. Public revenue receipts up to and including April were satisfactory.

UNITED STATES OF AMERICA

Following a setback in the first quarter of this year, business activity resumed its upward course in April and has since made considerable headway. Thus the *Annalist* index of business activity rose from 92.7 in April to 94.3 in May, compared with 79.3 in the corresponding month a year ago. Contrary to expectations, there has been little evidence as yet of the usual seasonal decline in business activity during June. Industrial production actually increased during the first fortnight of the current month. Steel production is being kept at a high level, owing to the advance of prices which comes into force on July 1st, while automobile manufacturers are building up stocks in order that they might have a "breathing-space" for switching over to the new season's models. In general, recovery is gradually embracing a larger number of industries, but the capital equipment industries, though expanding, have still a long way to go before reaching pre-depression levels.

AMERICAN TRADE STATISTICS—MAY, 1936

	Apr. 1936	May 1936	Compared with May '35
EMPLOYMENT —(1923-25 = 100)†	84.9	...	+ 2.6||
PRODUCTION —			
Bituminous coal (Thous. tons)	30,350*	29,000*	+ 2,210
Pig-iron (" ")	2,404	2,630	+ 903
Steel (" ")	3,942	4,046	+ 1,444
Steel Corporation—shipments (Thous. tons)	980	984	+ 385
Building permits (Thous. \$)	83,903	82,320	+ 32,998
FOREIGN TRADE —			
Imports (Thous. \$)	202,437	...	+ 31,870||
Exports (" ")	193,490	...	+ 29,140||
TRANSPORT —			
Weekly average of car loadings (Thous. cars)	636	670	+ 88
SECURITIES —			
30 industrial stocks—			
Highest quotations†	161.99	152.64	+ 35.83
Lowest quotations†	143.65	146.41	+ 37.70
Thous. shares sold during month— (New York)	39,616	20,615	— 9,823
Capital issues excl. refunding (Thous. \$)	176,672	111,571	+ 29,807
BANK DEBITS —			
New York (Million \$)	17,285	16,227*	+ 1,676
Other cities (" ")	17,497	16,998*	+ 1,395
RETAIL BUSINESS —			
Total sales, mail order houses‡ (Thous. \$)	70,365	76,187*	+ 7,653

* Preliminary estimates made by Messrs Moody, subject to revision. † Federal Reserve Board Index of Factory Employment. ‡ Closing prices. § Partly estimated. || Compared with Apr., 1935.

LATIN AMERICA

It is now confirmed that the Argentine maize crop is large; but its quality has been adversely affected by recent rains, which have also delayed harvesting. An outstanding feature of the past month has been a fairly sharp rise in grain prices in Buenos Aires, wheat, maize, and linseed all being quoted substantially above the maximum basic purchasing prices of the Grain Regulating Board. Mainly on account of the reduced value of grain shipments, total exports in January-April, 1936, were 10.2 per cent. smaller than in 1935. A large increase is shown in volume of imports, although the aggregate value is fractionally lower. Brazilian coffee markets remain inactive, the regulations to be applied to the marketing of the 1936-37 coffee crop having not yet been made known. The outstanding consideration in Chile is the increased stringency in the exchange situation. The exportation of wheat and other products has been prohibited, and it has become virtually impossible to obtain the remittance of blocked sterling funds. Meanwhile, trade protests continue against the decision of the Exchange Control to prohibit the importation of luxury goods.

THE FAR EAST

There is no evidence of a recession of activity in Japan, and the country's foreign trade continues to make headway. Imports totalled 251 million yen last month, against 243 millions in April and 215 millions in May, 1935; while exports amounted to 228 million yen against 201 millions in April and 209 millions in May last year. Prices of cocoons rose sharply in recent weeks on a bullish estimate of the size of the crop. Silk firmed up, after a period of dullness, and the cotton yarn market was steady. Money rates remain easy and the Stock Exchange has had a quiet tone. Meanwhile, despite the recent political disorders, the slow progress of recovery continues in China, and the country's balance of trade shows further improvement. Imports last month were a shade lower at 85 million dollars, against 96 millions a year earlier, but exports were maintained at 54 million dollars, against only \$1 millions in May, 1935.

STATISTICS

In the following tables we give trade and other statistics for as many countries of the world as possible, our endeavour being to combine brevity with comprehensiveness. The greater number of the figures are taken from the *Monthly Statistical Bulletin of the League of Nations* (published by George Allen and Unwin, Ltd.)

PRODUCTION (Thousands of Metric Tons)

COAL														LIGNITE		
Period Monthly Average	United Kingdom	Belgium	Czecho- slovakia	France	Germany	Nether- lands	Poland	U.S.S.R.	Canada	South Africa	British India	Japan	United States	Czecho- slovakia	Germany	Hun- gary
	<i>d</i>		<i>k</i>		<i>g</i>	<i>m</i>				<i>g</i>	<i>d</i>			<i>k</i>	<i>g</i>	
1913	24,337	1,903	1,189	3,338	15,842	156	748	...	1,037	665	1,311	1,776	43,088	1,927	7,269	480
1929	21,837	2,245	1,377	4,482	13,620	965	3,853	3,472	1,023	1,052	1,893	2,855	46,026	1,880	14,538	587
1932	17,717	1,785	913	3,856	8,728	1,063	2,403	3,358	625	805	1,581	2,333	27,183	1,322	10,218	494
1933	17,525	2,107	878	3,906	9,141	1,043	2,283	6,020	645	872	1,526	2,710	28,967	1,255	10,566	492
1934	18,708	2,199	893	3,967	10,465	1,028	2,436	7,792	801	992	1,703	2,755	31,393	1,272	11,440	517
1935	18,577	2,207	914	3,851	11,918	990	2,395	8,652	776	1,104	1,765	2,909	31,576	1,269	12,282	560
1935—May ¹	19,589	2,132	817	3,931	11,624	1,011	2,023	8,042	751	1,146	1,847	2,958	28,751	1,135	11,937	442
June	16,397	2,148	759	3,676	10,884	919	2,027	7,354	764	1,044	1,659	2,705	27,305	991	11,206	390
July	17,211	2,243	811	3,770	11,985	1,053	2,385	8,698	813	1,187	1,584	2,760	27,394	1,170	11,812	456
August	17,187	2,245	890	3,690	12,098	973	2,337	8,771	748	1,224	1,410	2,599	26,039	1,226	12,343	516
September	18,007	2,198	1,004	3,710	11,979	957	2,544	8,560	771	1,110	1,661	2,760	26,365	1,280	12,614	571
October ...	20,152	2,402	1,087	4,146	13,455	1,081	2,826	9,722	923	1,178	1,683	3,086	37,166	1,409	13,714	738
November	20,605	2,205	1,115	3,987	13,178	991	2,536	9,004	876	1,137	1,738	3,145	32,722	1,463	13,751	749
December	19,968	2,283	1,055	3,915	13,049	1,011	2,497	10,781	774	1,119	1,836	3,279	35,788	1,416	13,471	701
1936—January...	21,905	2,527	1,000	4,087	13,679	1,056	2,556	10,270	760	1,161	1,907	2,935	39,752	1,373	13,303	662
February ...	19,955	2,337	909	3,855	12,626	960	2,260	10,267	771	1,142	2,136	3,148	37,497	1,275	12,389	572
March	20,303	2,470	916	3,956	12,872	1,016	2,147	10,613	729	1,183	1,907	3,434	30,330	1,320	12,387	523
April	18,187	2,435	927	4,059	11,876	1,020	2,055	...	708	1,210	1,867	...	31,488	...	12,013	...
May	+20,829	...	...	...	...	...	...	...	...	...	...	...	30,168	...	...	...

PIG IRON

Period	PIG IRON								STEEL						
	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden	U.S.S.R.	Canada	United States	United Kingdom	Belgium & Luxembourg	France	Saar	Germany	Sweden
1913	869	419	434	114	1,397	61	...	85	2,601	649	307	391	159	1,467	62
1929	643	579	864	175	1,117	41	362	92	3,580	816	567	803	184	1,354	60
1932	303	392	461	112	328	22	521	12	735	445	395	470	122	479	44
1933	349	388	527	133	439	27	597	19	1,119	595	383	544	139	632	53
1934	506	405	513	152	728	44	867	35	1,348	750	407	514	152	900	73
1935	544	411	482	...	1,045	47	1,042	51	1,778	833	405	522	...	1,342	77
1935—May	563	436	502	...	1,001	58	1,044	48	1,755	867	441	555	...	1,316	86
June	538	419	465	...	979	42	1,058	45	1,577	782	404	504	...	1,249	56
July	558	420	486	...	1,093	39	1,096	51	1,545	816	409	545	...	1,448	71
August	552	413	479	...	1,145	45	1,085	55	1,789	772	408	538	...	1,496	82
September	538	387	474	...	1,113	41	1,046	55	1,801	870	363	522	...	1,378	76
October	553	409	492	...	1,198	47	1,077	48	2,010	922	404	557	...	1,551	85
November	538	416	469	...	1,196	44	1,020	66	2,099	918	412	508	...	1,483	82
December	568	426	506	...	1,194	49	1,151	72	2,140	825	421	560	...	1,585	97
1936—January	605	429	508	...	1,279	47	1,140	62	2,059	926	428	561	...	1,442	81
February	594	419	500	...	1,173	45	1,109	57	1,857	954	422	538	...	1,490	76
March	644	433	543	...	1,251	47	1,252	55	2,073	996	428	575	...	1,553	81
April	640	424	524	...	1,211	52	...	55	2,442	1,007	422	573	...	1,467	87
May	672	...	...	...	1,228	...	...	...	2,691	978	...	...	...	...	...

a Figures for Luxembourg communicated by the "Groupement des Industries Sidérurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921, excluding Ireland. e British Provinces only. f Establishments whose production in 1933 amounted to 99-39% of the total. g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Since March, 1935, Saar Territory included with Germany. i Excludes Saar. j Coal sold. k Until end 1928 saleable coal. m Including coal waste. n Provisional figure.

WHOLESALE PRICES

Monthly Average	U.K.		Belgium	Czechoslovakia	Denmark	France	Germany (Official)	Holland	Italy	Norway	Poland	Spain	Sweden	Switzerland	Australia	British India	Canada	South Africa
	Board of Trade	Economist																
1913	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1929	127.2	85.1	100	100	100	627	137.2	100	481	149	96.3	167.7	140	141.2	165.7	141	149.4	116.0
1932	85.6	86.1	532	74.5	117	427	96.5	64.8	210	122	65.5	166.7	109	96.0	129.7	91	104.2	91.5
1933	85.7	86.9	501	72.2	125	398	93.3	63.1	233	122	59.1	159.1	107	91.0	129.5	87	104.8	91.5
1934	88.1	90.3	473	74.1	132	376	98.4	63.2	276	124	55.8	163.4	114	89.8	135.2	89	111.8	101.7
1935	88.9	94.3	537	77.2	134	339	102.0	61.7	...	127	53.1	...	116	89.8	135.1	91	112.6	94.8
1935—May	88.2	94.3	552	77.4	131	340	100.8	61.1	304	125	52.8	167.2	115	87.6	134.0	91	113.0	...
June	88.4	93.7	555	79.1	130	330	101.2	61.1	315	126	52.6	164.4	116	88.6	134.7	91	111.7	...
July	88.0	93.7	553	77.2	131	322	101.8	60.8	319	127	52.9	162.8	116	89.9	135.9	91	111.7	95.0
August	88.4	93.0	552	77.2	134	330	102.4	61.0	329	128	53.6	163.4	116	89.1	137.8	89	111.9	...
September	89.6	96.1	560	77.0	137	333	102.3	62.0	337	128	54.2	164.4	115	92.3	137.4	89	111.9	...
October ...	91.1	98.5	574	77.5	139	342	103.0	63.5	348	130	54.5	...	117	93.3	137.8	93	114.3	96.1
November ..	91.2	98.2	582	77.4	139	348	103.2	62.9	...	130	54.5	...	118	91.9	134.1	93	113.6	...
December...	91.4	98.3	578	77.9	139	354	103.7	62.7	...	131	52.6	...	118	91.0	135.5	92	114.0	99.5
1936—January ..	91.8	98.1	581	77.1	139	359	103.8	62.8	...	132	52.2	...	118	90.8	134.7	91	113.4	...
February...	91.7	97.4	582	77.3	139	371	103.8	61.7	...	132	52.1	...	118	90.8	136.6	91	113.2	...
March	91.7	97.4	574	77.1	139	370	103.9	61.3	...	132	53.0	...	118	91.9	...	92	112.6	99.8
April	91.9	97.0	574	77.1	139	370	103.9	61.3	...	132	...	...	118	92.0	...	92	...	...
May	91.9	96.0	569	...	139	374	103.9	61.2	...	132	...	...	...	...	...	...	...	...

FINANCE

Notes in Circulation—(000,000's omitted)

Period	United Kingdom	Austria	Belgium	Bulgaria	Czechoslovakia	Denmark	Finland	France	Germany	Greece	Hungary	Jugoslavia	Netherlands
End of	Bank of England Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Reichsbank Notes	"Rentenbank"	Bank Notes	Bank Notes	Bank Notes
	£	Schilling	Francs	Leva	Koruna	Kron.	Markka	Francs	Reichsmark	Reutenmks.	Drachmae	Pengö	Dinars
													Gulden
1913.....	29-6	1,094	1,067	189	...	152	113	5,714	2,742g	...	245	...	313
1929.....	369-8	1,183	14,633	3,609	8,230	367	1,361	68,571	5,044	397	5,193	501	5,818
1931.....	364-2	1,183	18,270	2,919	7,679	346	1,293	85,725	4,776	422	4,003	423	5,172
1932.....	371-2	914	15,193	2,635	5,907	342	1,085	85,028	3,560	413	4,714	353	4,773
1933.....	392-0	932	17,989	2,984	5,906	375	1,184	82,613	3,645	392	5,449	369	4,327
1934.....	405-2	964	17,650	2,449	5,640	386	1,277	83,412	3,901	385	5,688	381	4,384
1935.....	424-5	976	20,883	2,497	5,761	384	1,381	81,150	4,285	393	5,988	417	4,890
1935-April.....	393-2	925	19,063	2,173	5,500	370	1,431	82,352	3,711	384	5,664	369	4,435
May.....	390-4	926	20,157	2,123	5,567	375	1,369	82,776	3,810	377	5,319	359	4,446
June.....	396-9	937	20,153	2,152	5,780	378	1,328	82,099	3,895	373	5,417	375	4,473
July.....	408-3	942	20,397	2,133	5,454	361	1,310	81,128	3,878	396	5,366	376	4,513
August.....	399-6	963	20,576	2,266	5,524	375	1,317	82,240	4,032	396	5,493	391	4,661
September.....	398-2	953	20,702	2,408	5,730	368	1,336	82,399	4,143	399	6,078	389	4,777
October.....	399-9	963	21,035	2,413	5,715	387	1,302	83,306	4,159	399	6,215	412	4,916
November.....	401-3	983	20,792	2,303	5,599	384	1,319	82,447	4,186	379	5,910	393	4,838
December.....	424-5	976	20,583	2,177	5,208	384	1,361	81,150	4,285	398	5,988	417	4,890
1936-January.....	397-1	929	20,505	2,113	5,210	375	1,445	81,239	4,177	398	5,670	391	4,904
February.....	399-9	931	20,362	2,113	5,210	375	1,520	83,197	4,287	398	5,791	390	4,824
March.....	406-5	929	20,817	2,293	5,413	371	1,546	82,557	4,348	397	5,791	390	4,824
April.....	416-9	952	21,274	2,252	5,509	382	1,501	84,705	4,430	397	5,641	385	4,844
May.....	426-1	958	21,418	2,247	5,482	392	1,501	84,705	4,430	397	5,641	385	4,844

Period	Italy	Norway	Poland	Roumania	U.S.S.R.	Sweden	Switzerland	Australia	Canada	South Africa	Egypt	United States	Japan
End of	Bank Notes	State Notes	Bank Notes	Bank Notes	Token Notes and Coins	Bank Notes	State Notes	Bank Notes	Bank Notes	Bank Notes	Bank Notes	Federal Reserve Notes	All notes, certificates & coins
	£	£	Kroner	Zloty	Zloty	Leu	Gd. Rbls.	Rbls.	Kronor	Francs	£	Dollars	Yen
1913.....	22,284	499	108	...	437	...	1,028	1,501	234	314	...	110-0	...
1929.....	16,774	80	318	1,340	259	21,144	...	569	999	42-2	359	7-5	26-6
1931.....	16,774	...	334	1,218	241	23,750	...	583	1,609	48-2	303	7-3	19-5
1932.....	13,672	...	315	1,008	322	21,594	...	598	1,611	45-0	306	6-9	18-8
1933.....	13,243	...	327	1,004	342	21,219	...	643	1,510	45-1	304	9-7	20-3
1934.....	13,145	...	333	981	384	22,307	...	708	1,440	45-2	340	10-8	19-8
1935.....	...	...	348	1,007	404	23,127	...	786	1,366	46-4	211	12-0	23-3
1935-April.....	12,891	...	322	946	380	21,786	...	675	1,319	43-5	202	11-1	19-0
May.....	12,878	...	322	952	378	20,937	...	683	1,302	42-0	191	11-6	18-6
June.....	13,029	...	322	948	390	21,261	...	718	1,307	41-5	198	11-6	18-0
July.....	13,858	...	330	932	393	21,234	...	685	1,281	41-4	191	11-4	17-3
August.....	14,095	...	330	983	415	21,751	...	722	1,283	41-4	202	11-9	17-1
September.....	15,273	...	331	981	406	21,993	...	771	1,317	41-7	208	11-7	21-4
October.....	...	...	329	1,047	417	22,430	...	743	1,325	42-0	217	11-6	24-4
November.....	...	...	331	1,034	412	22,329	...	733	1,323	42-6	219	12-2	24-3
December.....	...	...	348	1,007	404	23,127	...	786	1,366	46-4	211	12-0	23-3
1936-January.....	...	...	339	959	386	22,298	...	734	1,275	42-4	200	12-2	22-2
February.....	...	...	346	979	408	22,127	...	756	1,274	41-8	203	12-4	22-2
March.....	...	...	357	979	397	22,056	...	795	1,319	42-3	203	13-6	21-6
April.....	...	...	364	1,010	399	22,401	...	790	1,311	42-3	204	13-1	21-2
May.....	...	...	366	1,061	414	...	...	773	1,302	...	...	...	...

^a Until November, 1928, including State notes, then transferred to Bank of Canada. ^c Net issue. ^d In terms of new lire = 8,373 millions. ^e Prior to March, 1935, including Dominion Notes then transferred to Bank of Canada. ^f Marks—including Reichs- and Darleenskassenscheine. ^g Excluding notes held by Reichsbank. ^h Token coins only. ⁱ Since January, 1934, excluding gold coin. ^j Since January, 1926, excluding notes held by Bank of Poland. ^k Gross issue. ^l Since 1920, including Austria-Hungarian and other notes converted after the war into National Currency. ^m Since 1926, excluding notes held by the State Bank. ⁿ In terms of new franc = 1,829 millions. ^o In terms of new francs. ^p Since May, 1922, including Luxembourg. From 1927-1929, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes in October, 1926.

LONDON RATES OF EXCHANGE

Period	Paris	Brussels	Milan	Zurich	Madrid	Amsterdam	Stockholm	Oslo	Copenhagen	Berlin	Vienna	New York	Buenos Aires
Monthly Average	Francs to £1	Belgas to £1	Lire to £1	Francs to £1	Pesetas to £1	Florins to £1	Kronor to £1	Kronor to £1	Kronor to £1	Mark to £1	Schillings to £1	Dollars to £1	Pence to Dollars
Par level.....	124-21	35-00	92-46	25-22½	25-22½	12-107	18-159	18-159	18-159	20-43	34-58½	4-86½ (a)	47-62
Highest, 1935.....	75-50	29-53	66-00	15-40	36-50	7-43½	19-95	19-95	19-95	12-39	27-50	4-95½	19-63½
Lowest, ".....	70-56½	19-95	65-62½	14-33	34-00	6-87	19-35	19-85	22-35	11-57	24-25	4-71½	17-40
Beginning of—													
July, 1914.....	25-15	125-35½	25-25½	21-16½	26-10	12-11½	18-30	18-25	18-30	20-49½	124-55	4-87½	47½
January, 1928.....	124-00	34-92½	92-32½	25-27½	28-24	12-09½	18-11½	18-34½	18-20½	20-45½	34-52	4-87½	47½
January, 1929.....	124-10½	34-88½	92-64	25-18½	29-74	12-08	18-13	18-19	18-17½	20-44½	34-48½	4-85½	47½
January, 1930.....	123-91	34-88½	92-32	25-13½	36-62½	12-09½	18-13½	18-20½	18-20½	20-43½	34-65½	4-87½	45½
January, 1931.....	123-66½	34-76½	92-74	25-04½	46-30½	12-05½	18-13½	18-16	18-16½	20-38½	34-48½	4-85½	35½
January, 1932.....	86-37½	24-37½	66-62½	17-37½	40-18½	8-44	17-75	18-25	18-12½	14-25	30-00	3-38½	40½
January, 1933.....	85-50	24-09½	65-12½	16-74	40-90½	8-31	18-37½	19-40	19-31½	14-00	28-50½	3-33½	42½
January, 1934.....	83-00	23-39½	61-84½	17-34	39-50½	8-09	19-40	19-90	19-20	13-71	29-50½	5-15	35½
January, 1935.....	74-68½	21-02½	57-62½	15-22	36-06½	7-29	19-40	19-90	19-20	12-24	26-50	4-94½	27-68½
January, 1936.....	74-43½	20-24	61-25	15-15½	35-93½	7-23	19-40	19-90	19-20	12-27	26-50	4-95½	18-05
March.....	74-70½	20-27	62-25	15-10	36-06½	7-26	19-40	19-90	19-20	12-27	26-50	4-95½	18-02½
April.....	75-10½	20-26	62-62½	15-21	36-25	7-29	19-40	19-90	19-20	12-28	26-50	4-93½	17-97½
May.....	75-01½	20-22	62-75	15-20½	36-21½	7-28	19-40	19-90	19-20	12-28	26-50	4-93½	17-97½
June.....	75-85½	20-56½	63-43½	15-47	36-62½	7-40	19-40	19-90	19-20	12-41	26-75	4-99½	18-05

	Rio de Janeiro	Monte Video	Valparaíso	Bombay	Hong Kong	Shanghai	Kobe	Singapore	Place	Method of Quoting	May Quotations		
	Pence to Milreis	Pence to Dollar	Pesos to £1	Pence to Rupee	Sterling to Dollar	Sterling to Tael	Sterling to Yen	Sterling to Dollar			Highest	Lowest	Average*
Par level.....	16	51	40-00	s. d. 1 6	s. d. 1 ...	s. d. ...	s. d. 2 0½	s. d. ...	New York, 1935				
Highest, 1935	2-50	18-86½	128	1 6½	1 3½	1 2½	2 0½	2 4	May, 1936	Dollars to £1.	4-96½	4-81½	4-891
Lowest, "	3-50	22-50	115	1 6½	2 8½	1 10½	1 2½	2 4½	Apr., 1936		4-96½	4-93½	4-944
									May, 1936		5-00½	4-93½	4-967
Beginning of—									Paris.				
July, 1914.....	16½	51½	\$9½	1 3½	1 10½	2 6½	2 0½	...	May, 1935	Francs			
January, 1927.....	5½	50½	39-65	1 6½	1 11½	2 2½	2 0½	3 3½	Apr., 1936	to £1.	75-50	72-75	74-082
January, 1928.....	5½	51	39-35	1 6½	1 11½	2 2½	2 0½	2 4½	May, 1936		75-28½	74-87½	75-003
January, 1929.....	5½	51	39-64	1 6½	2 0½	2 7½	1 10½	2 3½			76-00	74-96½	75-414
January, 1930.....	5½	46½	39-80	1 5½	1 8	2 7½	1 10½	2 3½	Amsterdam.				
January, 1931.....	4½	35½	39-89	1 5½	1 1½	1 5	2 0½	2 3½	May, 1935	Florins	7-37	7-09	7-232
January, 1932.....	4½	31½	28-00	1 6½	1 5½	1 11½	2 2½	2 4½	Apr., 1936	to £1.	7-31	7-27	7-282
January, 1933.....	5½	30½	...	1 6½	1 3	2 7½	1 3	2 3½	May, 1936		7-41	7-27½	7-342
January, 1934.....	4½	35½	...	1 6½	1 3	1 5	1 2	2 4½	Berlin.				
January, 1935.....	3½	20½	117	1 6½	1 5½	1 4	1 2	2 4½	May, 1935	Rchmks.	12-36	11-90	12-140
January, 1936.....	2½	22½	127	1 6½	1 8½	1 5	1 2½	2 4½	Apr., 1936	to £1.	12-33	12-26	12-284
April	2½	22½	128	1 6½	1 3	1 2½	1 2½	2 4½	May, 1936		12-44	12-27	12-329
May	2½	22½	132	1 6½	1 3	1 2½	1 1½	2 4½					
June	2½	22½	131	1 6½	1 3	1 2½	1 2½	2 4½					
	2½	23½	136	1 6½	1 3½	1 2½	1 2½	2 4½					
* Dollar rate.				1 6½	1 3	1 2½	1 2½	2 4½					

* Daily rate.
(a) 8-23½ since dollar devaluation on February 1, 1934.

† Pence to £1.

‡ Krone to £1.

§ Pence to £1.

|| Nominal.

(b) Paper

CAPITAL ISSUES.—(000,000's omitted)

Period	United Kingdom	Austria	Czechoslovakia	France	Germany	Italy	Netherlands	Poland	Romania	Sweden	Switzerland	British India	Japan	United States
Monthly Average	£	Schilling	Koruna	Franc	Mark	Lire	Guilder	Zloty	Lei	Kronor	Franc	Rupies	Yen	Dollars
1913	16.3	...	...	...	...	...	...	...	...	...	...	...	...	...
1929	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	63	58	222	849
1931	8.5	3.1	42	362	65.2	361	20	6.4	210	28	48	27	261	239
1932	15.7	4.9	27	511	12.3	304	31	11.6	37	11	32	33	318	99
1933	20.4	17.9	21	300	7.3	...	...	3.0	47	...	15	...	551	60
1934	14.1	...	...	...	...	...	...	...	...	...	...	...	...	118
1935	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	6.7	9.8	19	358	11.4	152	3	9.3	122	8	50	21	655	75
Apr.-June	25.6	11.0	10	551	5.1	280	58	1.5	70	...	20	120	658	123
July-Sept.	9.4	9.0	13	306	8.5	531	2	1.1	115	9	11	27	425	147
Oct.-Dec.	14.5	...	...	...	...	...	...	...	...	...	...	...	...	123
1936	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar.	9.1	...	...	...	...	...	...	...	...	...	...	...	...	83
Apr.-June	11.6	...	...	...	...	...	...	...	...	...	...	...	...	78
1937	...	...	...	...	...	...	...	...	...	...	...	...	...	123
January	33.7	...	...	...	...	...	...	...	...	...	...	...	...	231
February	17.1	...	...	...	...	...	...	...	...	...	...	...	...	130
March	11.1	...	...	...	...	...	...	...	...	...	...	...	...	176
April	10.3	...	...	...	...	...	...	...	...	...	...	...	...	112
May	17.0	...	...	...	...	...	...	...	...	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of Romania and Czechoslovakia. In the case of the Netherlands, Switzerland and the U.K. both bonus shares and conversions are excluded. *c* Excluding Treasury Bills. *d* Excluding large railway issues. *e* "Rivista Bancaria." *f* Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. *m* Since 1924, excluding amalgamations and conversions. Until end 1922 paper mark. *o* "Société de Banque Suisse," figures of net amount of new capital paid-up. *p* Compiled by "Commercial and Financial Chronicle." *y* Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

UNEMPLOYMENT

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.)

End of Month	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia	Canada
1921—June	17.8	9.8	16.8	3.0	8.1	20.8	27.7	12.5	13.2
December	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1927—June	8.8	1.4	15.0	6.3	6.0	22.5	9.5	6.4	3.2
December	9.3	3.6	31.6	12.9	14.9	23.0	18.6	8.9	6.6
1928—June	10.7	0.6	13.5	6.2	4.4	14.4	7.6	11.2	3.2
December	11.1	1.9	23.4	16.7	11.5	22.1	17.3	9.9	6.6
1929—June	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.9
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	15.1	11.4
1930—June	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5	10.6
December	20.2	9.2	25.1	31.7	18.2	25.5	23.3	23.4	17.0
1931—June	21.8	9.0	11.3	29.7	11.7	...	12.9	27.6	16.3
December	20.9	17.0	32.2	42.2	27.8	27.2	27.1	28.0	21.1
1932—June	22.3	18.7	24.9	43.1	27.2	26.2	19.1	30.0	21.9
December	21.7	18.6	42.8	43.1	34.5	42.4	31.5	28.1	25.6
1933—June	19.5	14.4	21.9	37.5	27.7	27.8	20.8	25.7	21.8
December	17.6	19.9	37.5	22.6	40.0	39.2	27.7	23.0	21.0
1934—June	16.4	17.1	15.5	13.3	29.1	27.2	14.9	20.9	18.0
December	16.1	22.2	30.3	14.3	37.9	32.8	25.0	...	18.0
1935—June	15.3	15.8	12.6	10.0	32.9	21.1	12.7	17.8	15.4
December	14.2	17.9	21.7	13.7	40.7	26.0	22.5	13.7	14.6
1936—January	16.3	18.6	28.0	13.5	42.6	23.0	19.3	...	14.8
February	15.4	18.6	30.5	13.5	43.3	26.7	18.4	...	13.8
March	14.4	15.6	25.9	10.3	37.7	...	17.0	13.4	14.5
April	13.8	...	19.3	9.4	35.8	...	...	...	...
May	13.0	...	13.3	...	...	...	...	...	...

Number of Workers Covered by Last Returns

Millions	U.K.	Belgium	Denmark	Germany	Netherlands	Norway	Sweden	Australia	Canada
1921—June	12.8	0.8	0.40	6.9	0.6	0.06	0.4	0.4	0.17

† Ex. Irish Free State since March, 1923.

† Provisional figure.

BANK RATES

	1930	1931	1932	1933	1934	1935	1936
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June
London	3 3/4	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Paris	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Berlin	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
New York	3 3/4	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Amsterdam	3 3/4	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Brussels	3 3/4	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Rome	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Switzerland	3 3/4	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Vienna	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Warsaw	6 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2	7 1/2
Tokyo	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Calcutta	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2

* Federal Reserve. † 4 1/2 per cent. on June 4. ‡ 5 per cent. on June 23.

SECURITY VALUES

	United Kingdom	Netherlands	Sweden	Switzerland	Canada	United States
	"Bankers' Magazine"	Official. 49 Ordinary Industrial Shares	Official. 52 Industrial and Shipping Shares	Banque Nationale. (f) 26/33 Industrial Shares	Official. (i) Common Industrial Shares	Standard Statistics Co. 342 Industrial Shares
Base	Dec., 1921 = 100	1921-25 = 100	Dec., 1924 = 100	Nom. value = 100	1926 = 100	1926 = 100
1930—June	110.0	135.5	119.0	85	148.2	209.3
December	112.5	118.5	114.4	60	131.8	177.6
1931—June	111.1	103.6	103.6	50	120.1	180.7
December	102.2	90.7	98.5	35	79.4	116.8
1932—June	111.0	78.9	100.6	25	50.7	106.3
December	116.1	95.8	109.4	35	57.3	126.5
1933—June	118.7	105.1	114.3	39	64.8	159.7
December	122.0	108.4	117.6	37	64.8	156.4
1934—June	125.3	114.5	121.8	34	71.3	156.6
December	122.7	112.6	126.5	28	83.9	151.6
1935—June	130.3	115.6	128.4	34	89.3	162.3
December	129.5	120.1	128.4	40	98.3	175.3
1936—Feb.	131.0	128.7	129.6	39	103.0	176.1
March	130.2	125.2	128.6	37	105.0	178.5
April	131.5	127.1	130.1	37	104.5	180.6
May	131.1	124.8	129.1	37	104.5	180.6

(a) Fixed interest. (b) Variable dividend. (c) Total. (d) Monthly average. (e) Average of highest and lowest quotations on each Wednesday. (f) Shares of companies with capital of more than 5 million francs. (g) On 25th of month. (h) End of month. (i) 1927-1928, 79 shares; 1929, 92; 1933, 100; 1931, 93; 1932 and 1933, 96; 1934, 87. (j) Average of closing prices on each Thursday of month. (k) Not comparable with previous figures owing to change in the number of companies and revaluation of their capital.

LONDON BANKERS' CLEARING RETURNS

(000's omitted)

	Town	Metropolitan	Country	Total
1913	14,191,275	855,648	1,389,431	16,436,404
1929	39,935,924	1,881,989	3,078,764	44,896,677
1931	31,815,808	1,667,852	2,752,209	36,235,869
1932	27,833,633	1,610,407	2,667,919	32,111,959
1933	27,714,489	1,656,675	2,766,471	32,137,626
1934	30,740,117	1,759,528	2,984,512	35,484,157
1935	32,443,575	1,887,112	3,229,064	37,559,751
1935 (June 17)	15,345,901	881,060	1,488,092	17,715,053
1936 (June 17)	15,307,413	939,031	1,620,613	17,867,057

U.K. IMPORTS AND EXPORTS.—(000,000's omitted)

	Food		Raw Materials		Manufactures		Imports of			Exports of		
	Imports	Exports	Imports	Exports	Imports	Exports	Wheat	Raw Cotton	Sheep's and Lambs' Wool	Cotton Piece Goods	Iron and Steel	Coal
Monthly Average	£	£	£	£	£	£	Cwts.	Centals	Centals	Sq. Yds.	Tons	Tons
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	589	0.41	6.1
1929	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	306	0.38	5.0
1932	31.1	2.7	13.7	3.6	13.1	23.0	8.8	1.0	0.8	182	0.16	3.2
1933	28.3	2.3	15.0	3.8	12.8	23.5	9.4	1.2	0.8	179	0.16	3.3
1934	28.8	2.5	17.5	4.0	14.3	25.4	8.6	1.1	0.7	172	0.19	3.3
1935	29.7	2.6	17.6	4.4	15.4	27.4	8.4	1.1	0.7	162	0.20	3.2
1935—October	37.5	3.4	17.6	4.7	17.6	30.6	9.9	1.4	0.4	181	0.22	3.3
November	34.4	3.8	19.7	5.2	16.9	29.3	9.9	1.7	0.6	158	0.22	3.5
December	34.4	2.7	23.6	4.2	16.0	26.2	9.1	2.1	0.8	148	0.19	2.9
1936—January	31.3	2.8	22.4	4.1	16.0	26.6	6.6	1.4	0.9	167	0.16	2.8
February	27.5	2.5	18.9	4.1	15.7	27.6	6.6	1.2	1.0	169	0.17	2.6
March	30.2	2.9	19.6	4.1	17.9	28.6	9.3	1.1	1.1	173	0.18	2.6
April	28.4	2.4	20.0	3.9	17.9	26.0	8.3	1.2	1.1	141	0.18	2.5
May	28.6	2.7	19.9	4.5	17.2	28.2	8.9	1.1	1.1	146	0.20	3.2

* Yards.

RAILWAY STATISTICS: FREIGHT TRAFFIC.—(000,000's omitted)

						Great Britain (g)					
						Freight Traffic (f)					
						Merchandise*†	Coal, etc.‡	Minerals‡ and Other Merchandise	Total‡		
						Tons	Tons	Tons	Tons	Ton-Miles	
Monthly Average—	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Monthly Average—	Tons	Tons	Tons	Ton-Miles	
1929	379	5,749	1,017	4,831	59,897	1929	5.1	17.2	5.4	27.7	1,482
1932	221	3,242	840	3,092	31,508	1931	4.3	14.4	4.0	22.7	1,276
1933	245	3,479	759	2,845	33,475	1932	3.8	13.8	3.4	21.0	1,163
1934	253	4,185	714	3,183	36,202	1933	3.8	13.7	3.5	21.2	1,177
1935	262	4,682	...	3,294	37,992	Four weeks ending:					
1935—May	255	4,411	694	2,899	36,006	1935—April 20	3.7	13.1	3.8	20.6	1,156
June	248	4,569	720	3,093	37,882	May 18	3.5	11.7	3.8	19.1	1,080
July	258	4,619	...	3,417	33,823	June 15	3.6	12.3	3.8	19.8	1,108
August	269	4,887	...	3,068	37,866	July 13	3.7	12.2	3.9	19.8	1,124
September	288	5,158	...	4,392	40,463	August 10	3.5	12.9	3.6	17.7	1,021
October	318	5,573	...	4,675	45,551	September 7	3.7	13.2	3.8	20.3	1,168
November	310	5,061	...	3,593	40,103	October 5	3.9	13.2	3.8	20.9	1,195
December	279	4,660	...	3,106	38,215	November 2	4.2	15.1	4.3	23.6	1,284
1936—January	229	5,016	...	2,880	40,672	November 30	4.2	14.8	4.4	23.3	1,347
February	218	4,627	...	2,947	...	December 28	3.6	14.4	3.9	21.9	1,240
March	243	5,103	...	...	...	January 25	3.7	15.3	3.9	22.9	1,274
April	...	4,621	...	...	...	February 22	3.8	15.0	4.0	22.8	1,336